URIEL GAS

Management's Discussion and Analysis

For the three and six months ended December 31, 2022

Dated February 27, 2023

HIGHLIGHTS

	Three months ended	
	Dec 31 2022	Sep 30 2022
FINANCIAL		
Petroleum and natural gas sales	**402,962**	288,698
Adjusted funds flow from operations [1]	**(226,157)**	(117,845)
$ per share - basic	**(0.00)**	(0.00)
$ per bbl	**(57.54)**	(41.60)
Net loss	**(275,480)**	(350,261)
$ per share - basic	**(0.00)**	(0.01)
Capital expenditures		
P&E	**4,963**	364
Acquisitions	**-**	1,947,565
Decomissioning obligations settled	**-**	-
Total assets	**4,486,233**	4,820,578
Net surplus	**715,252**	2,221,102
OPERATING		
Production		
Oil (bbl/d)	**42.7**	30.8
Average realized prices		
Oil ($/bbl)	**102.53**	101.91
Netback ($/bbl)		
Petroleum and natural gas sales	**102.53**	101.91
Royalties	**(24.20)**	(21.65)
Operating, workover and transportation expenses	**(92.59)**	(56.31)
Operating netback	**(14.25)**	23.95
Interest income	**1.28**	-
G&A	**(44.57)**	(65.55)
Adjusted funds flow netback [1]	**(57.54)**	(40.32)

[1] Adjusted funds flow from operations, net surplus, operating netback and adjusted funds flow netback are non-GAAP measures and are reconciled to the nearest GAAP measures under the heading "Non-GAAP financial measures" in this MD&A.

INTRODUCTION

The following Management Discussion and Analysis ("MD&A") is management's assessment of Uriel Gas Holdings Corp.'s (the "Company") financial and operating results for the three and six months ended December 31, 2022 and should be read in conjunction with the unaudited interim financial statements of the Company for the three and six months ended December 31, 2022. The Company prepares its financial statements in accordance with International Financial Reporting Standards and interpretations ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of presentation

The reporting and measurement currency is the Canadian dollar.

About the Company

The Company was incorporated as a private company on September 28, 2021 under the Business Corporations Act of British Columbia, and became a reporting issuer on December 22, 2022. The Company's shares began trading its shares on the Canadian Securities Exchange (CSE) on January 11, 2023 under the trading symbol "UGH".

The Company is a growth-oriented oil and natural gas company focused on exploration, development and production of crude oil and natural gas assets in the Western Canadian Sedimentary Basin. The Company owns a 100% operated working interest in the Richdale area if Alberta, which covers approximately 5,867 acres and is located approximately 100 miles northeast of Calgary, Alberta. The Company plans to grow by continuing to acquire and optimize recoveries from under-developed hydrocarbon pools that offer compelling economics. The Company is committed to providing superior long-term financial returns for shareholders while operating in a manner that protects the safety of workers, communities and the environment.

Key properties

The Company purchased petroleum and natural gas rights in the Richdale area of Alberta on July 14, 2022. The Richdale property is located approximately 100 miles northeast of Calgary, in Townships 28 and 29, Ranges 13 and 14 W4M. The Company holds various predominately high working interests in this area with eight deviated oil wells producing from the Banff Formation.

RESULTS OF OPERATIONS

Operating activities during the period included production enhancements due to five well workovers / repairs that directly contributed to quarterly volume increases, along with one-time start-up activities including the turnaround of the Richdale oil battery in October, the implementation of the Company's Emergency Response Plan ("ERP") across the field, and numerous compliance and regulatory matters.

The Company's ability to grow volumes and produce into a strong oil price environment bolstered the Company's revenue and reduced the net loss compared to the previous quarter. As a result of higher well workover / repair activity during the quarter which boosted production, the Company's per unit operating and workover expenses also increased relative to the previous quarter. As volumes continue to increase, certain fixed costs are distributed across an increased production base and are expected to reduce expenses per bbl..

The Company also recorded a multitude of one-time general & administrative start-up costs in the period, reflecting costs associated with filing of a Preliminary and Final Prospectus in September and December, respectively, along with preparations for listing on the CSE.

