



Avila Energy Corporation
(Formerly known as Petro Viking Energy Inc.)

Form 51-102F1
Amended Management's Discussion and Analysis
For the Year Ended December 31, 2021 and 2020

GENERAL

Management's Discussion and Analysis ("MD&A" or "Report") of the financial condition of Avila Energy Corporation. ("Avila" or the "Company") and results of operations of the Company for the year ended December 31, 2021, has been prepared by management in accordance with the requirements under National Instrument 51-102 as of April 30, 2022 (the "Report Date"). The Report should be read in conjunction with the Condensed Audited Financial Statements for the years ended December 31, 2021, and 2020 (collectively, the "Financial Statements"). The Financial Statements are presented in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), and Avila's accounting policies as described in the notes to the Financial Statements. All dollar amounts in the Report are in Canadian dollars unless otherwise noted.

This MD&A has been prepared by management and approved by the Board of Directors on April 30, 2022.

The Financial Statements, together with the MD&A, are intended to provide investors with a reasonable basis for assessing the performance and potential future performance of the Company and are not necessarily indicative of the results that may be expected in future periods. The information in the MD&A may contain forward looking statements by the Company are not guarantee of future performance, as they are subject to significant risks and uncertainties that may cause projected results or events to differ materially from actual results or events. Please refer to the risks and cautionary notices of this MD&A.

Additional information about the Company and its business activities is available on SEDAR at www.sedar.com.

FORWARD LOOKING INFORMATION

Some statements contained in this MD&A constitute forward looking statements including, without limitation, anticipated developments in the Company's operations in future periods and other events or conditions that may occur in the future. These statements are about the future and are inherently uncertain and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties, and other factors, including, without limitation, those mentioned herein under heading "RISKS AND UNCERTAINTIES". Management believes that the expectations reflected in those statements are reasonable, but no assurance can be given that these expectations will prove to be correct. It is recommended not to place undue reliance on forward looking statements as the plans, intentions, or expectations upon which they are based might not occur. The Company undertakes to update any forward-looking information should the material factors or assumptions change resulting in a material change to the statements made.

For the purposes of calculating unit revenues and costs, natural gas is converted to a barrel of oil equivalent (BOE) using six thousand cubic feet equal to one BOE unless otherwise stated. A BOE is a very approximate comparative measure that, in some cases, could be misleading if used in isolation.

DESCRIPTION OF BUSINESS

The Company is reporting company registered in Alberta under the Business Corporations Act and has its records and principal address located at 5940 Macleod Trail, Suite 500, Calgary, Alberta.

On December 3, 2021, the Company changed its name to Avila Energy Corporation, formerly known as Petro Viking Energy Inc.

On March 17, 2021, the Company completed the acquisition of mineral rights that resulted in the Company holding a 50% interest in 7,680 acres of mineral rights, (3,840 acres net) within its currently held mineral rights in West Central Alberta. Upon the completion of this acquisition in the 4th quarter of 2021 the Company advanced its evaluation of the assets, identifying an additional 15 possible drilling locations of which 5 locations (2.5 Net) have been booked, increasing significantly both Proven and Probable reserves. The Gross Purchase Price was \$285 per acre, with the total net cost to Petro Viking, being \$747,640 including administrative fees from its Joint Venture partner of approximately \$10,000. The mineral rights acquired are strategically located within a proven region where the mineral rights acquired are economically producing from the Belly River, Viking, Ellerslie, Duvernay and Wabamun.

On June 14, 2021, the Company entered into a binding agreement for the purchase of interest in 53,835 Acres, 43,935 (Net) of mineral rights (the "Acquisition").

The Purchase Price for the Acquisition is being satisfied by way of the issuance of 44,440,000 Class A common shares (the “Common Shares”) at \$0.60 per share and 30,000,000 convertible preferred shares (the “Convertible Shares”) convertible at a price of \$0.80 per share. The Convertible Shares will have a term of five years (5) and earn an accruing annual dividend at a rate of two percent (2%), payable upon conversion. The Conversion of the Convertible Shares at the election of the holder can only occur after one of three milestones has been achieved: a) the Company exceeds the production rate of 3,000 BOE/d, b) the Common Shares trade at a volume weighted average price (VWAP) of more than \$1.00 per share for twenty (20) consecutive business days or c) the second-year anniversary since the issuance of the Common Shares has occurred. At maturity upon the fifth anniversary of their issuance, the Convertible Shares shall automatically be redeemed on a 1:1 basis along with any accrued dividends by the issuance of Common shares.

