TSX Venture – MAH **New York OTC Venture Marketplace – MKSEF**

MANAGEMENT'S DISCUSSION AND ANALYSIS
Report for the year ended December 31, 2022

This Management's Discussion and Analysis ("MD&A") for Marksmen Energy Inc. and its wholly owned subsidiary Marksmen Energy, USA Inc. ("Marksmen or the Company") is for the year ended December 31, 2022. It has been prepared with information available up to April 28, 2023 and should be read in conjunction with Marksmen Energy Inc.'s consolidated audited financial statements for the year-ended, December 31, 2022. All values in this MD&A are expressed in Canadian currency ("CAD") unless specifically notated as USA currency ("USD"). Certain information regarding Marksmen contained herein may constitute forward-looking statements under applicable securities laws. Such statements are subject to known or unknown risks and uncertainties that may cause actual results to differ materially from those anticipated or implied in the forward-looking statements.

Basis of Presentation
The financial data presented below has been prepared in accordance with International Financial Reporting Standards ("IFRS").

Application of Accounting Estimates
The significant accounting policies used by Marksmen are disclosed in Note 3 of the audited consolidated financial statements. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Management reviews its estimates on a periodic basis. The emergence of new information and changed circumstance may result in actual results or changes to estimated amounts that differ materially from current estimates.

Non-IFRS
This MD&A includes the following measures that are from time to time used by the Company, but do not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other companies:

"**Funds from operations**" - should not be considered an alternative to, or more meaningful than "cash flow from operating activities" as determined in accordance with IFRS as an indicator of the Company's financial performance. Funds from operations is determined by adding non-cash expenses to the net income or loss for the year, deducting decommissioning liability expenditures and does not include the change in working capital applicable to operating activities. Management believes that in addition to cash flow from operating activities, funds from operations is a useful supplemental measure as it provides an indication of the results generated by Marksmen's principal business activities before the consideration of how such activities are financed.

"**Operating netback**" - Operating netbacks are calculated by deducting royalties and operating costs, including transportation costs, from revenues.

"**Working capital**" – Working capital includes total current assets and total current liabilities. The working capital ratio is calculated by deducting total current liabilities from total current assets.

Barrel of Oil Equivalent

Where amounts are expressed on a barrel of oil equivalent ("boe") basis, natural gas volumes have been converted to boe at a ratio of 6,000 cubic feet of natural gas to one barrel of oil equivalent. This conversion ratio is based upon an energy equivalent conversion method primarily applicable at the burner tip and does not represent value equivalence at the wellhead. Boe figures may be misleading, particularly if used in isolation.

Forward-Looking Statements

This Management's Discussion and Analysis may contain "forward-looking information" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein may be forward-looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "proposed", "is expected", "budgets", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. This forward-looking information reflects the Company's current beliefs and is based on information currently available to the Company and on assumptions the Company believes are reasonable. These assumptions include, but are not limited to, the actual results of drilling and exploration being equivalent to or better than anticipated or historical results and future costs and expenses being based on historical costs and expenses, adjusted for inflation. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance, or achievements of the Company to be materially different from those expressed or implied by such forward-looking information.

Such risks and other factors may include, but are not limited to: the early stage development of the Company and its projects; general business, economic, competitive, political and social uncertainties; commodity prices; the actual results of current exploration and development or operational activities; competition; changes in project parameters as plans continue to be refined; accidents and other risks inherent in the natural resources industry; lack of insurance; delay or failure to receive board or regulatory approvals; changes in legislation, including environmental legislation, affecting the Company; timing and availability of external financing on acceptable terms; conclusions of economic evaluations; and lack of qualified, skilled labour or loss of key individuals. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, or intended. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

World Events

The COVID-19 pandemic is no longer impactful to Marksmen's operations in Ohio. Supply chain issues remain and have resulted in higher prices for goods and services. Drilling rigs are in short supply and contractors are struggling with manpower shortages. The result is slower than hoped completion of capital projects and at higher prices.

Financial Statements and the MD&A

The information and tables presented in this MD&A should be read in conjunction with the December 31, 2022, and 2021 audited consolidated financial statements of Marksmen Energy Inc.

Introduction

Marksmen Energy Inc. is engaged in the acquisition, exploration, development and production of oil and gas properties, primarily in Ohio, USA.

In 2022, Marksmen recompleted one well at Portage County in the Clinton Sandstone formation with its partner PEP Drilling LLC ("PEP") and drilled three wells in Pickaway County in the Cambrian Knox formation with its partner, Houghton Investments LLC ("Houghton). One of these wells encountered an exciting higher thick zone that flowed oil to surface under high pressure. It was cased and cemented, awaiting further evaluation. Marksmen's capital expenditures on new wells in Ohio in 2022 was approximately $1,350,000 USD.

Also, in 2022 a well in Alberta that the Company is a 24.5% working interest partner in was put back on production in November.

Production in 2022 totaled 9,968 barrels of oil equivalent ("Boe") compared to 9,749 Boe in 2021 and 7,154 Boe in 2020. The new wells drilled in 2022 were not put on production until 2023 and are continuing to be optimized. Two of these wells are producing higher water volumes than anticipated, impeding oil production and in late April 2023 workovers utilizing a service rig began to add higher capacity bottom hole pumps. Additionally, work on two older wells to remove a bridge plug in one and re-acidize another will be undertaken. This optimization program is currently on-going and is already showing positive increases in production.

West Texas Intermediate ("WTI") oil prices averaged $93.05 USD in 2022 compared to $69.28 USD in 2021. The Company expects oil prices to remain strong in 2023. Operating Netbacks in Ohio were $68.92 USD in 2022, amongst the highest in the industry. Revenue in Ohio was 40% greater at $902,099 USD compared to $646,571 in 2021.