Production

	Three months ended		Six months ended	
	Dec 31 2022	Sep 30 2022	**Dec 31 2022**	Dec 31 2021
Daily production				
Oil (bbl/d)	**42.7**	30.8	**36.8**	-

The Company closed the Richdale property acquisition on July 14, 2022, therefore production for the three months ended September 30, 2022 does not include production for the first 14 days of July. The production for the six months ended December 31, 2022 also reflects downtime for a battery turnaround for regular maintenance. Production from the Richdale property was approximately 38 bbl/d at the time of acquisition. The Company performed five well repairs which resulted in an increase in production to approximately 55 bbl/d currently.

Pricing

	Three months ended		Six months ended	
	Dec 31 2022	Sep 30 2022	**Dec 31 2022**	Dec 31 2021
Average benchmark prices - Crude oil				
Edmonton Light Crude Oil (CAD/bbl)	**108.48**	116.61	**112.55**	81.38
Company realized prices				
Oil ($/bbl)	**102.53**	101.91	**102.27**	-

The Company's realized price reflects pricing from a month-to-month marketing arrangement. Strong benchmark pricing resulted in a realized price of $102.53/bbl for Q4/2022 and $102.27/bbl for the six month period. During the last three months of calendar 2022, the Edmonton Par benchmark increased to $108.48/bbl and averaged $112.55/bbl for the six months ended December 31, 2022.

Revenue

	Three months ended		Six months ended	
	Dec 31 2022	Sep 30 2022	**Dec 31 2022**	Dec 31 2021
Petroleum and natural gas sales by product				
Oil	**402,962**	288,698	**691,660**	-
$ per bbl	**102.53**	101.91	**102.27**	-
Royalties by product				
Oil	**95,096**	61,327	**156,423**	-
$ per bbl	**24.20**	21.65	**23.13**	-
% of Sales	**24%**	21%	**23%**	-
Revenue				
Petroleum and natural gas revenue	**307,866**	227,371	**535,237**	-
$ per bbl	**78.34**	80.26	**79.14**	-

The Company does not currently have any natural gas sales, including solution gas.

Royalties include Crown, Freehold and Gross Overriding royalties paid on oil production.

Operating, workover and transportation expense

	Three months ended		Six months ended	
	Dec 31 2022	Sep 30 2022	**Dec 31 2022**	Dec 31 2021
Operating	**300,274**	74,900	**375,174**	-
$ per bbl	**76.40**	26.44	**55.47**	-
Workover	**52,139**	77,283	**129,422**	-
$ per bbl	**13.27**	27.28	**19.14**	-
Transportation	**11,460**	7,342	**18,802**	-
$ per bbl	**2.92**	2.59	**2.78**	-
Total	**363,873**	159,525	**523,398**	-
$ per bbl	**92.59**	56.31	**77.39**	-

Operating costs for the six months ended December 31, 2022 included a battery turnaround in October.

Workover costs included repairs on 5 wells during the months of September, October, and November. The workovers involved standard repair practices to restore and maintain production. This approach was taken to maintain production at this stage versus increasing production with more capital-intensive work such as acid fracking and selective acidizing.

Depletion and depreciation (“D&D”)

	Three months ended		Six months ended	
	Dec 31 2022	Sep 30 2022	**Dec 31 2022**	Dec 31 2021
D&D	**37,249**	5,578	**42,827**	-
$ per bbl	**9.48**	1.97	**6.33**	-

Depletion and depreciation expense is calculated on a unit-of-production (bbl) basis. This fluctuates period to period primarily as a result of changes in the underlying proved plus probable reserve base and in the amount of costs subject to depletion and depreciation, including future development cost.

General and administrative expenses (“G&A”)

	Three months ended		Six months ended	
	Dec 31 2022	Sep 30 2022	**Dec 31 2022**	Dec 31 2021
G&A	**175,182**	185,693	**360,875**	2,267
$ per bbl	**44.57**	65.55	**53.36**	-

G&A costs for the six months ended December 31, 2022 include general company start-up costs and the cost of preparing the Company’s Preliminary and Final Prospectus that was filed on December 21, 2022. Costs required to complete the Preliminary and Final Prospectus included reserve report preparation, financial statement audit fees and legal fees.

Share-based payments

	Three months ended		Six months ended	
	Dec 31 2022	Sep 30 2022	**Dec 31 2022**	Dec 31 2021
Share-based payments	**-**	214,700	**214,700**	-
$ per bbl	**-**	75.79	**31.75**	-

On August 2, 2022, the Company granted 3,000,000 stock options to purchase 3,000,000 common shares to directors and consultants, at an exercise price of $0.10. The stock options expire on August 2, 2024 and vested immediately upon grant. As a result, the Company recognized $214,700 for share-based payments during the six months ended December 31, 2022.

