

Sunset Pacific Petroleum Ltd.,

(An exploration stage company)

As at September 30, 2019

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Management Discussion & Analysis of Financial Position and Results of Operation

DESCRIPTION OF BUSINESS

The following information, prepared as of November 29, 2019 should be read in conjunction with the audited consolidated financial statements of Sunset Pacific Petroleum Ltd. ("the Company") for the years ended December 31, 2018 and 2017, The consolidated financial statements of the Company for the year-ending December 31, 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), having previously prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP").

All amounts are expressed in Canadian dollars unless otherwise indicated.

The Company is a junior resource exploration company engaged in the acquisition, exploration, and development of natural resource properties (primarily oil and gas). The Company's business is presently focused on the evaluation of various oil and gas properties and concessions in the Middle East (Oman) and in North Africa (Tunisia). The Company intends to explore and develop prospective resource plays, which then provide the economic platform to pursue the deeper more unconventional formations that have significant upside potential.

The Company has been awarded the Ben Khedechef concession in Tunisia (previously named El Hamra) subject to certain conditions. (Please see "Proposed Transaction"). The final details will be reviewed by the Government of Tunisia Etap/DGE and the Company's representatives in Tunisia in the coming weeks.

OVERALL PERFORMANCE

The Board of Directors of the Company is pleased to present to its shareholders a summary of the Company's activities for the nine months ended September 30, 2019, and any pertinent events subsequent to that date up to and including November 29, 2019.

The Company is a reporting company in the Province of British Columbia and Alberta and its shares are listed on the TSX Venture Exchange, under the trading symbol "SPK". On May 5, 2017 the BC Securities Commission issued a cease trade order against the Company for failure to file its annual financial statements on the due date. The Company filed the required financial statements on May 8, 2017, and the cease trade order was revoked on May 9, 2017. After a review by the TSX Venture exchange the Company was reinstated for trading on May 26, 2017.

The Company is in the business of exploring for and developing oil & gas properties in North America and more recently in the Middle East (Oman) and in North Africa (Tunisia). Sunset Pacific Petroleum's corporate strategy is to generate profitable growth through a strategic combination of acquisitions, joint ventures, and drilling opportunities.

Bougie Trutch and Trutch East

The Company's royalty interests in the Bougie Trutch and Trutch east areas started generating revenue as three wells on these properties started production in February 2007. A fourth well started production in January 2008.

There was no new activity on the Bougie Trutch and Trutch East properties during the years ended December 31, 2017 and 2018 and during the nine months ended September 30, 2019.

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A re-evaluation of the Bougie Trutch and Trutch East properties as at December 31, 2016 resulted in a write down of \$9,600 (2015: \$6,000) which is included in write down of oil and gas properties on the consolidated statement of operations and comprehensive loss.

At December 31, 2017, management determined that the carrying amount of the Bougie Trutch project was greater than its recoverable amount of \$Nil. The recoverable amount of the property was its value in use as it was not possible to make a reliable estimate of the project's fair value less costs to sell.

During the year ended December 31, 2017, the Company wrote off \$9,400 (2016: \$9,600) which is included in write down of oil and gas properties on the consolidated statement of operations and comprehensive loss.

Working Capital

The Company had a working capital deficiency of \$1,475,778 at December 31, 2018 (December 31, 2017: \$1,106,391)

SELECTED ANNUAL INFORMATION

Selected consolidated financial information extracted from the Company's audited financial statements for the past three years ended on December 31 is shown in the following table followed by an explanation of changes.

Expressed in \$'000 except
Per share data which is in \$

	<u>2018</u>	<u>2017</u>	<u>2016</u>
	IFRS	IFRS	IFRS
Total Revenues	Nil	Nil	Nil
Net Loss	369	364	1,548
Loss per share (Basic & Diluted)	0.01	0.01	0.03
Total Assets	14	62	12
Long-term Liabilities	Nil	Nil	Nil
Oil and gas properties	Nil	Nil	9

The net losses for the years ended December 31, 2017 and 2016 include non-cash charges to expense of recovery (write down) \$(9,400) and \$(9,600) respectively, for the recovery (loss) of oil and gas property and deferred exploration costs.