With existing cash on hand, funds generated from operations and the exercise of outstanding share purchase warrants and stock options, Marksmen has been able to fund its 2022 drilling program without private placement equity raises.

In 2023 Marksmen looks forward to continued development of its wells in Pickaway and Portage counties as well as a broader range of projects in other counties of Ohio, as well as opportunities that may come available in Alberta.

New Opportunities for 2023

Marksmen anticipates a robust capital program in 2023 to be funded by existing cashflow and equity financing as follows:

- Marksmen has entered into a strategic alliance or partnership with EMF Geoscience to expand Marksmen's drilling opportunities into other areas of Ohio. EMF has access to proprietary 3D seismic covering lands adjacent to some of the most prolific oilfields in Ohio. A number of prime locations are being evaluated.
- In Pickaway County, Marksmen will do a full technical analysis on the exciting upper zone discovered while drilling the Holbrook Davis # 2 well. This may include cased hole logging, additional seismic, lease acquisition and reservoir evaluation. Depending on the analysis, this zone may be completed in the existing wellbore or alternatively a step out well will be drilled.
- Other Cambrian Knox formation wells in Pickaway and other counties in Ohio will continue to be evaluated.
- Additional recomplete wells in the Clinton Sandstone formation in Portage County.
- Also, in Portage County Marksmen's technical team has done a thorough technical review of a Rose Run formation drilling opportunity that has excellent potential.

Selected Annual Information in $CAD

	Year Ended Dec 31, 2022	Year Ended Dec 31, 2021	Year Ended Dec 31, 2020
Oil Production - bbls	**9,699**	9,692	6,742
Natural Gas - Boe (6 mcf= 1 bbl of oil equivalent)	**269**	57	412
Barrel of oil equivalent (Boe)	**9,968**	9,749	7,154
Petroleum revenue	**$ 1,203,873**	$ 842,317	$ 368,764
Royalties	**$ (155,619)**	$ (108,816)	$ (49,034)
Production and operating expenses	**$ (189,468)**	$ (261,171)	$ (92,903)
Income from operations	**$ 858,786**	$ 472,330	$ 226,827
Net revenue per Boe	**$ 120.77**	$ 86.40	$ 51.55
Net loss	**$ (647,571)**	$ (645,195)	$ (1,633,489)
Currency translation adjustment	**$ 243,003**	$ (15,290)	$ (21,635)
Net loss and comprehensive loss	**$ (404,568)**	$ (660,485)	$ (1,655,124)
Cash-flow provided by (used in) operating activities	**$ (120,181)**	$ (621,700)	$ (293,898)
Cash-flow used in investing activities	**$ (1,286,434)**	$ (704,608)	$ (332,522)
Cash-flow provided by financing activiites	**$ 1,070,274**	$ 1,822,926	$ 672,915
Cash on hand end of year	**$ 338,319**	$ 621,413	$ 135,627
Exploration and evaluation assets	**$ 1,464,934**	$ 1,384,105	$ 1,388,576
Property and equipment assets	**$ 3,936,903**	$ 2,160,387	$ 1,289,386
	$ 5,401,837	$ 3,544,492	$ 2,677,962
Total assets	**$ 5,970,355**	$ 4,452,513	$ 2,941,520
Total liabilities	**$ 2,801,268**	$ 2,160,770	$ 1,999,766
Total shareholder's equity	**$ 3,169,087**	$ 2,291,743	$ 941,754
Total liabilities and equity	**$ 5,970,355**	$ 4,452,513	$ 2,941,520
Common shares outstanding - basic	**177,222,666**	163,098,933	126,427,870
Common shares outstanding - weighted average	**167,260,583**	142,455,765	119,262,918

Quarterly Financial Information in $CAD

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Light oil Production - bbls	**2,210**	2,281	2,899	2,308	4,739	1,404	1,905	1,592
Natural Gas - boe (6 mcf : 1 bbl)	**101**	54	83	32	11	67	15	16
Barrels of oil equivalent (boe)	**2,311**	2,335	2,982	2,340	4,750	1,471	1,920	1,608
Production - boe/day	**25.7**	25.9	33.1	26.0	52.8	16.3	21.3	17.9
Petroleum and natural gas sales	**$ 251,524**	$ 275,260	$ 398,581	$ 278,508	$ 466,113	$ 106,318	$ 156,269	$ 113,617
Royalties	**$ (33,981)**	$ (35,057)	$ (50,801)	$ (35,780)	$ (58,286)	$ (13,925)	$ (21,763)	$ (14,842)
Operating Costs - routine	**$ (87,576)**	$ (29,114)	$ (30,822)	$ (30,973)	$ (39,375)	$ (15,077)	$ (54,623)	$ (28,366)
Operating Costs - workovers	**$ -**	$ -	$ (2,203)	$ (8,780)	$ (34,985)	$ (14,705)	$ (13,520)	$ (60,520)
Income from operations	**$ 129,967**	$ 211,089	$ 314,755	$ 202,975	$ 333,467	$ 62,611	$ 66,363	$ 9,889
Net income (Loss)	**$ (242,907)**	$ (256,533)	$ (89,617)	$ (58,514)	$ (132,129)	$ (180,395)	$ (158,381)	$ (174,289)
Total assets	**$ 5,970,355**	$ 6,022,891	$ 4,448,829	$ 4,259,725	$ 4,452,513	$ 3,596,250	$ 3,007,118	$ 3,235,092
Total liabilities	**$ 2,801,268**	$ 3,041,817	$ 1,996,412	$ 2,047,416	$ 2,160,770	$ 2,160,780	$ 1,813,526	$ 1,965,649
Total shareholder's equity	**$ 3,169,087**	$ 2,981,074	$ 2,452,417	$ 2,212,309	$ 2,291,743	$ 1,435,470	$ 1,193,592	$ 1,269,443
Total liabilities and equity	**$ 5,970,355**	$ 6,022,891	$ 4,448,829	$ 4,259,725	$ 4,452,513	$ 3,596,250	$ 3,007,118	$ 3,235,092
Common shares o/s	**177,222,666**	172,010,933	165,481,286	163,098,933	163,098,933	146,463,870	140,543,870	139,234,870