Other income

	Three months ended		Six months ended	
	Dec 31	Sep 30	**Dec 31**	Dec 31
	2022	2022	**2022**	2021
Interest income	**5,032**	-	**5,032**	-
$ per bbl	**1.28**	-	**0.74**	-

The Company invested $700,000 in a GIC in October, 2022, earning $5,032 of interest income for the period ended December 31, 2022.

Other expenses

	Three months ended		Six months ended	
	Dec 31	Sep 30	**Dec 31**	Dec 31
	2022	2022	**2022**	2021
Other expenses				
Accretion expense	**12,074**	12,136	**24,210**	-
$ per bbl	**3.07**	4.28	**3.58**	-

The Company recognized $24,210 in accretion expense relating to the Company's decommissioning obligations during the six months ended December 31, 2022.

Net loss and comprehensive loss

	Three months ended		Six months ended	
	Dec 31	Sep 30	**Dec 31**	Dec 31
	2022	2022	**2022**	2021
Net loss and comprehensive loss	**(275,480)**	(350,261)	**(625,741)**	(2,267)
$ per share - basic	**(0.00)**	(0.00)	**(0.01)**	-
$ per bbl	**(70.09)**	(123.64)	**(92.52)**	-

Operating netback and adjusted funds flow netback[1]

	Three months ended		Six months ended	
	Dec 31	Sep 30	**Dec 31**	Dec 31
	2022	2022	**2022**	2021
Netbacks ($ per bbl)				
Petroleum and natural gas sales	**102.53**	101.91	**102.27**	-
Royalties	**(24.20)**	(21.65)	**(23.13)**	-
Operating, workover and transportation expense	**(92.59)**	(56.31)	**(77.39)**	-
Operating netback	**(14.25)**	23.95	**1.75**	-
Interest income	**1.28**	-	**0.74**	-
G&A	**(44.57)**	(65.55)	**(53.36)**	-
Adjusted funds flow netback	**(57.54)**	(41.60)	**(50.87)**	-

(1) Adjusted funds flow from operations, net surplus, operating netback and adjusted funds flow netback are non-GAAP measures and are reconciled to the nearest GAAP measures under the heading "Non-GAAP financial measures" in this MD&A.

Adjusted funds flow from operations[1]

	Three months ended		Six months ended	
	Dec 31	Sep 30	**Dec 31**	Dec 31
	2022	2022	**2022**	2021
Cash flow from operating activities	**(208,356)**	(23,020)	**(231,376)**	-
Decommissioning obligations settled	**25,000**	-	**25,000**	-
Changes in non-cash working capital	**(42,801)**	(94,825)	**(137,626)**	-
Adjusted funds flow from operations	**(226,157)**	(117,845)	**(344,002)**	-
$ per share - basic	**(0.00)**	(0.00)	**(0.01)**	-
$ per bbl	**(57.54)**	(41.60)	**(50.87)**	-

[1] Adjusted funds flow from operations, net surplus, operating netback and adjusted funds flow netback are non-GAAP measures and are reconciled to the nearest GAAP measures under the heading "Non-GAAP financial measures" in this MD&A.

SUMMARY OF QUARTERLY RESULTS

The following table highlights the Company's quarterly performance:

	Three months ended	
	Dec 31	Sep 30
	2022	2022
FINANCIAL		
Petroleum and natural gas sales	**402,962**	288,698
Adjusted funds flow from operations [1]	**(226,157)**	(117,845)
$ per share - basic	**(0.00)**	(0.00)
$ per bbl	**(57.54)**	(41.60)
Net loss	**(275,480)**	(350,261)
$ per share - basic	**(0.00)**	(0.01)
Capital expenditures		
P&E	**4,963**	364
Acquisitions	**-**	1,947,565
Decomissioning obligations settled	**-**	-
Total assets	**4,486,233**	4,820,578
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CAPITAL EXPENDITURES

	Three months ended		Six months ended	
	Dec 31	Sep 30	**Dec 31**	Dec 31
	2022	2022	**2022**	2021
Property and equipment	**4,963**	364	**5,327**	-
Acquisitions	**-**	1,947,565	**1,947,565**	-
Total capital expenditures	**4,963**	1,947,929	**1,952,892**	-

On July 14, 2022, the Company closed the acquisition of certain petroleum and natural gas property interests in the Richdale area of Alberta for cash consideration of $1,947,565. The acquisition was accounted for as an asset acquisition using the acquisition method of accounting.