RESULTS OF OPERATIONS AND CAPITAL EXPENDITURES

General and administrative expenses for the year ended December 31, 2018 was \$369,387 compared to \$432,078 in 2017. The decrease in 2018 was largely due to a decrease in consulting fees \$181,870 compared to \$224,250 in 2017 and a decrease in Stock based compensation of Nil compared to \$29,032 in the previous year.

Filing fees and transfer agent increased to \$24,236 from \$10,234 in the previous year. Interest expense increased to \$57,158 in 2018 from \$51,462 in 2017 as a result of finance charges on outstanding liabilities relating to professional fees and interest on loans payable.

Office and miscellaneous, decreased to \$42,220 from \$43,399 in 2017 and professional fees decreased to \$33,903 in 2018 compared to \$42,701 in 2017.

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During the year ended December 31, 2017, the Company wrote off \$9,400 (2016: \$9,600) which is included in write down of oil and gas properties on the consolidated statement of operations and comprehensive loss.

As at December 31, 2018, the Company has accounts payable and accrued liabilities in excess of \$1,490,196 (2017- \$1,168,423).

The approximate significant balances within accounts payable and accrued liabilities and the nature of these liabilities and the extent to which they are overdue as at December 31, 2018 are:

- \$18,687 in rent expense outstanding more than three years
- \$20,000 in legal expenses that has been outstanding for more than 3 year associated with the Writ of summons against the Company as disclosed in note 10 of the consolidated financial statements
- \$85,445 in accounting fees and interest with the Company's previous accountants that has been outstanding for approximately 8 years
- \$82,598 in accrued liabilities payable to PWC as disclosed in Note 12 of the consolidated financial statements which has been outstanding for approximately 3 years
- \$12,000 for work relating to the Company's oil and gas reporting that has been outstanding for 5 years
- \$398,949 in unbilled legal fees from the Company's legal counsel
- \$20,000 in legal expenses that has been outstanding for more than 5 year associated with the Writ of summons against the Company as disclosed in note 10 of the consolidated financial statements

The Company has a working capital deficiency at December 31, 2018. The Company's ability to develop its investment in its oil and gas properties is dependent upon the discovery, development and sale of oil and gas reserves, the ability to joint venture or sell its resource properties and the ability to raise sufficient capital to finance this operation. The Company continues to seek new capital and projects and will continue to require additional funds to both finance its administrative expenditures and meet its property commitments.

RESOURCE PROPERTIES

Oil and natural gas properties

Royalty Interests – Bougie Trutch and Trutch East

On October 14, 2005 the Company acquired a 2.5% overriding royalty in the Bougie Trutch oil and gas project in North Eastern British Columbia for \$29,000 paid for by the issuance of 100,000 common shares at \$0.29 per share on November 17, 2005. A total of 5 halfway wells have been drilled on this property. Production from two wells commenced in February 2007 and the production from the third well started in January 2008. The forth well is shut in and the fifth well was plugged and abandoned in the year ended December 31, 2009. The royalty interest in the remaining proven reserves from the three producing wells as at December 31, 2015 is estimated at .743MMcf of natural gas and 3.5 Mbbl of natural gas liquids.

On November 30, 2006 the Company acquired a 2.5% over-riding royalty in the Trutch East natural gas lease package (15 square miles) for cash of \$250,000. The property has one producing well. The production commenced in February 2007. Our royalty interest in the remaining proven reserves from this well as at December 31, 2015 is estimated at .743MMcf. of natural gas and 3.5 Mbbl of natural gas liquids.

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A re-evaluation of the Bougie Trutch and Trutch East properties as at December 31, 2016 resulted in a write down of \$9,600 which is included in write down of oil and gas properties on the consolidated statement of operations and comprehensive loss.

During the year ended December 31, 2017, the Company wrote off \$9,400 (2016: \$9,600) which is included in write down of oil and gas properties on the consolidated statement of operations and comprehensive loss.

No royalties were received during the years ended December 31, 2018 and 2017 and for the nine months ended September 30, 2019.

PROPOSED TRANSACTION

On June 2, 2014 the Company announced that it has signed a memorandum of understanding ("MOU") with IMI and COTIF SICAR (investment arm of the CARTE group) both headquartered in Tunisia. The MOU outlines an equal partnership between the parties in evaluating and acquiring several near term production and high impact exploration projects in the Middle East and North Africa ("MENA") region.