Production – Ohio, USA and Alberta, Canada

Ohio Production	**2022**	**2021**	**Change**	**Q1 2023**
Barrels of oil	**9,553.2**	9,310.8	242.4	2,696.0
Natural Gas - Mcf	**1,590.1**	342.0	1,248.1	405.0
Natural Gas (barrels of oil equivalent)	**265.0**	57.0	208.0	67.5
Barrels of oil equivaltent (Boe)	**9,818.2**	9,367.8	450.4	**2,763.5**
Boe / day	**26.9**	25.7	1.2	**30.7**

Alberta Production	**2022**	**2021**	**Change**	**Q1 2023**
Barrels of oil	**145.5**	381.5	(236.0)	465.0
Natural Gas - Mcf	26.8	-	26.8	300.0
Natural Gas (barrels of oil equivalent)	**4.5**	-	4.5	50.0
Barrels of oil equivaltent (Boe)	**150.0**	381.5	(231.5)	**515.0**
Boe / day	**0.4**	1.0	(0.6)	**5.7**

Combined Ohio and Alberta	**2022**	**2021**	**Change**	**Q1 2023**
Barrels of oil	**9,698.7**	9,692.3	6.4	3,161.0
Natural Gas - Mcf	**1,616.9**	342.0	1,274.9	705.0
Natural Gas (barrels of oil equivalent)	**269.5**	57.0	212.5	117.5
Barrels of oil equivaltent (Boe)	**9,968.2**	9,749.3	218.9	**3,278.5**
Boe / day	**27.3**	26.7	0.6	**36.4**

In 2022 one well was recompleted at Portage County, Ohio, three wells were drilled in Pickaway County, and one well was put back on production in Alberta.

Two wells at Pickaway County have encountered higher water volumes than anticipated, impeding oil production. In April 2023 workovers were undertaken to add higher capacity bottom hole pumps. Additionally, two older wells were serviced to remove a bridge plug in one and re-acidize another. This optimization program is currently on-going and is already showing positive increases in production.

Operations by Quarter – Ohio USA (in $USD)

Production	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Total 2022	Total 2021	Change
Oil - bbls	2,308.0	2,899.2	2,281.0	2,065.0	**9,553.2**	9,310.8	242.4
Natural Gas - mcf	192.5	495.5	326.3	575.8	**1,590.1**	342.0	1,248.1
Natural Gas - boe (6 mcf = 1 bbl)	32.1	82.6	54.4	96.0	**265.0**	57.0	208.0
Boe	2,340.1	2,981.8	2,335.4	2,161.0	**9,818.2**	9,367.8	450.4
Boe/day	26.0	33.1	25.9	24.0	**26.9**	25.7	1.2
Operations							
Revenue - Oil	$ 218,938	$ 308,760	$ 207,305	$ 167,095	**$ 902,099**	$ 646,571	$ 255,528
Revenue - Natural Gas	$ 1,018	$ 3,797	$ 2,580	$ 4,059	**$ 11,454**	$ 2,407	$ 9,047
	$ 219,956	$ 312,556	$ 209,885	$ 171,154	**$ 913,552**	$ 648,978	$ 264,574
Royalty expense	$ (28,257)	$ (39,836)	$ (26,730)	$ (21,842)	**$ (116,665)**	$ (85,484)	$ (31,181)
	$ 191,699	$ 272,720	$ 183,155	$ 149,312	**$ 796,887**	$ 563,494	$ 233,393
Operting Cost - routine	$ (21,078)	$ (20,213)	$ (20,047)	$ (50,695)	**$ (112,033)**	$ (94,188)	$ (17,845)
Operating Costs - workovers	$ (6,934)	$ (1,762)	$ (817)	$ -	**$ (9,513)**	$ (87,473)	$ 77,960
	$ (28,012)	$ (21,975)	$ (20,864)	$ (50,695)	**$ (121,546)**	$ (181,661)	$ 60,115
Income from Field Operations	$ 163,687	$ 250,745	$ 162,291	$ 98,617	**$ 675,341**	$ 381,833	$ 293,508
Revenue / boe	$ 93.99	$ 104.82	$ 89.87	$ 79.20	**$ 93.05**	$ 69.28	$ 23.77
Royalties / boe	$ (12.08)	$ (13.36)	$ (11.45)	$ (10.11)	**$ (11.88)**	$ (9.13)	$ (2.76)
Operating costs / boe	$ (11.97)	$ (7.37)	$ (8.93)	$ (23.46)	**$ (12.38)**	$ (19.39)	$ 7.01
Operating Netback / boe	$ 69.95	$ 84.09	$ 69.49	$ 45.64	**$ 68.78**	$ 40.76	$ 28.02

Oil Revenue - for the year ended December 31, 2022 increased by $255,528 due to an increase in production of 242 boe and oil prices increasing by $23.77 per barrel.

Royalties – are approximately 12.5% of revenue.

Operating Expenses – for the year ended December 31, 2022, were $60,115 lower than in 2021 due primarily to minimal workovers.

Operating Netbacks – were $68.78 per Boe in 2022 compared to $40.76 per Boe in 2021 due to lower operating costs and increased revenue. Marksmen's netbacks are amongst the best in the industry.

Operations – Alberta Canada

Marksmen's wells at Alder Flats have been shut-in since 2010. Of these wells, one well was abandoned at the time of drilling and four other wells were abandoned in August 2015. In May 2020, the federal government, in conjunction with the Department of Energy in Alberta announced a site reclamation program ("SRP") to abandon and reclaim wells in western Canada. Marksmen has participated in this program and the abandonment of Alder Flats wells was completed. There remains some reclamation work at Alder Flats. Further SRP reclamation work of well sites and pipelines in the Penhold area was undertaken in the fourth quarter of 2022.

