## Management's Discussion and Analysis

The following discussion is management's assessment and analysis of the results and financial condition of Oronova Energy Inc. (the "Company") and should be read in conjunction with the audited financial statements and related notes for the years ended January 31, 2021 and 2020. The preparation of financial data is in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and all figures are reported in Canadian dollars unless otherwise indicated.

The effective date of this report is May 12, 2021.

## Caution Regarding Forward Looking Information

This report may contain forward-looking information including the Company's future plans. The use of any of the words "target", "plans", "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. Such forward looking information, including but not limited to statements pertaining to the Company's future plans and management's belief as to the Company's potential involve known and unknown risks, uncertainties and other factors which may cause the actual results of the Company and its operations to be materially different from estimated costs or results expressed or implied by such forward-looking statements. Forward looking information is based on management's expectations regarding future growth, results of operations, future capital and other expenditures (including the amount, nature and sources of funding for such expenditures), business prospects and opportunities. Forward looking information involves significant known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated. These risks include, but are not limited to: the risks associated with the acquisition of oil and gas rights over properties which the Company has submitted applications and believes to be prospective, delays or changes in plans with respect to concessions for oil and gas rights on such properties, costs and expenses, health, safety and environmental risks, the risk of commodity price and foreign exchange rate fluctuations, risks and uncertainties associated with securing the necessary regulatory approvals and financing to proceed with any planned work programs, and risks and uncertainties regarding the existence of potential oil or gas reserves or the ability to economically extract any such reserves from exploration properties. Although the Company has attempted to take into account important factors that could cause actual costs or results to differ materially, there may be other factors that cause the results of the Company's business to not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. See the Risks and Uncertainties section of this report for a further description of these risks. The forward-looking information included in this report is expressly qualified in its entirety by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments except as required by applicable Canadian Securities Laws.

## Description of Business

The Company was incorporated under the laws of the province of British Columbia, Canada, and its principal activity is acquisition, exploration, development and production of crude oil and natural gas reserves in strategic countries. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "ONV." The Company's registered and records office is located at 25th Floor, 700 West Georgia Street, Vancouver BC, V7Y 1B3.

The Company is currently working towards closing the proposed Financing (as defined below) and proposed acquisition as described below and will update the market in due course.

In September 2018, the Company engaged Advantage Energy Services Ltd. ("Advantage") of Calgary, Alberta to identify strategic oil and gas assets and generate projects in the Western Canadian Sedimentary Basin that can be leveraged into high impact plays. In October 2018, in conjunction with the engagement of Advantage, the Company closed a non-brokered private placement for $800,000 through the issuance of 10,000,000 common shares at $0.08 per share.

In November 2018, pursuant to the agreement with Advantage (the "Advantage Agreement"), Advantage's affiliated company, 2136983 Alberta Ltd. ("2136983") entered into a joint venture and operating revenue sharing agreement with a third party company (the "JV Agreement") whereby 2136983 will acquire, subject to Financing and directors' approval, an undivided 50% working interest in certain producing and non-producing oil and gas assets and oil and gas plant and facility assets in the Province of Alberta. Pursuant to the JV Agreement, 2136983 must invest $4 million as an initial joint venture contribution.

In December 2018, in connection with the proposed acquisition, the Company announced a non-brokered private placement for $6,000,000 through the issuance of 40,000,000 units at $0.15 per unit, subject to TSX-V approval. Each unit consists of one common share of the Company and one half of a warrant. Each full warrant will entitle the warrant holder to purchase one common share of the Company for two years at an exercise price of $0.25 per share subject to accelerated expiry in the event the Company's common shares trade at or above $0.45 per share for a period of 10 consecutive trading days after expiry of the four-month hold period (the "Financing"). The Company may pay a finder's fee to qualified persons in regard to the Financing. Proceeds from the Financing will be used to fund acquisitions and for general working capital purposes.

This Financing remains in discussions but it is likely the terms will change if it does proceed.