It was subsequently determined that the Transaction was considered a “fundamental change” within the meaning of Canadian Securities Exchange (“CSE”). As a result, the Company’s stock was suspended by the CSE on September 9, 2021, while the Company provided additional information relating to the Transaction

On November 24, 2021, the Company received conditional approval for the closing of the Acquisition announced on June 14, 2021 from the CSE. The Company anticipates all remaining conditions to be achieved including the delivery of shareholders’ consent resolution to approve the Acquisition

The Company as of the date of this report in accordance with the standards as set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the “COGE Handbook”) has received from its Independent Evaluator Deloitte LLP the Company’s its NI 51-101 for the year ended December 31, 2021 as follows;

Independent qualified reserves evaluator or auditor	Effective date of evaluation report	Location of reserves (country or foreign geographic area)	Net present value of future net revenue (before income taxes; 10% discount rate)			
			Audited \$M	Evaluated \$M	Reviewed \$M	Total \$M
Deloitte LLP	December 31, 2021	Canada	-	3,801.60	-	3,801.60

The NPV 10% discounted evaluation of \$3,801,600 compared to yearend December 31, 2020 - \$2,859,800 represents a year over year increase of 133%. For more detailed analysis the reader is encouraged to review the Oil and gas annual disclosure filing for the Company (Form 51-101 F1 and F2) filed on SEDAR.COM

In addition in accordance with requirements of the “fundamental change” associated with the Acquisition announced on June 14th 2021 the Company commissioned its QRE Deloitte LLP per the regulatory requirements and conditions of the Canadian Stock Exchange “the CSE” and the Alberta Securities Commission “the ASC” an additional Independent Qualified Evaluation of the Acquisition underway whereby an audit of reserves and future net revenues derived therefrom, of the Petroleum and Natural Gas assets of the interests being Acquired in accordance with the Canadian Oil and Gas Evaluation Handbook (“**COGE Handbook**”). As required, these reserves and future net revenues were estimated using forecast prices and costs (before and after income taxes) according to the requirements of National Instrument 51-101 (“**NI 51-101**”). The effective date of this evaluation is December 31, 2021. This Evaluation was performed by the Company’s QRE, Deloitte LLP who determined that under NI 51-101 only 18 (net) drilling locations of the proposed 147 locations currently met the criteria of either Proven or Probable reserves as defined in the current COGE handbook. The Acquisition including these 18 wells costing a total of \$14.3 million was determined to have a net present value discounted at 10 percent (NPV10%) of \$26.866 million. The Company as a Joint Venture partner with the seller and continues to participate in the operation as a partner while it completes the review and final approval of the Acquisition.

In the first half of 2022 the Company will become the benefactor of these operations including the consolidation of its natural gas facilities in the region the tie-in of 1 cased and standing natural gas well and the completion of two oil wells and the construction and tie in the associated facility which went into production, March 15, 2022. The initial results 30 days results for the two wells being more than 300 boe/d (or 150 boe/d per well) with average production being 50% oil and 50% natural gas and liquids at a capital cost of \$1,500,000 net for the activities either completed or currently in progress.

To date, the Company has promptly prepared and advance all additional materials requested to the Alberta Securities Commission (ASC) for their review and approval, one of the remaining conditions for the closing of the Acquisition conditional approved by the Canadian Stock Exchange (CSE). The Company continues to proceed with the development of its business while it continues to seek the final approval.

At the date of this Report, the Company believes that the remaining conditions in accordance to Policy MI 61-101, are nearing there completion, including an Independent Evaluation of the Acquisition by a Certified Business Evaluator. Upon the current submitted draft documentation review by the ASC has been completed, these materials are to be incorporated into an Information Circular to be delivered to shareholders for their review and consent prior to the fundamental change being approved by the Alberta Securities Commission.

Management is anticipating the suspension from trading to be lifted shortly after all remaining conditions have been addressed in accordance with various regulatory bodies.

DISCUSSION OF OPERATIONS

The following is a summary of the significant events and transactions that occurred during the year ended December 31, 2021:

Results of operations for the year ended December 31, 2021:

Net loss for the year ending December 31, 2021, was 1,415,186 (2020 – 948,707). The increase in net loss for the period was primarily an increase in professional and consulting fees.