Additions to Property and equipment during the six months ended December 31, 2022 include equipment costs for the Company's head office in Calgary.

Undeveloped land

	As at	As at
	Dec 31	Jun 30
	2022	2022
Gross undeveloped hectares	**1,408**	-
Net undeveloped hectares	**1,408**	-

Undeveloped land at December 31, 2022 reflects undeveloped land acquired in the Richdale property acquisition.

CAPITALIZATION AND CAPITAL RESOURCES

Share capital and outstanding common shares data

	As at	As at
	Dec 31	Jun 30
	2022	2022
Common shares and equity instruments	**66,099,900**	51,066,500
Special warrants	**3,160,000**	696,925
Stock options	**6,200,000**	3,200,000
Broker warrants	**1,811,900**	1,211,500

Liquidity and capital resources

The Company's capital management objectives are: (i) to deploy capital to provide an appropriate return on investment to shareholders; (ii) to maintain financial flexibility in order to meet financial obligations; and (iii) to fund petroleum and natural gas exploration, development and acquisition opportunities. The Company is not subject to any externally imposed capital requirements. The Company reviews future forecasted revenue and expenses on an on-going basis to determine the amount of funds available to be spent on planned capital expenditures. Planned capital expenditures are ranked according to economic metrics and are subject to minimum economic hurdles.

The Company is currently very early in the growth phase of its life-cycle and intends to grow meaningfully over time. The Company does have a surplus on hand and expects to continue to have adequate liquidity to fund budgeted capital investments through a combination of cash balances, cash flow, equity, and debt if required. Additional funding may be required for future operating and capital requirements, which may necessitate equity or debt financing. The Company's capital program is flexible and can be adjusted as needed based on the prevailing economic environment. The Company will continue to monitor economic conditions and the possible impact on its business and strategy and will make adjustments as necessary.

OFF-BALANCE SHEET ARRANGEMENTS

The Company confirms that there are no off-balance sheet financing arrangements and that the Company does not have any special purpose entities.

ACCOUNTING POLICIES AND ESTIMATES

Critical accounting estimates, judgements and assumptions

The preparation of the financial statements in conformity with IFRS requires management to make estimates and use judgements and assumptions regarding the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the financial statements.

The Company's critical accounting estimates, judgements and assumptions include:

- Determination and identification of cash-generating units;
- identification of impairment indicators;
- componentization;
- reserves, depletion and depreciation expense, recognition of deferred income tax assets and recoverability of asset carrying amounts;
- decommissioning obligations;
- fair value of financial instruments;
- deferred income taxes;
- leases; and
- current environment and estimation uncertainty.

Please refer to Note 4 of the Company's audited financial statements as at and for the period ended September 30, 2022 for a discussion of these estimates, judgements and assumptions.

Significant accounting policies

A summary of the significant accounting policies used by the Company can be found in Note 3 of the audited financial statements as at and for the period ended September 30, 2022.

RISK FACTORS AND RISK MANAGEMENT

The Company's management team is focused on long-term strategic planning and the identification and mitigation of risks that may impact the Company. Identified risks include commodity prices, operational matters, reserve estimates, royalty regimes, variations in foreign exchange rates and interest rates, third party credit risk, environmental risks and project risks.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") INITIATIVES

The Company operates in jurisdictions that have regulated or have proposed to regulate greenhouse gas ("GHG") emissions and other air pollutants. While some regulations are in effect, others are at various stages of review, discussion and implementation. There is uncertainty around how any future federal legislation will harmonize with provincial regulation, as well as the timing and effects of regulations. Climate change regulation at both the federal and provincial level has the potential to significantly affect the regulatory environment of the crude oil and natural gas industry in Canada. Such regulations impose certain costs and risks on the industry. In general, there is some uncertainty with regard to the impacts of federal or provincial climate change and environmental laws and regulations, as it is currently not possible to predict the extent of future requirements. Any new laws and regulations, or additional requirements to existing laws and regulations, could have a material impact on the Company's operations and cash flow.

RELATED PARTY TRANSACTIONS

There were no related party transactions for the six months ended December 31, 2022 other than compensation to key management.

SUBSEQUENT EVENT

On July 14, 2022, the Company closed the acquisition of certain petroleum and natural gas property interests in the Greater Grande Prairie area of Alberta for cash consideration of $125,000.