Upon completion of the Financing and the closing of the JV Agreement, the Company anticipates acquiring all of the issued and outstanding shares of 2136983 from Advantage in exchange for 10 million common shares of the Company. Members of the Advantage oil and gas team are planned to become the officers, directors, and management of the Company, subject to TSX-V approval.

As at January 31, 2021, the Company has contingent liabilities of $693,000 (January 31, 2020: $598,500) owing to Advantage, which are dependent upon the completion of the JV Agreement and Financing. As at January 31, 2021 and the date of this report, the Company assessed that the likelihood of completing the JV Agreement and Financing is uncertain and indeterminable, and no value has been accrued for the amounts owing.

In April 2021, the Company appointed Bruce Murray as a director of the Company and David Farrell resigned as a director of the Company.

## Overall Performance and Results of Operations

Total assets decreased to $8,285 at January 31, 2021, from $33,944 at January 31, 2020. The decrease in assets was due to decrease in cash of $25,659 during the year ended January 31, 2021, as the result of $25,659 used in operating activities.

### *Three months ended January 31, 2021 and 2020*

During the three months ended January 31, 2021, the Company recorded net loss and comprehensive loss of $43,510, compared to $46,003 during the three months ended January 31, 2020. Net loss and comprehensive loss for the three months ended January 31, 2021 and 2020 were relatively consistent.

### *Years ended January 31, 2021 and 2020*

During the year ended January 31, 2021, the Company recorded net loss and comprehensive loss of $214,747, compared to $372,167 during the year ended January 31, 2020. Net loss and comprehensive loss for the year ended January 31, 2021, decreased by $157,420 primarily due to:

- A decrease of $190,000 in advisory and consulting fees. Advisory and consulting fees were $120,000 for the year ended January 31, 2021, compared to $310,000 for the year ended January 31, 2020. This was due to higher consulting expenses relating to potential projects in the prior year.

- A decrease of $7,809 in professional fees. Professional fees were $13,159 for the year ended January 31, 2021, compared to $20,968 for the year ended January 31, 2020. This was due to increased activity during the prior year.

- A decrease of $11,195 in travel expenses. Travel expenses were $nil for the year ended January 31, 2021, compared to $11,195 for the year ended January 31, 2020. This was due to travel expenses relating to potential projects incurred in the prior year.

The decrease of net loss and comprehensive loss was partially offset by:

- An increase of $50,700 in share-based compensation. Share-based compensation was $55,402 for the year ended January 31, 2021, compared to $4,702 for the year ended January 31, 2020. The increase was primarily a result of 1,200,000 share options granted during the current year, whereas none were granted in the prior year.

## Liquidity and Capital Resources

As at January 31, 2021, the Company had a working capital deficit of $151,004 and requires additional funding to continue operations for the next twelve months. The Company does not currently have a recurring source of revenue. The Company's ability to continue on a going concern basis depends on management's capacity to complete adequate financing, identify additional sources of capital or to raise sufficient resources to fund its current expenditures and its future development plan. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to complete or obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company. The material uncertainty of the Company's success in raising additional capital funding, may cast significant doubt on the Company's ability to continue as a going concern.

To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets. The Company constantly seeking opportunities in the natural resource industry.

The Company has no bank debt or banking credit facilities in place.

## Outstanding Share Data

As at January 31, 2021, and the date of this report, there were 43,602,828 common shares issued and outstanding and 3,560,000 share options outstanding and exercisable.