Marksmen has a 24.5% working interest in a well in the Morinville area of Alberta. This well has been shut-in awaiting approval from the Alberta Energy Regulator and is now back on production as of November of 2022. This well is expected to produce five to seven boe/day of oil and associated natural gas and liquids net to Marksmen in 2023. Revenue, net of royalties, in 2022 (part of November and all of December) was $11,264.

Other expenses in Alberta, primarily surface leases and taxes related to Alder Flats properties were $23,353 in 2022.

Well Information

In 2022 one well was recompleted in Portage County, Ohio, three new wells were drilled Pickaway County, Ohio and one well was brought back on production in Alberta.

There are two shut-in wells in Ohio that will be scheduled for abandonment and their leases reclaimed. Reclamation in Ohio is much quicker and less expensive than in Alberta.

	2022		2021	
Well Summary	**Wells**	**Net Marksmen %**	Wells	Net Marksmen %
Ohio				
Overriding royalty Interest	**1.0**	**3.0**	1.0	3.0
Producing wells	**10.0**	**81.0**	7.0	76.0
Water injection well	**1.0**	**100.0**	1.0	100.0
Shut-in wells	**2.0**	**100.0**	2.0	100.0
Alberta	**1.0**	**24.5**	1.0	24.5

Well Name	**County Location**	**Operated by**	**Working Interest**	**Comments**
Davis Holbrook #1	Pickaway, Ohio	Marksmen	75%	Producing
Davis Holbrook #2	Pickaway, Ohio	Marksmen	75%	Producing
Strittmatter #1	Pickaway, Ohio	Marksmen	75%	Workover in 2023
BJ 78 #11	Pickaway, Ohio	Marksmen	100%	Workover in 2023
BJ 78 #8	Pickaway, Ohio	Marksmen	100%	Shut-in, to be abandoned.
BJ 78#10	Pickaway, Ohio	Marksmen	100%	Shut-in, to be abandoned.
Holbrook Davis #1	Pickaway, Ohio	Marksmen	75%	New well drilled in 2022.
Holbrook Davis #2	Pickaway, Ohio	Marksmen	100%	New well drilled in 2022.
K. Davis #1	Pickaway, Ohio	Marksmen	100%	New well drilled in 2022.
BJ 78#6	Pickaway, Ohio	Marksmen	100%	Water Injection well and facility
Delong Davis #1	Pickaway, Ohio	Chuck Henry	45%	Producing
Meredith #1	Portage, Ohio	PEP	60%	Producing
Reese #1	Portage, Ohio	PEP	100%	New well drilled in 2022.
Leaman #1	Hocking, Ohio	Hocking Hills	3%	Overriding royalty.
13-22-54-25W4	Morinville, Alberta	MAGA Energy	24.5 WI	Producing as of November 2022

General and Administrative Expenses

		2022		2021		Change
Employee compensation	$	**157,013**	$	124,898	$	32,115
Consulting and professional	$	**296,698**	$	256,546	$	40,152
Investor relations and filing Fees	$	**237,862**	$	69,121	$	168,741
Other G&A and director and officer insurance	$	**171,977**	$	130,825	$	41,152
	$	**863,550**	**$**	**581,390**	**$**	**282,160**

Employee compensation – represents payments of salaries and wages to one full-time officer of the Company and two part-time administrative support personnel.

Consulting and professional fees – are fees paid to a professional corporation of a senior executive for services related to the management of the Company and to firms providing legal, reserve engineering, geological consulting, audit, and accounting services.

Investor relations and filing fees – are costs incurred to raise capital for exploration and development opportunities, as well as various fees paid to stock exchanges, securities commissions, and transfer agent fees. A $176,000 fee was paid to a marketing company and this company in turn exercised stock options in the same amount.

Other G&A and director and officer insurance – include software fees, communication costs, office rent, director and officer insurance as well as other routine administrative costs.

Selected Other Expenses

Interest Expense – During the year ended December 31, 2022, the Company paid interest related to a secured debenture of $150,000, the same as in 2021.

Depletion and Depreciation – In 2022 depletion and depreciation totaled $308,462 or $30.95 per barrel of oil produced compared to $215,375 or $22.09 per barrel of oil produced in 2021.

Financial Position – Highlights in $CAD

	Year Ended Dec. 31, 2022	Year Ended Dec. 31, 2021	Change
Assets			
Current assets	**$ 568,518**	$ 908,021	$ (339,503)
Exploration and evaluation assets	**$ 1,464,934**	$ 1,384,105	$ 80,829
Property and equipment	**$ 3,936,903**	$ 2,160,387	$ 1,776,516
	$ 5,970,355	$ 4,452,513	$ 1,517,842
Current Liabilities			
Accounts payable and accruals	**$ 994,220**	$ 464,669	$ 529,551
Decommissioning liabilities	**$ 252,183**	$ 160,750	$ 91,433
Government loan	**$ 35,069**	$ 35,596	$ (527)
Secured debentures	**$ -**	$ 1,227,400	$ (1,227,400)
	$ 1,281,472	$ 1,888,415	$ -606,943
Long Term Liabilites			
Decommissioning liabilities	**$ 322,595**	$ 272,356	$ 50,239
Secured debenture	**$ 1,197,201**	$ -	$ 1,197,201
	$ 2,801,268	$ 2,160,771	$ 640,497
Equity			
Share capital	**$ 21,867,453**	$ 20,314,512	$ 1,552,941
Warrants	**$ 1,004,616**	$ 1,379,021	$ (374,405)
Contributed surplus	**$ 7,246,436**	$ 7,143,059	$ 103,377
Accumulated other comprehensive Income	**$ 826,638**	$ 583,635	$ 243,003
Deficit	**$ (27,776,056)**	$ (27,128,485)	$ (647,571)
	$ 3,169,087	$ 2,291,742	$ 877,345
Total liabilities and equity	**$ 5,970,355**	$ 4,452,513	$ 1,517,842

Assets – increased by $1,517,842 in 2022 compared to 2021, primarily related to the drilling of new wells resulting in an increase in property and equipment and a decrease in cash.

