CARAVAN ENERGY CORPORATION

(also referred to as "Caravan", the "Corporation", or the "Company")

Management's Discussion & Analysis

The following management discussion and analysis should be read in conjunction with the condensed interim financial statements for the periods ended March 31, 2023 and 2022 prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

All dollar figures included therein and in the following discussion analysis are quoted in Canadian dollars unless otherwise noted.

Date

This management's discussion and analysis ("MD&A") is dated May 17, 2023 and is in respect of the periods ended March 31, 2023 and 2022. The discussion in this management's discussion and analysis focuses on this period. Estimates and forward-looking information are based on assumptions of future events and actual results may vary from these estimates. This MD&A is prepared in conformity with National Instrument 51-102F1 and has been approved by the Board of Directors.

Disclaimer for Forward-Looking Statements

This MD&A contains forward-looking statements relating to future events. In some cases, forward-looking statements can be identified by such words as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" or similar expressions. These statements represent management's best projections, but undue reliance should not be placed upon them as they are derived from numerous assumptions. These assumptions are subject to known and unknown risks and uncertainties, including the business risks discussed in the MD&A which may cause actual performance and financial results to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted.

Description of the Business

Caravan Energy Corporation is a company incorporated on October 21, 2020 under the Business Corporations Act (British Columbia). The registered records and head office of the Company is located at 220 – 333 Terminal Avenue, Vancouver, BC V6A 4C1. The Company is in the business of acquiring, exploring and evaluating mineral resource properties in Canada.

The Company commenced trading on the Canadian Securities Exchange ("CSE") on March 17, 2023 under the trading symbol "CNRG".

Exploration and Evaluation Assets

On June 15, 2022, the Company entered into an option agreement to acquire a 100% undivided interest in the EBB Nickel-Cobalt Property subject to a 2% net smelter royalty payable to the optionor. This property was located near Port Renfrew, BC. In order to exercise the option agreement, the Company must make the following payments:

- Cash payment of $30,000 upon execution of the option agreement – paid;
- Cash payment of $35,000 within four months of executing the option agreement - paid;
- Share payment of 200,000 shares on the date the Company's shares are listed for trading on a stock

exchange in Canada – paid;

- Cash payment of $30,000 and share payment of 250,000 shares on the first anniversary of the date the Company's shares are listed for trading on a stock exchange in Canada;
- Cash payment of $40,000 and share payment of 300,000 shares on the second anniversary of the date the Company's shares are listed for trading on a stock exchange in Canada.

The Company is also obligated to incur the following expenditures under the option agreement in order to earn its interest:

- Incur expenditures of $110,000 on or before the first anniversary of the date the Company's shares are listed for trading on a stock exchange in Canada;
- Incur expenditures of $240,000 on or before the second anniversary of the date the Company's shares are listed for trading on a stock exchange in Canada.

The Company has the right to purchase 50% of the NSR, being one percent (1%), from the Optionor in exchange for cash payment of $1,000,000 payable to the Optionor.

Selected Financial Information

The following table sets out selected financial information for the Company, which has been prepared in accordance with IFRS:

Three months ended March 31,	**2023**	**2022**
	$	**$**
Total operating expenses	24,366	3,157
Net loss and comprehensive loss for the period	(127,289)	(3,157)
Basic and diluted loss per share for the period	(0.01)	0.00
Weighted average number of shares outstanding	13,412,667	2,333,334

Nine months ended March 31,	**2023**	**2022**
	$	**$**
Total operating expenses	63,450	9,514
Net loss and comprehensive loss for the period	(166,373)	(9,514)
Basic and diluted loss per share for the period	(0.01)	0.00
Weighted average number of shares outstanding	13,138,394	2,445,256

As at	**March 31, 2023**	**June 30, 2022**
Cash	351,498	358,025
Current assets	364,734	383,448
Total assets	449,734	423,948
Total liabilities	73,857	66,948
Total equity	375,877	357,000

For three months ended March 31, 2023

Results of Operations

The Company incurred a comprehensive loss of $127,289 (2022 – $3,157). The increase in comprehensive loss during the three months ended March 31, 2023 relative to the 2022 comparative period was due to the Company incurring additional professional fees in relation to its IPO.

Operating Expenses

During the three months ended March 31, 2023, the Company incurred operating expenses of $24,366 (2022 – $3,157). This increase was due to the Company incurring additional professional fees in relation to its IPO.

Consulting fees increased to $10,242 (2022 - $3,000) during the three months ended March 31, 2023. This increase was due to additional consulting fees incurred with directors and officers that were not in place during the 2022 comparative period.

Insurance expenses increased to $1,965 (2022 - $Nil) during the three months ended March 31, 2023. This increase was due to the Company acquiring insurance in connection with becoming a public company.

There was no significant change in office and miscellaneous expenses during the three months ended March 31, 2023 compared to the 2022 comparative period.

The Company recovered $2,915 (2022 - $Nil) in professional fees during the three months ended March 31, 2023. This change is primarily due to the actual expenses incurred for financial reporting and IPO support services provided by a management services vendor being less than accrued estimates.