ADDITIONAL INFORMATION

Additional information regarding the Company and its business and operations can be obtained on SEDAR or by contacting the Company at Uriel Gas Holdings Corp., Suite 2900, 500 – 4th Avenue SW, Calgary, AB, Canada T2P 2V6, visiting the website at www.urielgas.com or by emailing the Company at investors@urielgas.com.

NON-GAAP AND OTHER FINANCIAL MEASURES

Certain measures in this MD&A do not have a standardized meaning as prescribed by IFRS and therefore are considered non-generally accepted accounting principles ("GAAP") measures. These measures may not be comparable to similar measures presented by other issuers. These measures have been described and presented in this MD&A in order to provide shareholders with additional information regarding the Company's liquidity and its ability to generate funds to finance its operations. Adjusted funds flow, net debt (surplus), operating netback and adjusted funds flow netback are non-GAAP measures.

Management believes the presentation of the Non-GAAP financial measures in the MD&A provide useful information to shareholders as the measures provide increased transparency and the ability to better analyze performance against prior periods on a comparable basis.

Adjusted funds flow from operations

Adjusted funds flow from operations or "adjusted funds flow" is a Non-GAAP measure. Adjusted funds flow from operations is calculated based on cash flow from operating activities before changes in non-cash working capital, decommissioning obligations settled and changes in non-current assets. Decommissioning obligations settled are discretionary and are excluded as they may vary based on the stage of the Company's assets and operating areas. The Company utilizes adjusted funds flow from operations as a key measure to assess the ability of the Company to generate cash flow necessary to fund dividends, operating activities, capital expenditures and debt repayments, and ultimately, satisfy corporate strategy. Adjusted funds flow from operations as presented is not intended to represent cash flow from operating activities, net income (loss) or other measures of financial performance calculated in accordance with IFRS.

Refer to "Adjusted funds flow from operations" section for further discussion and reconciliation to GAAP measure.

Operating netback and adjusted funds flow netback

Operating netback is calculated on a per bbl basis as petroleum sales, plus other revenue, less royalties, operating, transportation and blending expenses. The Company also calculates operating netback after gain (loss) on risk management contracts.

Adjusted funds flow netback or adjusted funds flow from operations on a per bbl basis is calculated on a per bbl basis as operating netback plus realized gain (loss) on risk management contracts plus other operating activity cash flows.

Operating netback and adjusted funds flow netbacks are common metrics used in the oil and gas industry and used by management to measure operating results on a per bbl basis to better analyze performance against prior periods on a comparable basis. The calculations of operating netback and adjusted funds flow netback are shown in the "Results of Operations" section in this MD&A.

Net surplus

Net surplus is calculated as long-term debt plus accounts payable and accrued liabilities and current debt less cash and cash equivalents, accounts receivable and prepaid expenses and deposits. Management utilizes net debt (surplus) as a key measure to assess the liquidity of the Company.

	As at Dec 31 2022	As at Jun 30 2022
Net surplus		
Trade and other payables	**(355,229)**	(127,460)
Cash and cash equivalents	**876,779**	2,332,521
Accounts receivable	**143,345**	2,377
Prepaid expenses and deposits	**50,357**	13,664
Surplus	**715,252**	2,221,102

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to the Company's future outlook and anticipated events or results and may include statements regarding the future financial position, business strategy, budgets, projected costs, capital expenditures, financial results, taxes and plans and objectives of or involving the Company. Particularly, statements regarding the Company's future operating results and economic performance are forward-looking statements. In some cases, forward-looking information can be identified by terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts.

These statements are based on certain factors and assumptions regarding expected growth, results of operations, performance and business prospects and opportunities. While the Company considers these assumptions to be reasonable based on information currently available to the Company, they may prove to be incorrect.

Forward looking information is also subject to certain factors, including risks and uncertainties that could cause actual results to differ materially from what the Company currently expects. These factors include risk associated with oil and gas exploration, production, marketing, and transportation such as loss of market, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risk, and competition from other producers and ability to access sufficient capital from internal and external resources. Other than as required under securities laws, the Company does not undertake to update this information at any particular time.

All statements, other than statements of historical fact, which address activities, events, or developments that the Company expects or anticipates will or may occur in the future, are forward-looking statements within the meaning of applicable securities laws. These statements are subject to certain risks and uncertainties, and may be based on estimates or assumptions that could cause actual results to differ materially from those anticipated or implied.