Liabilities – increased by $640,497 in 2022 compared to 2021, primarily related to higher accounts payable and accruals. In 2022, the secured debenture was extended to mature in December of 2024 and has resulted in classifying the debenture liability as a long term rather than current liability.

Equity – In the year ended December 31, 2022, the Company's total equity increased by $877,345. The deficit at year end 2022 increased by the amount of the net loss of the Company of $674,571.

Exploration and Evaluation - E&E Assets

E&E assets consist of the Company's exploration projects that are pending the determination of technological feasibility and commercial viability. This includes seismic, land leases and wells and facilities that have not been completed and put on production.

Exploration and evaluation assets (E&E)		**Year End Dec. 31, 2022**		Year End Dec. 31, 2021
Balance, beginning of year	**$**	**1,384,105**	$	1,388,576
Expenditures on exploration and evaluation	**$**	**9,133**	$	639,097
Impairment of E&E assets	**$**	**-**	$	(639,097)
Foreign currency adjustment	**$**	**71,696**	$	(4,471)
Balance, end of year	**$**	**1,464,934**	$	1,384,105

During the year ended December 31, 2022, there were expenditures of $9,133 related to land leases in Ohio. There was no impairment of E&E assets in 2022.

Property and Equipment – Petroleum and Natural Gas Assets

Petroleum and natural gas assets consist of wells and facilities that are commercially viable.

Petroleum and natural gas assets		**Year End Dec. 31, 2022**		Year End Dec. 31, 2021
Balance beginning of year	**$**	**4,674,458**	$	4,222,691
Expenditures on property and equipment	**$**	**1,830,326**	$	390,386
Change in estimate of decommissioning liabilities	**$**	**120,871**	$	77,072
Foreign currency adjustment	**$**	**282,203**	$	(15,691)
Balance, end of year (before depletion)	**$**	**6,907,858**	$	4,674,458
Accumulated depletion and impairment				
Balance at beginning of year	**$**	**(2,515,481)**	$	(2,935,535)
Depletion	**$**	**(307,975)**	$	(214,554)
Reversal of impairment of PNG assets	**$**	**-**	$	619,720
Foreign currency translation	**$**	**(148,420)**	$	14,888
Balance, end of year	**$**	**(2,971,876)**	**$**	**(2,515,481)**
Net Carrying Amount	**$**	**3,935,982**	$	2,158,977

In 2022 there were $1,830,326 of expenditures related to the drilling and recompletion of four wells in Ohio. There was no impairment of property and equipment assets in 2022.

Annual Information Form ("AIF")

Marksmen has prepared an AIF for the year ended December 31, 2022, and effective as of April 28, 2023. The document will be filed on SEDAR in conjunction with the Company's 2022 year-end filings.

Oil and Gas Reserves

Marksmen's oil and gas reserves have been evaluated at December 31, 2022, in a report prepared by Trimble Engineering Associates Ltd. in accordance with National Instrument 51-101 ("NI 51-101"). The reserves report was presented to the reserves committee and approved on April 21, 2023. The reserve data will be posted on SEDAR under the following referenced documents:

NI-5101F1	Statement of Reserve Data and Other Oil and Gas Information
NI-5101F2	Report on Reserves Data by an Independent Qualified Reserves Evaluator
NI-5101F3	Report of Management and Directors on Oil and Gas Disclosure

Decommissioning Liabilities

The Company has estimated the net present value of the decommissioning liabilities to be $574,778 (2021 - $433,106). The present value of the decommissioning liability considered to be current is $252,183 (2021 - $160,750). The total undiscounted amount of estimated future cash flows is $677,865 (2021 - $452,910). These payments are expected to be made over the next 10 years. The obligations on the properties have been calculated using an inflation rate of 2% (2021 – 2%) and a discount factor, being the average risk-free rate related to the liability, of 3.27%-4.02% (2021 – 0.91%-1.33%).

On May 1, 2020, the Alberta Department of Energy initiated the Site Rehabilitation Program ("SRP") whereby it will provide funding in the form of grant payments to the oil field services sector to abandon and/or reclaim upstream oil and gas infrastructure. Pursuant to the SRP, the Company was approved for up to $242,000 in SRP funding. To date the Company has received $135,000 in SRP resulting in a reduction of the decommissioning liability, with an off-setting credit to other income in the consolidated statement of loss and comprehensive loss, all of which was received during the year ended December 31, 2021.

Secured Debenture

The Company currently has a non-convertible secured debenture in place with a third party for $1,250,000. On December 29, 2022, the maturity date of the Debenture was extended to December 31, 2024. The interest rate remains at 12% per annum and is payable on the unpaid balance of the Debenture on each of March 31, June 30, September 30, and December 31. The Company granted 1,500,000 share purchase warrants. Each warrant is exercisable into one common share of the Company at an exercise price of $0.13 per share until the expiry date of December 31, 2024. The Company valued the warrant feature of the Debenture using the residual method. The liability component was valued at $1,197,201 and the equity residual value attributed to the warrant feature was $52,799.

The Company may, at any time, repay the principle and any accrued interest of the Debenture without notice or penalty. If the Company is in default of the requirements included in the Debenture agreement, the Debenture holder may demand repayment of the Debenture or accelerate the date for payment. Security for the Debenture includes a general security agreement against the Company's present and after-acquired personal property and all proceeds thereof. As at December 31, 2022, the Company is in compliance with all requirements pursuant to the Debenture.