Salaries and benefits increased to $545 (2022 - $Nil) during the three months ended March 31, 2023. The increase is due to a salary paid to an officer of the Company following completion of the IPO.

Transfer agent and regulatory fees increased to $6,020 (2022 - $67) during the three months ended March 31, 2023. The increase is primarily due to filing fees relating to the Company's IPO.

Exploration costs increased to $8,400 (2022 - $Nil) during the three months ended March 31, 2023. This increase was due to investigations made by the Company into future possible mineral properties.

For nine months ended March 31, 2023

Results of Operations

The Company incurred a comprehensive loss of $166,373 (2022 – $9,514). The increase in comprehensive loss during the nine months ended March 31, 2023 relative to the 2022 comparative period was due to the Company incurring additional professional fees in relation to its IPO.

Operating Expenses

During the nine months ended March 31, 2023, the Company incurred operating expenses of $63,450 (2022 – $9,514). This increase was due to the Company incurring additional professional fees in relation to its IPO.

Consulting fees increased to $16,242 (2022 - $9,000) during the nine months ended March 31, 2023. This increase was due to additional consulting fees incurred with directors and officers following completion of the IPO that were not in place during the 2022 comparative period.

Insurance expenses increased to $1,965 (2022 - $Nil) during the nine months ended March 31, 2023. This increase was due to the Company acquiring insurance in connection with becoming a public company.

Office and miscellaneous expenses increased to $4,116 (2022 - $299) during the nine months ended March 31, 2023. This increase was due to licensing fees incurred by the Company on the deal management software used to manage its special warrants financing.

Professional expenses increased to $26,162 (2022 - $Nil) during the nine months ended March 31, 2023. The increase is primarily due to a rise in legal and other professional fees related to the Company's IPO.

Salaries and benefits increased to $545 (2022 - $Nil) during the nine months ended March 31, 2023. The increase is due to a salary paid to an officer of the Company following completion of the IPO.

Transfer agent and regulatory fees increased to $6,020 (2022 - $215) during the nine months ended March 31, 2023. The increase is primarily due to filing fees relating to the Company's IPO.

Exploration costs increased to $8,400 (2022 - $Nil) during the nine months ended March 31, 2023. This increase was due to investigations made by the Company into future possible mineral properties.

Summary of Quarterly Results

The following table provides selected quarterly financial data for the eight most recently completed quarters:

	Three months ended							
	March, 31 2023	**December 31, 2022**	**September 30, 2022**	**June 30, 2022**	**March 31, 2022**	**December 31, 2021**	**September 30, 2021**	**June 30, 2021**
Net loss for the period	(127,289)	(28,820)	(10,264)	(57,486)	(3,157)	(3,161)	(3,196)	(1,000)
Basic and diluted loss per share	(0.01)	0.00	0.00	(0.01)	0.00	0.00	0.00	0.00

The Company has seen fluctuating earnings over its recent quarters. This is a result of the Company increasing its business activities following incorporation and as such, historical financial information is not comparable on a quarter-to-quarter basis.

Disclosure of Outstanding Share Data

Authorized share capital of the Company consists of an unlimited number of common shares without par value.

As of March 31, 2023, the Company had 15,207,500 common shares and 8,007,500 warrants. As of the date of this report, the Company had 15,235,500 common shares and 7,979,500 warrants.

The following share capital transactions were completed during the nine months ended March 31, 2023:

- On December 5, 2022 the Company issued 30,000 common shares and warrants for professional services with a fair value of $3,000.
- On March 15, 2023 the company issued 1,977,500 common shares on exercise of the special warrants upon completion of the Company's IPO.
- On March 17, 2023 the Company issued 200,000 common shares pursuant to the EBB Nickel-Cobalt property option agreement.
- During March 2023, the Company received $2,600 in proceeds to exercise warrants and issue 13,000 common shares. These shares were issued subsequent to March 31, 2023.

The following share capital transactions were completed during the nine months ended March 31, 2022:

- During March 2022, the Company repurchased 1,500,001 common shares from a former director in exchange for a $7,500 loan payable to the director. The repurchased shares were transferred to treasury for cancellation.

Liquidity and Capital Resources

Historically and prospectively, the Company's primary source of liquidity and capital resources has been and will continue to be proceeds from the issuance of shares. Based on our current level of operations and our expected results of operations over the next 12 months, we believe that cash generated from operations and cash on hand and anticipated future capital raises, will be adequate to meet our anticipated liquidity requirements, capital expenditures and working capital needs for the next 12 months. However, we cannot be certain that our business will be able to raise capital through the issuance of equity to continue operations.

As at March 31, 2023, the Company had a working capital surplus of $290,877 (June 30, 2022 - $316,500). The working capital decrease as of March 31, 2023 was primarily due to the payment of professional and regulatory fees relating to the Company's IPO. As at March 31, 2023, the Company had cash on hand of $351,498 (June 30, 2022 - $358,025) to meet current liabilities of $73,857 (June 30, 2022 - $66,948).