Oil and gas revenue and volume for the year ended December 31, 2021, was \$301,340 (2020 – nil ⁽¹⁾). While the volume produced was 12,900 boe/d prior to shrinkage due to processing and transportation resulting in net sales volumes of 10,801 BOE for an average of \$27.91 per boe or \$4.58 per mcf. (2020 – nil)

Gross profit for the year ended December 31, 2021, was \$150,171 (2020 – nil).

Details related to the Company's oil and gas operations, please refer to the *Summary of Quarterly Results* section.

Other

The Company has advanced Avila Exploration & Development Ltd., and 611890 Alberta Inc. as follows:

May 21, 2020	Avila Energy & Development	224,966	Participation in developed and undeveloped mineral rights
November 6, 2020	Avila Energy & Development	122,500	Participation in developed and undeveloped mineral rights
December 3, 2020	Avila Energy & Development	35,000	Participation in developed and undeveloped mineral rights
January 18, 2021	Avila Energy & Development	250,000	Participation in developed and undeveloped mineral rights
January 22, 2021	Avila Energy & Development	50,000	Participation in developed and undeveloped mineral rights
February 20, 2011	Avila Energy & Development	20,000	Participation in developed and undeveloped mineral rights
March 8, 2021	Avila Energy & Development	(747,640)	Applied to 50% Acquisition of undeveloped mineral rights in March 2021 RFP
March 11, 2021	Avila Energy & Development	500,000	Participation in developed and undeveloped mineral rights
March 12, 2021	Avila Energy & Development	247,640	Participation in developed and undeveloped mineral rights
September 7, 2021	Avila Energy & Development	200,000	Participation in developed and undeveloped mineral rights
September 7, 2021	Avila Energy & Development	200,000	Cash Call – Sept 20, 2021
September 15, 2021	Avila Energy & Development	100,000	Cash Call – Sept 20, 2021
September 21, 2021	611890 Alberta Inc.	300,000	Cash Call – Oct 4, 2021
October 1, 2021	611890 Alberta Inc.	100,000	Participation in developed and undeveloped mineral rights
October 5, 2021	611890 Alberta Inc.	300,000	Participation in developed and undeveloped mineral rights
October 29, 2021	611890 Alberta Inc.	200,000	Participation in developed and undeveloped mineral rights
December 31, 2021	Avila Energy & Development	(515,863)	Capitalized expenditures incurred as at December 31, 2021

At year end the Independent Evaluation of the Acquisition prepared by the Company's QRE Deloitte LLP was determined to be on 10% discounted NPV of \$26.9 million. This evaluation was based on a Capital Commitment of \$ 14,300,000 for the drilling of in capital being allocated to the acquisition in 2022. At December 31, 2021, the Company had advanced \$1.587 million dollars in the Joint Venture with the Company posting closing expecting to be producing 700 boe/d (net) prior to the commencement of any additional activities or new drilling.

The advances will be used for the Company's participation in mineral rights pursuant to the Joint Venture Agreement dated January 1, 2020, between the Company and Avila Exploration and Development, and expenditures related to the Acquisition dated June 14, 2021, between the Company and 611890 Alberta Inc.

ISSUED AND OUTSTANDING SHARE DATA AT THE REPORT DATE

At the Report date, the Company had the following securities outstanding:

	For the year ending December 31,			
	2021		2020	
	#	\$	#	\$
Common shares	35,651,341	10,569,147	13,056,290	7,092,087
Warrants	12,984,694	3,635,714	4,016,700	16,667
Compensation Options ⁽⁴⁾	200,000	49,993	-	-

During the year ending December 31, 2021, the Company issued common shares of the Company as follows:

Date Issued	# Shares	\$/share	Gross Proceeds	Reason for issue
January 18, 2021	1,867,000	0.15	280,050	Private placement
January 18, 2021	500,000	0.20	100,000	Flow-through placement
February 2, 2021	670,000	0.30	201,000	For services
February 8, 2021	660,001	0.15	99,000	Private placement
March 9, 2021	3,833,333	0.15	575,000	Exchange of subscription receipts ⁽¹⁾
March 9, 2021	1,802,500	0.20	360,500	Exchange of subscription receipts ⁽¹⁾
March 31, 2021	793,062	0.05	39,653	Conversion of debenture interest ⁽²⁾
March 31, 2021	95,344	.025	2,384	Conversion of debenture interest ⁽²⁾
March 31, 2021	100,000	0.10	10,000	Conversion of debenture
May 6, 2021	1,753,333	0.25	438,333	Private placement
June 14, 2021	73,698	0.18	13,265	Conversion of debenture interest ⁽³⁾
June 17, 2021	24,000	0.15	3,600	Conversion of broker warrants
June 23, 2021	103,100	0.15	15,465	Conversion of broker warrants
June 28, 2021	51,050	0.15	7,657	Conversion of broker warrants
July 7, 2021	150,000	0.25	37,500	Conversion of warrants
July 15, 2021	45,150	0.15	6,772	Conversion of warrants
August 19, 2021	100,000	0.10	10,000	Conversion of debenture
August 25, 2021	290,000	0.25	72,500	Private placement – first tranche
September 9, 2021	2,000,000	0.25	500,000	Private placement – second tranche
September 13, 2021	7,710,000	0.25	1,927,500	Private placement – third tranche
September 20, 2021	200,000	0.25	50,000	Private placement – final tranche
October 1, 2021	500,000	0.10	50,000	Conversion of debenture
November 12, 2021	250,000	0.10	25,000	Conversion of debenture
November 12, 2021	10,480	0.10	1,048	Conversion of debenture interest
Total	23,582,051		4,826,227	

Notes:

1. The Company exchanged the subscription receipts in the amount of \$935,500 pursuant to the November 5, 2020, Offering Memorandum as the condition for the shares being released was met by the completed listing of the Company on the Canadian Securities Exchange on March 5, 2021. As a result of this exchange, the Company issued 3,833,333 common shares of the Company at a price of \$0.15 and 1,802,500 flow-through shares of the Company at a price of \$0.20.
2. The debenture agreements provide for the holder to convert to shares priced in accordance with the conversion price as determined in each debenture
3. The debenture agreement provides for the holder of each debenture to convert outstanding interest at a price equivalent to the ten-day Weighted Volume Average Price at the date of conversion.
4. On October 14, 2021, the company signed an Agency Agreement with an unrelated party that provides for the issuance of Compensation Options that will entitle the holder to purchase 200,000 Common Shares of the Company at a price of \$0.35, expiring October 14, 2024.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any special purpose entities, nor is it a party to any transactions or arrangements that would be excluded from the statement of financial position.

COMMITMENTS

The Company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian Development or Canadian Renewable Conservation Expenses, even if the Company has committed to take all the necessary measures for this purpose. Refusal of certain expenses by tax authorities would have negative consequences for investors. On December 31, 2021, the Company had met all of its obligation to incur eligible expenses pursuant to the terms of the flow-through shares financing. A total of \$515,893 was spent development expenditures from which \$495,500 has been renounced to shareholders holding flow-through shares.

COMPENSATION OF KEY MANAGEMENT PERSONNEL AND 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. The Company has determined that key management personnel consist of a member of the Company's Board of Directors, corporate officers, and special advisory personnel.

The Company incurred the following transactions with directors and key management personnel during the year ended December 31,

	2021	2020
	\$	\$
Management and consulting fees	202,725 ^(1,2)	340,773
Interest payable on a promissory note	6,632 ⁽²⁾	-
Legal costs	218,936 ⁽³⁾	122,681
Convertible secured debenture	500,000 ⁽⁴⁾	500,000
Joint venture receivables	158,565 ⁽⁵⁾	-
Advances	1,586,601 ⁽⁶⁾	-

⁽¹⁾ A total of \$89,163 was owed to various related parties on December 31, 2021.

⁽²⁾ On September 15, 2020, the Company issued promissory notes bearing interest at 5% compounded semi-annually in the amount of \$217,195 maturing on September 15, 2022, in settlement of debt with a company of which an officer of the Company is also a director. On December 31, 2021, the balance due on the promissory notes is \$67,429.

- (3) A partner in the company's legal firm is also a director of the Company. For the year ended December 31, 2021, legal expenses and share issuance cost related charges totaled \$218,936. Amount owed to the legal firm on December 31, 2021, was \$78,648.
- (4) On September 30, 2019, the Company entered into an Asset Purchase Agreement for the acquisition of a 50% non-operating in 50% interest in a producing oil and gas property with 611890 Alberta Inc. by issuing a \$500,000 convertible secured debenture bearing and interest rate of 5% compounded semi-annually with an asset acquisition between Avila Energy Corporation. ("AEC" or the "Company") and Avila Exploration & Development Canada LTD. ("Avila") whereby AEC will acquire a non-operating interest of fifty percent (50%) interest into a producing oil & gas property with a current NI 51-101-*Standards of Disclosure for Oil and Gas Activities* compliant Technical Report, as more fully described in Schedule A hereto (the "Property") by issuing a \$500,000 convertible debt instrument in the share capital of Petro to Avila.
- (4) The director of the Company is also a director of the joint venture partner 611890 Alberta Inc.
- (5) Funds have been advanced in respect to a joint venture agreement with 611890 Alberta Inc. having a common director with the Company.