Government Loan

During the year ended December 31, 2020, the Company was approved and received a $60,000 CEBA loan with the bank under the Canada Emergency Business Account ("CEBA") program funded by the Government of Canada. The CEBA loan is non-interest bearing, can be repaid at any time without penalty. On October 11, 2022, the maturity date of the CEBA loan was extended from December 31, 2022 until December 31, 2023. If 75% of the CEBA loan at the CEBA loan Commencement Date is repaid on or before December 31, 2023, the repayment of the remaining 25% of such CEBA loan shall be forgiven. If on December 31, 2023, the Company exercises the option for a 3-year term extension, 5% interest during the term extension period will apply on any balance remaining.

Share Capital

The chart below is a summary of the Company's common shares, stock options, share purchase warrants, and broker warrants. It includes transactions to April 28, 2023.

	Common Shares	Stock Options	Warrants	Broker Warrants
Balance December 31, 2021	**163,098,933**	**14,720,000**	**47,520,343**	**2,105,733**
Q1 2022				
Broker Warrants Expired				(832,000)
Warrants expired			(3,880,280)	
Balance at March 31, 2022	**163,098,933**	**14,720,000**	**43,640,063**	**1,273,733**
Q2 2022				
Stock Options Granted		1,760,000		
Stock options exercised	882,353	(882,353)		
Stock options expired		(215,000)		
Warrants exercised	1,500,000		(1,500,000)	
Balance June 30, 2022	**165,481,286**	**15,382,647**	**42,140,063**	**1,273,733**
Q3 2022				
Stock Options Exercised	1,277,647	(1,277,647)		
Stock Options Forfeited		(515,000)		
Warrants Exercised	4,940,000		(4,940,000)	
Warrants Expired			(1,445,000)	
Broker Warrants Exercised	312,000			(312,000)
Balance September 30, 2022	**172,010,933**	**13,590,000**	**35,755,063**	**961,733**
Q4 2022				
Warrants exercised	3,925,000		(3,925,000)	
Warrants granted			1,500,000	
Broker Warrants Exercised	961,733			(961,733)
Stock Options Expired	-	(950,000)		
Stock options exercised	325,000	(325,000)		
Balance December 31, 2022	**177,222,666**	**12,315,000**	**33,330,063**	**-**
Subsequent to Dec 31, 2022				
Exercise of Warrants	10,260,714		(10,260,714)	
Warrants Expired unexercised			(814,286)	
Stock options expired		(1,300,000)		
Grant of Stock options		6,105,000		
Balance at April 28, 2023	**187,483,380**	**17,120,000**	**22,255,063**	**-**

Share based Payments

During the year ended December 31, 2022, the Company granted 1,760,000 stock options (2021 – 6,905,000), there were 2,485,000 options exercised and 1,680,000 expired unexercised (2021 – 479,000 and 1,615,000, respectively). The options granted during 2022 are exercisable at an average $0.085 per option (2021 - $0.05), vest immediately and expire 1 years after their respective grant date (2021 – 5 years after respective grant date). The remaining stock options granted vest one-third immediately upon grant and one-third on each of the first and second anniversary of the grant date. The forfeiture rates are based on historical data and managements estimates. The fair value of the options granted is estimated as at the grant date using the Black-Scholes option pricing model.

	As at December 31, 2022	As at December 31, 2021
Risk-free interest rate	3.09%	0.63%
Expected life	1 year	2.5 years
Expected volatility	170.67%	153.55%
Fair value per option	$0.03	$0.04
Forfeiture rate	0.00%	0.00%
Dividend yield	-	-

Share-based payments expense recognized during the year ended December 31, 2022 was $158,839 (2021 - $187,548), all of which has been recorded in net loss, with an offsetting credit to contributed surplus.

Tax

Tax expense differs from that which would be expected from applying the combined effective Canadian federal and provincial corporate tax rates of 23.0% (2021 – 23.0%) to income before taxes as follows:

	As at December 31, 2022	As at December 31, 2021
Net loss before taxes	(647,571)	(645,195)
Combined federal and provincial tax rate	23%	23.0%
Computed "expected" tax	(148,941)	(148,395)
Tax rate differential between Canada and US	6,060	1,421
Share-based payments	36,533	43,136
Other items	122,564	132,215
Deferred tax asset not recognized	16,216	28,377

Details of deferred tax assets (liabilities) are as follows:

	As at December 31, 2022	As at December 31, 2021
Oil and gas properties	(314,006)	(273,825)
Debentures - Canada	(12,144)	(5,198)
Decommissioning liability - USA	91,168	58,021
Non-capital loss available for future periods - Canada	12,144	5,198
Non-capital loss available for future periods - USA	222,838	215,803
Net deferred tax asset (liability)	-	-

Details of the unrecognized deductible temporary differences are as follows:

	As at December 31, 2022	As at December 31, 2021
Decommissioning tax assets (liabilities)	178,394	180,841
Capital losses - Canada	2,059,000	2,059,000
Non-capital losses - Canada	9,839,146	9,183,589
Non-capital losses - USA	3,120,345	2,746,544
Oil and Gas properties - Canada	500,192	498,673
Share issue costs - Canada	144,268	204,163
Other - Canada	134,111	134,111
	15,975,456	**15,006,921**

At this stage of the Company's development, it cannot be reasonably estimated that there will be future taxable profits, accordingly there were no deferred income tax assets recognized.

The accumulated non-capital loss carry-forwards expires between 2029 and 2043.