## Selected Annual Information

| | **Year ended January 31, 2021** | Year ended January 31, 2020 | Year ended January 31, 2019 |
|---|---|---|---|
| Total assets | **$ 8,285** | $ 33,944 | $ 409,897 |
| Loss for the year | **$ (214,747)** | $ (372,167) | $ (685,819) |
| Basic and diluted loss per share | **$ (0.00)** | $ (0.01) | $ (0.02) |

## Summary of Quarterly Results

The following is a summary of quarterly financial information prepared in accordance with IFRS:

| | Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 |
|---|---|---|---|---|
| Revenue | $ - | $ - | $ - | $ - |
| Net loss and comprehensive loss | (43,510) | (40,384) | (93,549) | (37,304) |
| Basic and diluted loss per share | (0.00) | (0.00) | (0.00) | (0.00) |

| | Q4 2020 | Q3 2020 *(Restated)* | Q2 2020 *(Restated)* | Q1 2020 *(Restated)* |
|---|---|---|---|---|
| Revenue | $ - | $ - | $ - | $ - |
| Net loss and comprehensive loss | (46,003) | (50,677) | (55,392) | (220,095) |
| Basic and diluted loss per share | (0.00) | (0.00) | (0.00) | (0.01) |

Quarterly results will vary in relation to the Company's exploration and financing activities. The increase in loss in Q1 2020 is primarily due to increased consulting fees related to potential projects. The increase in loss in Q2 2021 is due to share-based compensation from options granted in the quarter.

The Company has restated the statements of loss and comprehensive loss, statements of equity, and statements of cash flow for Q1, Q2 and Q3 2020 to reflect year ended January 31, 2020 adjusting journal entries which are applicable to the respective quarters. The Company reversed the accrual of consulting expenses and related GST owed to Advantage, which were determined to be contingent liabilities. As at January 31, 2021 and the date of this report, the Company assessed that the likelihood of completing the JV Agreement and Financing is uncertain and indeterminable, and no value has been accrued for the amounts owing to Advantage. All information with respect to adjusted comparative figures were restated to reflect the year end journal entry.

## Related Party Transactions

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 executive and non-executive members of the Company's Board of Directors and corporate officers.

During the year ended January 31, 2021, key management personnel compensation paid, including directors and officers, was comprised of share-based compensation of $36,934 (2020: $nil).

## Risks and Uncertainties

The Company is engaged in the acquisition and exploration of oil and gas projects, an inherently risky business, and there is no assurance that economically recoverable resources will ever be discovered and subsequently put into production. Most exploration projects do not result in the discovery of economically recoverable resources.

Exploration activities require large amounts of capital. There is a risk that during the current difficult economic situation the Company will not be able to raise sufficient funds to finance its projects to a successful development and production stage. While the Company's management and technical team carefully evaluate all potential projects prior to committing the Company's participation and funds, there is a high degree of risk that the Company's exploration efforts will not result in discovering economically recoverable resources.

The Company depends on the business and technical expertise of its management team and there is little possibility that this dependence will decrease in the near term.

***Covid-19***

To the date of this report, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. As at the date of this report, the Company has not been significantly impacted by the spread of COVID-19.
The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

## FINANCIAL INSTRUMENTS

***Financial Risk Management and Fair Value Measurement***

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and amounts payable and accrued liabilities. Their carrying values approximate fair value due to the short-term nature of these instruments. There are no financial instruments carried at fair value.

***Financial Instrument Risk Exposure***

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

*Credit Risk*

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company is exposed to credit risk on cash. The Company reduces its credit risk on cash by maintaining its bank account with a large international financial institution. The maximum exposure to credit risk is equal to the carrying value of its cash.

*Liquidity Risk*

The Company's cash is invested in bank accounts which are available on demand. As at January 31, 2021, the Company had a working capital deficit of $151,004 and requires additional funding to continue operations for the next twelve months.

*Market Risk*

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

a) *Interest Rate Risk*

   The Company is nominally exposed to interest rate risk. The Company's cash earns interest at variable rates. Interest rate exposure is considered to be insignificant.

b) *Foreign Currency Risk*

   The Company is nominally exposed to material currency risk.

c) *Price Risk*

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

## Management's Report on Internal Control over Financial Reporting

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual financial statements and respective accompanying management's discussion and analysis.

The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

## Outlook

The Company is working towards closing the Financing and proposed acquisition and is constantly seeking opportunities in the natural resource industry. The Financing remains in discussions but it is likely the terms will change if it does proceed. Additional information relating to the Company is available on SEDAR at www.sedar.com.