Net cash used in operating activities for the nine months ended March 31, 2023, was $136,777 compared to $10,951 for the nine months ended March 31, 2022. The increase in net cash used is largely due to continued net losses due to not having revenues to cover operating expenses. Operating cash outflows were also higher during the nine months ended March 31, 2023 due to listing costs incurred by the Company that were not in existence during the 2022 comparative period.

Net cash used in investing activities for the nine month ended March 31, 2023 was $24,500 compared to $Nil for the nine months ended March 31, 2022. Investing cash outflows pertained to making agreed payments under the Company's option agreement for the EBB Nickel-Cobalt Property**.**

Net cash from financing activities was $154,750 for the nine months ended March 31, 2023 compared to $Nil in the nine months ended March 31, 2022. These cash inflows were due to proceeds received for the issuance of special warrants net of issuance costs.

The Company does not have any commitments to make capital expenditures in future fiscal periods.

Other Factors Affecting Liquidity

During the nine month period ended March 31, 2023, the Company incurred a net loss of $166,373 (2022 - $9,514) and as at March 31, 2023, had an accumulated deficit of $234,373 (June 30, 2022 - $68,000). The Company has not generated significant cash inflows from operations. These conditions cast significant doubt about the Company's ability to continue as a going concern. The Company may raise additional equity or debt capital or enter into arrangements to secure necessary financing to fund the completion of projects, to meet obligations or for the general corporate purposes of the Company. Such arrangements may take the form of loans, strategic agreements, or other agreements. The sale of additional equity could result in additional dilution to the Company's existing shareholders, and financing arrangements may not be available to the Company, or may not be available in sufficient amounts or on acceptable terms.

From time to time, the Company may pursue various strategic business opportunities. These opportunities may include proposed development and/or management of investment in or ownership of additional businesses through direct investments, acquisitions, joint venture arrangements and other transactions.

The Company can provide no assurance that it will successfully identify additional opportunities or that, if it identifies and pursue existing opportunities, any of them will be consummated.

Off-Balance Sheet Arrangements

No off-balance sheet arrangements.

Transactions with Related Parties

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Key management personnel comprise officers and directors of the Company.

Related parties consist of the following individuals:

- Gurcharn Deol, CEO and director
- Spiral Investment Corp. – Company controlled by Gurcharn Deol
- Philip Ellard, CFO
- Robert Krause, Director
- 695809 B.C. Ltd. – Company controlled by Robert Krause
- Brian Thurston, Director

Remuneration attributed to key management personnel during the nine months ended March 31, 2023 and 2022 is summarized as follows:

	Nature of Transactions		2023		2022
Consulting fees					
Spiral Investment Corp.	Consulting	$	11,000	$	9,000
695809 BC Ltd.	Consulting		5,000		-
Salaries and Benefits					
Philip Ellard	Salaries and benefits		520		-
Total		$	16,520	$	9,000

Further, the Company incurred $4,000 (2022 - $Nil) with a separate management entity for the provision of CFO services, which is included in professional fees. As of March 31, 2023, the Company owed $1,000 (June 30, 2022 - $nil) to this management entity for the provision of CFO services.

The Company also owed $6,300 (2022 - $10,000) to Spiral Investment Corp. These amounts are non-interest bearing, unsecured and due on demand.

Financial Risks

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management’s assessment of the risk and available alternatives for mitigating risk. All transactions undertaken are to support the Company’s operations. These financial risks and the Company’s exposure to these risks are provided in various tables in note 8 of the condensed interim financial statements.

Capital Management

The Company’s objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue its operations and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk level.

The Company's primary source of capital is through the issuance of common shares. The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding. The Company may require additional capital resources to meet its operating expenses and investment needs.

The Company believes it will be able to raise capital as required but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of capital. There have been no changes in the way in which the Company manages capital during the period ended March 31, 2023.

On March 17, 2023, the Company's shares became listed on the CSE and it is now subject to various CSE listing requirements.

Critical Accounting Estimates and Judgments

This MD&A is based on the condensed interim financial statements which have been prepared in accordance with IAS 34. The preparation of the condensed interim financial statements in compliance with IAS 34 requires management to exercise judgment in applying the Company's accounting policies and make certain critical accounting estimates. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant estimates and critical judgments were the same as those applied to the audited annual financial statements for the year ended June 30, 2022.

Significant Accounting Policies

The accounting policies followed by the Company are set out in Note 3 to the audited annual financial statements for the year ended June 30, 2022 and have been consistently followed in the preparation of these condensed interim financial statements.

Adoption of New Standards and Interpretations, and Recent Accounting Pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and has determined that there are no new standards that are relevant or relevant but have no significant impact to the Company.

Subsequent Events

Subsequent to March 31, 2023, the Company issued 28,000 shares on exercise of warrants. $5,600 in proceeds was received on exercise of the warrants, with $2,600 received during March 2023.

Management's Responsibility for Financial Statements

Management of the Company, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operations of internal controls over financial reporting. There have been no changes in the Company's disclosure controls and procedures during the period ended March 31, 2023.

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting and the preparation of condensed interim financial statements in accordance with generally accepted accounting principles. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There have been no changes in the Company's internal control over financial reporting during the nine months ended March 31, 2023, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.