The IMI-EAG group, established in 1974 and headquartered in Tunisia has over 60 companies throughout the world including the USA, Canada, the Philippines, Thailand, Malaysia, Papua New Guinea, Algeria, Morocco, Egypt, Chad, Cameroon, Angola, Qatar, Bahrain, Dubai, Abu Dhabi and Saudi Arabia. IMI-EAG is a global leader in technical assistance and has been committed to offering the world-class oil and gas construction services in the fields of mechanics, electricity, civil works, and field development from commissioning to start-up and operations to maintenance. Currently, IMI-EAG has more than 400 core employees and up to 1500 skilled engineering and trades contractors at any given time, adhering to the highest standards of quality, transparency and international qualifications.

CARTE (C.A.R.T.E - Compagnie d'Assurances et de Réassurances Tuniso-Européenne) was founded in 1976 by BNP (now BNP Paribas) and DOGHRI Group and in partnership with FGM and Préservatrice. In 1986, under the leadership of its current CEO , Mr. Hassine Doghri, the DOGHRI Group in partnership with Mutual of Le Mans took control CARTE. Today, with over 35 years of experience, CARTE is a leader in the Tunisian insurance sector. Mr. Doghri has served as the honorary general consul for the Norwegian consulate in Tunis since 1982 Tunisian British Chamber of Commerce since 2010. CARTE holds strategic partnerships with both local and foreign partners, investing in various sectors.

On November 3, 2014 the Company announced that it had signed a memorandum of understanding with Hoqool Petroleum International WLL Co., based in Manama, Kingdom of Bahrain. The MOU outlines an equal partnership between the parties in evaluating and acquiring near-term production and high-impact exploration projects in the Middle East and North Africa region.

Hoqool Petroleum International is an independent oil and gas exploration and production company, incorporated and headquartered in the Kingdom of Bahrain. The founding management team comprises senior energy executives from the national oil companies of Bahrain and Saudi Arabia, who are experienced and well recognized, both locally and internationally, covering the upstream sector of oil and gas, with more than 175 years of combined experience. The company was established in 2010 and represents a consortium of three Arabian Gulf firms that have long years of experience in the most prolific and richest petroleum system in the world. The core business of Hoqool is the development of energy resources; its activities include exploration and development of oil and gas fields.

The Company has now applied for two open exploration permits with the Tunisien Direction Generale de l'Energie. The first open permit was applied for on July 31, 2014, where the company has partnered on an equal basis with two established Tunisian companies, namely IMI and COTIF-SICAR (investment arm of the CARTE group). The second open permit was applied for on Oct. 30, 2014, where the company will partner with Bahrain-

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based oil company, Hoqool Petroleum International WLL Co. Both open permits meet the company's criteria of near-term production potential, with good seismic quality and previously drilled wells along with nearby proven production. The Company is now waiting for the Tunisian government on final approvals for both permits.

On March 23, 2015 the Company announced that it has entered into a non-binding letter of intent ("LOI") to acquire a 56.25% participating interest in an existing exploration and production sharing agreement for an onshore block in The Sultanate of Oman (the "Oman Block"), with the current block holder owning an 18.75% participating interest and the Sultanate of Oman owning the remaining 25% participating interest in the property. (As required under the terms of the exploration and sharing agreement, the Oman government is carried in the exploration phase.) Sunset will be the operator of the Oman Block. Pursuant to the terms of the LOI, Sunset will pay the current block holder US\$100,000 within 30 days after signing the LOI. A finder's fee may be payable with respect to this transaction. The parties are now working to finalize the necessary formal agreements as soon as practicable.

On February 23, 2016, The Company announced that it has signed a conditional agreement to acquire an oil and gas concession in Oman subject to certain conditions being met over the course of the next two months. The Company has paid the vendor a lock-up fee of US\$50,000. The parties are conducting final due diligence and negotiating and finalizing an operating agreement which they expect to complete by the end of May 2016. As at the date of this report, this agreement has not been finalized.

On May 9, 2016, The Company announced that it has been awarded the Ben Khedechef concession in Tunisia (previously named El Hamra). The final details will be reviewed by the Government of Tunisia Etap/DGE and the Company's representatives in Tunisia.