Related Party Transactions

Related parties include certain Board of Directors of the Company and enterprises they are associated with that provide services to the Company. Related party transactions not disclosed elsewhere in these consolidated financial statements include the renumeration of these directors for services for the year ended December 31, 2022, and compared to the same period in 2021, as noted below:

	Relationship	as at December 31, 2022	as at Dec 31, 2021
Executive management fees - Canada	Chief Executive Officer and Director	142,100	136,700
Office space and storage	Chief Executive Officer and Director	30,000	30,000
Legal fees	Director and Corporate Secretary	38,864	58,194
Executive management fees - USA	VP Ops and Director based in USA	57,313	19,972
		268,277	**244,866**

The CEO exercised stock options and warrants totaling $115,125 in 2022 (2021 - $110,500).

As at December 31, 2022, the Company has accounts payable and accrued liabilities totaling $27,285 (2021 – $17,685) owing to related parties relating to the above transactions.

All of the above related party transactions are in the normal course of operations.

Key management compensation

Key management includes the Company's executive management of Chief Executive Officer, VP of Operations and Chief Financial Officer.

	As at December 31, 2022	As at December 31, 2021
Compensation	279,413	226,700
Share based payments	33,781	65,453
TOTAL	**313,194**	**292,153**

Segmented Information

The Company's primary operations are limited to a single industry being the acquisition, exploration for, and development of petroleum and natural gas.

Geographical segmentation is as follows:

		For the year ended December 31, 2022	
	Canada	Unites States	Total
Petroleum and natural gas sales	15,067	1,188,806	1,203,873
Depletion and depreciation	1,293	307,169	308,462
Net loss	950,436	(302,865)	647,571
Exploration and evaluation assets	334,512	1,130,422	1,464,934
Property, plant and equipment	14,619	3,922,284	3,936,903
Total liabilities	1,755,038	1,046,230	2,801,268

		For the year ended December 31, 2021	
	Canada	Unites States	Total
Petroleum and natural gas sales	28,822	813,495	842,317
Depletion and depreciation	3,963	211,412	215,375
Net loss	574,084	71,111	645,195
Exploration and evaluation assets	334,512	1,049,593	1,384,105
Property, plant and equipment	18,355	2,142,032	2,160,387
Total liabilities	1,717,698	443,073	2,160,771

In the US, the Company derives its revenue from the sale of oil and natural gas directly from two refineries and a joint venture partner. In Canada, oil and natural gas is sold on the Company's behalf by a joint interest partner.

Subsequent Events to December 31, 2022

In February of 2023 there were 10,260,714 warrants exercised for total proceeds of $718,250.

In March of 2023 the Company granted 6,105,000 stock options to directors, officers, employees, and consultants of the Company. The stock options were issued with an exercise price of $0.075 per share and vest immediately upon grant. The stock options have terms ranging from one to five years from the date of issuance.

In April of 2023 Marksmen announced that it has partnered with EMF Geoscience, Inc. to work closely with Marksmen's Ohio based technical team, in developing light oil drilling opportunities in Ohio. EMF will use their access to extensive proprietary 3-D seismic to precisely outline oil reservoir drilling targets in conjunction with Marksmen's Ohio technical team. EMF has been exploring the Knox Formation in Ohio for over 30 years and Marksmen looks forward to collaborating with EMF. Three locations have been identified and are under technical review.

Going Concern

At December 31, 2022, the Company had not yet achieved profitable operations, had accumulated a deficit of $27,776,056 (2021 - $27,128,485) a negative working capital of $712,954 (2021 - $980,394), and may incur further losses in the development of its business. The ability to continue as a going concern is dependent on global commodity markets, obtaining continued financial support by completing public equity financing, and by drilling additional oil and gas wells that will increase cash-flow and oil and gas reserves. The timing and extent of forecast capital and operating expenditures is based on the Company's 2023 budget and on management's estimate of expenditures expected to be incurred beyond 2023.

Management has applied significant judgment in preparing forecasts supporting the going concern assumption. Specifically, management has made assumptions regarding projected oil sales volumes and pricing, scheduling of payments arising from various obligations as at December 31, 2022, the availability of additional financing, and the timing and extent of capital and operating expenditures. As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Commitments

The Alberta Energy Regulator ("AER") - has an industry wide program to measure all operating companies Licensee Liability Rating ("LLR"). The LLR program is established by the AER to prevent the costs to abandon, remediate and reclaim a well or facility from becoming the responsibility of the public of Alberta. The program measures the ratio of deemed well and facility assets divided by deemed well and facility Liabilities and if the ratio is below 1.0 a deposit is required.

On December 31, 2022, included in deposits and prepaid expenses is an amount of $42,625 on deposit with the AER associated with the Company's operated wells in Alberta (2021 - $41,772). Since all wells in Alberta are either abandoned or shut-in, the Company has decided to continue negotiations with the AER to bring certain wells back on production to add positive deemed asset valuation.

The Surface Rights Board ("SRB") – The Surface Rights Board ("SRB"), now called the Land and Property Rights Tribunal, is a quasi-judicial tribunal in Alberta that has a dispute resolution process to resolve issues of non-payment of surface leases to landowners by oil and gas companies. Marksmen has been served with Judgement(s) from the Alberta Government's Service Alberta Crown Debt Collections with a balance at December 31, 2022, of $134,111, (2021 - $134,111) related to unpaid surface leases. These properties were sold by Marksmen to a third-party company in August of 2010 and therefore Marksmen disputes this claim.

The Company has an Assignment of Surface Rights agreement with the third-party, effective August 1, 2010, whereby the responsibility for the payment of surface leases is with the third party. The third-party does not dispute this agreement in any way and agrees they are responsible for the payment of surface leases.

Upon the sale of the properties, the Company did agree to retain a nominal 1% working interest in the sold properties and act as the operator of the wells on the behalf of the third-party company. The Company's position on this judgement is that the assignment of Surface Rights agreements takes precedent while the SRB asserts that the provincial laws governing the SRB places the responsibility on the operator as defined by Alberta law governing SRB and the Alberta Energy Regulator.