CHANGES IN ACCOUNTING POLICIES

The same accounting policies used in the preparation of the Financial Statements is the same as those used in the most recent audited annual financial statements and in the opinion of management reflects all the adjustments considered necessary for the fair presentation in accordance with IFRS of the result of the years presented.

FINANCIAL INSTRUMENTS

On December 31, 2021, the Company's financial instruments consist of cash, other receivables, accounts payable and accrued liabilities, due to related parties, and convertible debenture liabilities. IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of hierarchy are:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

As of December 31, 2021, the Company believes that the carrying values of other receivables, accounts payable and accrued liabilities, and due to related parties approximate their fair values because of their nature and relatively short maturity dates or durations.

RISK FACTORS AND UNCERTAINTIES

Avila Energy Corporation continues to work towards becoming a carbon neutral energy producer based in Calgary Alberta. To attain this goal, the Company initially acquired a 50% non-working interest in a property located in Western Alberta consisting of production, pipelines, facilities and approximately 1,280 acres of developed surface and mineral leases in December 2019. An additional undeveloped property consisting of 3,840 acres was acquired during the first quarter of 2021. The proved and probable reserves are estimated to be \$3,801,600 (according to the independent evaluation report provided by Deloitte, LLP dated December 31, 2021).

Avila Energy Corporation is exposed to several risks in the normal course of its business that have the potential to affect its operating performance. The Company's risk exposures and the impact of the Company's financial instruments are summarized in Note 14 of the December 31, 2021, Condensed Audited Financial Statements.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity prices.

a. Interest risk

The Company does not have any current term debt or cash equivalents. Therefore, the Company believes it is not exposed to interest risk.

b. Foreign currency risk

The Company conducts its activities in Canada with Canadian dollars. Therefore, the Company believes it is not exposed to any foreign currency risk.

c. Price risk

The Company has exposure to price risk with regards to commodity prices. Commodity price risk is the risk that future cash flows will fluctuate as a result in commodity prices. Commodity prices for oil, and gas and liquids are impacted by world and continental/regional economic and other events that dictate the level of supply and demand.

Regarding the Company's oil and gas revenues, management has based the gross profit variances on the revenues in the last 12 months (*see Summary of Quarterly Results*).

CORONAVIRUS (COVID-19)

Since March 2020, several governmental measures have been implemented in Canada and the rest of the world in response to the coronavirus (COVID-19) pandemic. While the impact of COVID-19 and these measures are expected to be temporary, the current circumstances are dynamic. Workforces, economies, and financial markets have all been significantly affected. As at the date of this Report, it is not possible for the Company to determine the effects of the pandemic on the Company's business or operations in the ensuing year, nor predict the duration, impact, or magnitude of the pandemic in the future. The Company continues to operate its business and adheres to Canadian Federal and Provincial emergency measures as those are developed. The Company continues to evaluate and adjust its operation activities accordingly.

RELIANCE ON KEY PERSONNEL

The Company relies on a relatively small number of directors, officers, and senior personnel. Loss of any one of those persons could have an adverse effect on the Company. The Company does not currently maintain "key employee" insurance in respect of any of its senior management.

SELECTED ANNUAL INFORMATION

The following table provides a summary of the Company's financial operations. For more detailed information refer to the financial statements.

	Year ended December 31, 2021	Year ended December 31, 2020	Year ended December 31, 2019
	\$	\$	\$
Total net revenue	150,171	-	-
Total other items	(102,620)	(159,747)	84,692
Loss before income taxes	1,415,186	948,707	200,934
Basic and diluted earnings (loss) per share	(0.06)	(0.10)	(0.01)
Comprehensive income (loss)	(1,415,186)	(948,707)	(175,813)
Total assets	4,583,826	2,679,028	1,065,473
Working capital (deficit)	1,835,527	211,461	(299,152)

SUMMARY OF QUARTERLY RESULTS

Selected quarterly information for the eight most recently completed quarters is presented below in Canadian currency (\$), and in accordance with the International Financial Reporting Standards (“IFRS”).