On April 26, 2017 the Company announced that it has signed an agreement to farm out a fifty (50%) percent working interest in its interest in a hydro-carbon Concession in Tunisia. The conditions of the Agreement call for Sunset to receive approval from the government of Tunisia for this Agreement. The Agreement also calls for Sunset to receive all government approvals to proceed to a work program on the concession. The farmee will provide A SWIFT coded Letter of Credit for the sum of Five Million United States (USD \$5,000,000) Dollars with the term of five years, that must be approved by the government of Tunisia's confirming bank. Pursuant to the Agreement, the farmee will pay: (a) to Sunset the sum of Two Million United States (USD \$2,000,000) Dollars in sunk cost on or before thirty (30) days after the execution of the Agreement. (b) the sum of One Million United States (USD \$1,000,000) Dollars toward the administrative and operational costs of the Concession and (c) fifty (50%) percent of any additional cost related to the Concession. The Company will provide further disclosure of this transaction including the name of the farmee when all conditions by all parties have been met. This Agreement is subject to regulatory and government approvals where required.

On May 25, 2017 The Company announced that it has renegotiated the agreement with its farmout partner for a 50-per-cent working interest in its interest in a hydrocarbon concession in Tunisia. The conditions of the agreement call for Sunset to receive approval from the government of Tunisia for this agreement. The agreement also calls for Sunset to receive all government approvals to proceed to a work program on the concession.

The farmee will provide a Swift-coded letter of credit for the sum of \$5-million (U.S.) with the term of five years, that must be approved by the government of Tunisia's confirming bank. Pursuant to the agreement, the farmee will pay:

- To Sunset the sum of \$2-million (U.S.) in sunk cost *on or before 60 days after Sunset has received all approvals from the government of Tunisia;*
- The sum of \$1-million (U.S.) toward the administrative and operational costs of the concession *after Sunset has received all approvals from the government of Tunisia;*
- 50 per cent of any additional cost related to the concession.

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Sunset will provide further disclosure of this transaction, including the name of the farmee, when all conditions by all parties have been met. This agreement is subject to regulatory and government approvals, where required.

SUMMARY OF QUARTERLY RESULTS (unaudited)

	Quarters							
	2019 IFRS	2019 IFRS	2019 IFRS	2018 IFRS	2018 IFRS	2018 IFRS	2018 IFRS	2017 IFRS
Expressed in \$'000 except per share data which is in \$	September \$	June \$	March \$	December \$	September \$	June \$	March \$	December \$
Total revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Earnings (loss) for the period	(115)	(106)	(113)	(90)	(102)	(67)	(110)	(206)
Earnings (loss) per share (basic and diluted)	(.002)	(0.001)	(0.002)	(0.006)	(0.001)	(0.001)	(0.000)	(0.001)
Total assets	16	81	14	14	28	12	9	62
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Oil & Gas properties	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

For the quarter ended September 30, 2019, administration costs increased to \$115,390 from \$101,583 for the same period last year. The major increases (decreases) are as follows:

	Increase (Decrease)
Bank Charges and Interest	2,796
Consulting Fees	1,788
Office and miscellaneous	10,480
Professional Fees	(5,291)
Transfer Agent and Filing Fee	544
Travel and Promotion	3,500

The fluctuations in the loss per quarter over the previous 8 quarters have been fairly constant except for the losses for the following periods:

For the quarter ended June 30, 2019, administration costs increased to \$105,991 from \$67,011 for the same period last year. Consulting fees increased by \$36,642, Office and miscellaneous by \$9,450, Travel and promotion by \$6,000 and Bank charges and interest by \$2,731. Professional fees decreased by \$14,803 and transfer agent and filing fees by \$1,040.

For the quarter ended March 31, 2019, administration costs increased to \$113,096 from \$109,616 for the same period last year. Consulting fees decreased by \$6,500 and Transfer agent and filing fees decreased by \$2,933 as the Company continued its efforts in securing additional financing

For the quarter ended December 31, 2018, administration costs decreased to \$91,177 from \$206,559 for the same period last year. Consulting fees decreased by \$66,600, Professional fees by \$27,678, Stock based compensation by \$29,032 and Bank charges and interest by \$908 as a result of decreased activity as the Company continued its efforts to secure financing for the project in North Africa. During the same period Office and miscellaneous expenses increased by \$6,150 and Transfer agent and filing fees increased by \$2, 745

For the quarter ended September 30, 2018, administration costs increased to \$101,583 from \$50,963 for the same period in the previous year. Consulting fees increased to \$59,980 from \$11,500, bank charges and interest by \$2,390

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Filing and transfer agent fees by \$333 and professional fees by \$4,397. Office and miscellaneous decreased by \$4,980.