The SRB has ruled and agrees that the third-party company is also an Operator, but they did not agree that the Company should be removed as an Operator. Therefore, the Company has accrued for these surface rights obligations. Although the third-party company has agreed they are responsible for the surface payments, their ability to reimburse the Company for the costs is unlikely, and accordingly, the accrued payment has been recorded as a bad debt item in the statement of loss and comprehensive loss.

Off Balance Sheet Arrangements

The Company is not party to any arrangements that would be excluded from the balance sheet.

Financial Risk Management

Fair values - The fair value of cash, trade and other receivables, accounts payable and accrued liabilities approximate their carrying value due to their short-term nature. The fair value of the debentures was calculated using an estimate of the market rate for similar debentures.

Credit risk - is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of cash and trade and other receivables represents the maximum credit exposure. Marksmen manages it credit risk on a regular basis. As at December 31, 2022, the Company had cash of $338,319 (2021 - $621,413), all of which was deposited with two major financial institutions. Management has assessed the risk of loss to be minimal.

As at December 31, 2022, the Company's accounts receivable consisted of $103,854 receivable from oil and natural gas marketing companies (2021 - $159,718), $46,762 receivable from joint venture working interest owners (2022 - $48,579) and $15,301related to goods and service tax owing from the Government of Canada (2021 - $16,215). Receivables from oil and natural gas marketing companies are typically collected within one month of delivery of product and historically the Company has not experienced collection issues with its marketers. Receivables from joint venture partners are typically collected within one to three months of the joint venture bill being issued and cash call receivables are usually provided to the operator at least 30 days in advance of drilling. The Company attempts to mitigate the risk from joint venture receivables by obtaining partner pre-approval of significant capital expenditures.

The Company assessed the credit loss risk as $nil at December 31, 2022, and 2021 based on historical data and future expectations and there was no allowance recorded against the accounts receivable.

Liquidity risk – Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At December 31, 2022, the Company's maximum exposure to liquidity risk is the accounts payable and accrued liabilities balance of $994,220 and the government loan of $35,069 (note 11), both of which are all due over the next twelve months. The Company attempts, as far as possible, to have sufficient liquidity to meet its liabilities.

The Company prepares annual capital expenditure budgets, which are regularly updated as considered necessary. Further, the Company utilizes authorizations for expenditures on both operated and non-operated projects to further manage capital expenditures.

Market risk – is the risk that changes in foreign exchange rates, commodity prices, and interest rates will affect the Company's net income (loss) or the value of financial instruments. Currently the Company does not use financial derivatives or physical delivery sales contracts to manage market risks.

Commodity price risk - is the risk that future cash flows will fluctuate as a result of changes in commodity prices, affecting results of operations and cash generated from operating activities. Such prices may also affect the value of exploration and development properties. Prices received by the Company for its production are largely beyond the Company's control as oil and natural gas prices are impacted by world economic events. Management continuously monitors commodity prices and may consider instruments to manage exposure to these risks when deemed appropriate.

Foreign currency exchange risk - is the risk that future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company regularly converts Canadian and United States currencies as operations and capital expenditures require. The Company currently sells oil or natural gas, primarily in USD. As at December 31, 2022, the Company had no forward exchange rate contracts in place.

Interest rate risk – is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have short or long-term interest-bearing debt with variable interest rates and therefore is only exposed to interest rate risk through its cash holdings. The Company's secured debentures bear a fixed interest rate of 12%. The Company has no interest rate swaps or financial contracts in place as at or during the years ended December 31, 2022, and 2021.

Outlook

Marksmen Energy Inc. is engaged in the acquisition, exploration, development and production of oil and gas properties, primarily in Ohio, USA.

In 2022, Marksmen recompleted one well at Portage and drilled three wells in Pickaway. One of these wells encountered an exciting higher thick zone that flowed oil to surface under high pressure. It was cased and cemented, awaiting further evaluation. Also, in 2022 a well in Alberta that the Company is a 24.5% working interest partner in was put back on production in November.

Production in 2022 totaled 9,968 barrels of oil equivalent ("Boe") compared to 9,749 Boe in 2021. The new wells drilled in 2022 were not put on production until 2023 and are continuing to be optimized. This optimization program is currently on-going and is already showing positive increases in production.

West Texas Intermediate ("WTI") oil prices averaged $93.05 USD and the Company expects oil prices to remain strong in 2023. Operating Netbacks in Ohio were $68.92 USD in 2022, amongst the highest in the industry.

In April of 2023, Marksmen announced that it has partnered with EMF Geoscience, Inc. to work closely with Marksmen, and its Ohio based technical team, in developing light oil drilling opportunities in Ohio. Primarily, EMF will use their access to extensive proprietary 3-D seismic to precisely outline oil and gas reservoir drilling targets. EMF has been exploring the Knox Formation in Ohio for over 30 years and Marksmen looks forward to collaborating with EMF on a number of drilling opportunities in Ohio. Currently three locations have been identified and are being evaluated by Marksmen.

In Pickaway County**,** Marksmen plans to do a full technical analysis on the exciting upper zone discovered while drilling the Holbrook Davis # 2 well. This may include cased hole logging, additional seismic, lease acquisition and reservoir evaluation. Depending on the analysis, this zone in the existing wellbore could be completed or a step out well drilled.

Other Cambrian Knox formation well opportunities in Pickaway and other counties in Ohio will continue to be evaluated.

Marksmen anticipates recompleting another well in the Clinton Sandstone formation Portage County. Also, in Portage County Marksmen's technical team has done a thorough technical review of a Rose Run formation drilling opportunity that has excellent potential.

Marksmen looks forward to 2023 and a robust exploration and development drilling program.

Other

Additional information relating to the Company is available on SEDAR at www.sedar.com or email ajnesbitt@marksmenenergy.com. Marksmen Energy Inc. is listed on the TSX Venture Exchange under the symbol "MAH" and on the OTCQB Venture Marketplace under the symbol MKSEF.