Reporting Period	Q4 – 2021 December 31	Q3 – 2021 September 30	Q2 – 2021 June 30	Q1 – 2021 March 31
Total assets	4,583,826	\$4,732,866	2,829,143	2,929,359
Property and equipment	837,875	773,011	773,011	773,011
Exploration and evaluation assets	1,537,296	281,600	281,600	281,600
Working capital (deficit)	1,835,527	2,277,030	323,334	(204,063)
Equity	2,677,747	3,222,363	1,186,714	587,066
Total revenues (net)	38,876	59,152	46,762	5,381
Gross revenues ⁽¹⁾	90,457	109,182	82,688	19,013 ⁽¹⁾
Oil and condensates per boe/d	0.28	0.48	0.37	0.11
Natural gas and liquids per mcf/d	119.2	292.4	236.1	42.1
Revenue per BOE	47.85	23.89	22.44	29.32 ⁽¹⁾
Production costs	72,748	22,890	17,524	3,177 ⁽¹⁾
Total other items	(429,476)	-	326,856	-
Operating expenses	659,753	269,150	302,673	231,161
Income (loss) before income taxes	(1,280,237)	(14,307)	100,324	(220,966)
Basic and diluted income (loss) per share	(0.06)	(0.01)	0.00	(0.01)

Notes:

- The Company's 50% interest in revenues commenced March 2021.

Reporting Period	Q4 – 2020 December 31	Q3 – 2020 September 30	Q2 – 2020 June 30	Q1 – 2020 March 31
Total assets	2,679,028	1,424,418	1,178,142	1,069,384
Property and equipment	773,011	773,011	773,011	773,011
Exploration and evaluation property	281,600	281,600	281,600	281,600
Working capital (deficit)	(211,461)	(88,374)	(160,454)	(296,704)
Equity	(548,742)	(208,855)	(393,622)	(219,872)
Total revenues (net)	-	-	-	-
Gross revenues	-	-	-	-
Oil and condensates per M3/d	-	-	-	-
Natural gas and liquids E3M3/d	-	-	-	-
Revenue per BOE	-	-	-	-
Production costs	-	-	-	-
Total other items	(159,747)	-	-	11,786
Operating expenses	473,067	107,807	173,748	34,338
Income (loss) before income taxes	(368,895)	(36,488)	(173,748)	(22,552)
Basic and diluted income (loss) per share	(0.10)	(0.01)	(0.01)	(0.00)

In the event of an increase or decrease in the unit prices, the effects on gross revenue of \$301,340 based on the year ended December 31, 2021, would be as follows:

Product	Total production (BOE)	Price per BOE \$	Change in unit price \$	Increase / (Decrease) \$
Oil and condensates (bbls)	113.31	\$68.99	\$1.00 / BOE	113 / (113)
Natural gas and liquids (mcf)	10,687.7	\$27.48	\$1.00 / BOE	10,688 / (10,688)
Total effect on gross profit				10,801/ (10,801)

Production per Quarter	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Oil and condensates (boe)	25.7	43.9	34.0	9.7	Nil	Nil	Nil	Nil
Natural gas and liquids (mcf)	11,189.0	27,160.2	21,943.7	3,833.7	Nil	Nil	Nil	Nil
Total (BOE)	1,890.5	4,570.6	3,691.3	648.54	0.0	0.0	0.0	0.0

A barrel of oil equivalent (BOE) is determined by converting a volume of natural gas to barrels using the ratio of six (six) mcf to one (1) barrel. BOEs may be misleading, particularly if used in isolation.

LIQUIDITY, FINANCIAL CONDITION AND GOING CONCERN

The Company's cash and cash equivalents are comprised of bank deposits. On December 31, 2021, the Company had cash, amounts receivable, prepaid expenses, and short-term advances in the amount of \$2,208,655. Accounts payable and accrued liabilities in the amount of \$305,699 are due On January 31, 2022. Promissory note with a fair value of \$67,429 is due on September 15, 2022, to a related party. On December 31, 2021, the Company had a working capital of 1,835,527 (December 31, 2020 - \$211,461).

SUBSEQUENT EVENTS

There are no subsequent events to report as of December 31, 2021.

DIRECTORS AND OFFICERS

Leonard Van Betuw, President and Chief Executive Officer, and Director

Kyle Appleby, Director

Thomas Valentine, Director

Daniel Lucero, Director

Michel Lebeuf, Corporate Secretary and Director

Lars Glimhagen, Chief Financial Officer