For the quarter ended June 30, 2018, administration costs increased to \$67,011 from \$41,787 for the same period in the previous year. Bank charges and interest increased by \$2,171, consulting fees increased by \$4,000, professional fees increased by \$12,553 and transfer agent fees increased by \$9,499. Office and miscellaneous decreased by \$2,999

For the quarter ended March 31, 2018, administration costs decreased to \$109,616 from \$132,768 for the same period last year. Consulting fees decreased by \$28,200. Bank Charges and interest increased by \$2,043, Office and miscellaneous by \$650, Professional fees by \$931 and Transfer agent and filing fees by \$1,424.

For the quarter ended December 31, 2017, administration costs decreased to \$206,559 from \$542,930 for the same period last year. Consulting fees decreased by \$238,930, Office and miscellaneous decreased by \$1,950, Travel Parking and promotion decreased by \$21,645 as the Company awaited the completion of the farm out agreement. Stock based compensation decreased by \$140,527, transfer agent and Filing fees decreased by \$1,924. Professional fees increased by \$16,258.

Liquidity and Capital Resources

During the year ended December 31, 2011, the Company entered into loan agreements with several parties for a total amount of \$333,526. One loan with a principal amount of \$60,000 bears interest at 20% per annum compounded monthly and is due on demand. The remaining loans bear no interest and have no fixed terms of repayment.

During the period ended September 30, 2019, the company received loans of \$20,238 (2018 - \$97,815). Interest expense for the interest bearing loan of \$15,626 (2018 - \$12,815) was accrued in loans payable.

The Company currently has no sources of revenue, and relies primarily on equity financing to fund its exploration, development and administrative activities. Material increases or decreases in the Company liquidity will be substantially determined by the success or failure of its exploration and development activities, as well as its continued ability to raise capital.

As at September 30, 2019 the Company had a working capital deficiency of \$1,810,255 and had cash of \$Nil

At September 30, 2019 the Company had no off balance sheet arrangements.

The Company intends to pursue further equity financings to meet its working capital requirements and to meet its requirements for new acquisitions. The company has reviewed its planned expenditures for 2019 and is confident that it will have adequate capital resources to supports its current operation.

Related Party Transactions

The Company has identified certain directors and certain senior officers as its key management personnel. The compensation costs for key management personal for the period ended December 31, 2018 is comprised of Consulting fees Nil (2017 - \$5,000 paid to the former CEO of the Company, Albert Raponi.) and share based compensation in the amount of Nil (2017 - \$20,968)

As at December 31, 2018 and September 30, 2019, \$32,495 was included in accounts payable for consulting fees owed to the former CEO of the Company. This amount is currently being disputed by the Company.

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Critical Accounting Estimates

The Company's consolidated financial statements are impacted, by the accounting policies used and the estimates and assumptions made by management during their preparation. The Company's accounting policies are described in Note 2 to the consolidated financial statements. The accounting estimates considered to be significant to the Company includes the carrying values of mining claims and deferred exploration cost, oil and gas properties and long-term investments.

Management reviews the carrying values of its mining claims and oil and gas properties, when circumstances warrant, to determine whether an impairment should be recognized. In addition, capitalized costs related to abandoned properties are written off in the period of abandonment. During the year ended December 31, 2017, the Company wrote off \$9,400 (2016: \$9,600, 2015 \$6,000) which is included in write down of oil and gas properties on the consolidated statement of operations and comprehensive loss.

The Company's long-term investments and oil and gas properties are recorded at cost unless an impairment in value which is other than temporary has been determined, at which time they are written down to market value.

Financial Instruments

The Company's financial instruments at September 30, 2019 consist of cash, accounts payable and accrued liabilities, and loans payable. Cash is carried at fair value using a level 1 fair value measurement. The carrying value of, due to related parties, accounts payable and accrued liabilities, and loans payable approximate their fair value because of their nature and respective maturity dates or durations.

The risk exposure is summarized as follows:

Credit Risk

The Company is not exposed to any significant credit risk on its financial assets. Cash consists of cash on hand have been invested with reputable financial institutions and funds in trust have been held with trustworthy legal firms, from which management believes the risk of loss to be remote. As at September 30, 2019, the Company had no financial assets that were either past due or impaired.

Liquidity Risk

The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due. As at September 30, 2019, the Company had a cash of \$Nil to settle current liabilities of \$1,826,665 which mainly consist of accounts payable and accrued liabilities and loans payable that are considered short term.

Market risk

I. Interest Rate Risk:

The Company's accounts payable and accrued liabilities and loans payable are non-interest bearing.

II. Foreign Currency Risk:

The Company's functional and reporting currency is the Canadian dollar and is not exposed to foreign currency risk.

III. Price Risk:

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The Company's financial assets and liabilities are not exposed to price risk with respect to commodity prices.

During the period ended September 30, 2019, there were no changes to the Company's risk exposure or to the Company's policies for risk management.

Future accounting pronouncements

The following new standards and interpretations are not yet effective and have not been applied in preparing these financial statements. The Company is currently evaluating the potential impacts of these new standards and does not anticipate any material changes to the financial statements upon adoption of these new and revised accounting pronouncements.

IFRS 16 – Leases (effective January 1, 2019) introduces new requirements for the classification and measurement of leases.

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company.

Share Capital

The Company's authorized capital consists of an unlimited number of common shares without par value.

The Company's issued share capital at September 30, 2019 was 73,936,934 shares for a total consideration of \$20,953,987 (2018– 73,936,934 shares for a total consideration of \$20,953,987).

Stock options were outstanding to directors and employees as follows:

	Number of Shares	Average Exercise Price	Date of Expiry
Granted February 26, 2014	1,500,000	\$0.07	February 26, 2019
Granted May 15, 2014	800,000	\$0.105	May 15, 2019
Granted Oct 16, 2014	1,022,853	\$0.15	Oct 16, 2019
Granted Oct 11, 2016	3,315,840	\$0.05	October 11, 2021
Balance, Dec 31, 2016	6,638,696	\$0.07	
Cancelled	(2,772,856)	\$0.08	
Granted	1,800,000	\$0.05	October 25, 2022
Balance, December 31, 2018	5,665,840	\$0.07	
Expired unexercised February 26, 2019	(1,000,000)		
Balance, March 31, 2019	4,665,840		
Expired unexercised May 15, 2019	(800,000)		
Balance at September 30, 2019	3,865,840	\$0.07	

All the options vested fully on the date of the grant.

On October 16, 2019, 250,000 options expired unexercised.

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The following table provides detailed information about warrants outstanding:

Number of	Average,	Warrants	Exercise Price
Balance, December 31, 2013		-	\$ -
Issued - March 20, 2014		5,833,333	\$ 0.07
Issued - May 15, 2014		2,857,142	\$ 0.14
Issued - July 29, 2014		2,666,666	\$ 0.17
Issued - August 26, 2014		1,666,666	\$ 0.17
Issued - November 2, 2014		350,000	\$ 0.17
Issued - December 16, 2014		293,000	\$ 0.17
Balance, December 31, 2014		13,666,807	\$ 0.12
Issued - March 12, 2015		3,814,400	\$ 0.15
Issued - June 25, 2015		3,695,000	\$ 0.15
Issued - October 30, 2015		2,980,000	\$ 0.07
Balance, December 31, 2015		24,156,207	\$ 0.12
Issued - May 13, 2016		4,016,000	\$ 0.07
Expired - May 15, 2016		(2,857,142)	\$ 0.14
Issued - October 11, 2016		18,000,000	\$ 0.07
		43,315,065	\$ 0.07
Exercised		(3,950,000)	\$ 0.07
Balance, December 31, 2016		39,365,065	\$ 0.09
Exercised		(3,600,000)	\$ 0.07
Balance December 31, 2018		35,765,065	\$ 0.09
Expired unexercised March 20, 2019		1,283,333	\$ 0.07
Balance March 31, 2019 and June 30, 2019		34,481,732	\$ 0.09
Expired unexercised		4,333,332	\$ 0.09
Balance September 30, 2019		30,148,400	\$ 0.09

Forward-Looking Statements

Statements throughout this MD&A that are not historical facts may be considered “forward-looking statements.” Some of the statements contained herein including, without limitation, financial and business prospects and financial outlooks may be forward-looking statements which reflect management’s expectations regarding future plans and intentions, growth, results of operations, performance and business prospects and opportunities. Words such as “may”, “will”, “should”, “could”, “anticipate”, “believe”, “expect”, “intend”, “plan”, “potential”, “continue” and similar expressions have been used to identify these forward-looking statements. These statements reflect management’s current beliefs and are based on information currently available to management.

Readers are cautioned not to place undue reliance on these forward-looking statements as the Company’s actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company’s business, or if the Company’s estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.

In particular, this MD&A contain forward-looking statements pertaining to the following:

- (i) the performance characteristics of the Company’s oil and natural gas properties;

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- (ii) the size of the oil and natural gas reserves;
- (iii) projections of market prices and costs;
- (iv) supply and demand for oil and natural gas; and
- (v) expectations regarding the ability to raise capital and to add to reserves through exploration and development.

The material assumptions that were applied in making the forward-looking statements in this MD&A include: execution of the Company's existing plans or exploration programs for each of the properties in which it has a right to earn an interest, either of which may change due to changes in the views of the Company or if new information arises which makes it prudent to change such plans or programs.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A:

- (i) volatility in market prices for oil and natural gas;
- (ii) liabilities inherent in oil and natural gas operations;
- (iii) uncertainties associated with estimating oil and natural gas reserves competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- (iv) incorrect assessments of the value of acquisitions;
- (v) geological, technical, drilling and processing problems; and
- (vi) changes in legislation or regulatory changes relating to the oil and natural gas industry.

Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements and the Company is under no obligation to update unless required by applicable securities laws.

Risks and Uncertainties

Exploration for natural resources involves a high degree of risk. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. The Company attempts to mitigate its exploration risk by maintaining a diversified portfolio. Management also attempts to balance risk through joint ventures with other companies. Beyond exploration risk, management is faced with a number of other risk factors. The more significant ones include:

Commodity Price Risk - The Company's intended portfolio of properties and investments have predominant exposure to oil and gas. The prices of these, greatly affect the value of the Company and the potential value of its properties and investments. This, in turn, greatly affects its ability to form joint ventures and the structure of any joint ventures formed. This is due, at least in part, to the underlying value of the Company's assets at different oil and gas prices.

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Financial Markets - The Company is dependent on the equity markets as its sole source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

Currency Risk - The Company conducts its business in Canadian dollars. The Company's investments are in Canada. Future changes in exchange rates would likely not materially affect the Company's results in either a positive or negative direction.

Environmental Risk - The Company seeks to operate within environmental protection standards that meet or exceed existing requirements in the countries in which the Company operates. Present or future laws and regulations, however, may affect the Company's operations. Future environmental costs may increase due to changing requirements or costs associated with exploration and the developing, operating and closing of oil and gas wells. Programs may also be delayed or prohibited in some areas. Although minimal at this time, site restoration costs are a component of exploration expenses.

Outlook

The Company has a working capital deficiency at September 30, 2019. The Company's ability to develop its investment in its oil and gas properties is dependent upon the discovery, development and sale of oil and gas reserves, the ability to joint venture or sell its resource properties and the ability to raise sufficient capital to finance this operation. The Company continues to seek new capital and opportunities and will continue to require additional funds to both finance its administrative expenditures and meet its property commitments.

Disclosure Controls and Procedures

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with Canadian generally accepted accounting principles.

Venture issuers are not required to provide representations in the annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitation on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in National Instrument 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

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Subsequent Events

On January 18, 2018 the Company announced the grant of incentive stock options to certain directors, officers and consultants of the Company to purchase up to an aggregate of 925,000 common shares of the Company pursuant to the Company's share option plan. The options are exercisable for a period of five years at a price of \$0.05/share. These options are subject to regulatory approval.

On March 22, 2018 the Company announced that the \$200,000 non-brokered private placement (10,000,000 units of the Company at a price of \$0.02/unit) previously announced on November 8, 2017 was deemed withdrawn by the Exchange. The Company is holding the placement funds as shareholder loans pursuant to the terms of the subscription agreements executed by the Placees.

As of the date hereof neither the private placement nor the grant of options has been accepted by the TSX Venture Exchange.

Other Information

The Company has not established a whistleblower policy to-date due to the fact that majority of the Company's functions are performed by its directors and officers. The Audit Committee of the Board will be working on a whistleblower policy to be established once the Company's size warrants such policy.

Additional information relating to the Company may be obtained from www.sedar.com.