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MANAGEMENT'S DISCUSSION AND ANALYSIS
Report for Q1
Three Months ended March 31, 2023

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 quarter ended March 31, 2023, and was prepared with information available to May 30, 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 the 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 measure that is used by the Company, but does 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 are 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 – is not a standardized measurement in accordance with IFRS. Operating netback is calculated by deducting royalties and production expenses, including transportation costs, from revenues. It is also calculated on a boe basis. Operating netback is useful in calculating field performance for internal management purposes.

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 do 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 the last half of 2022, Marksmen recompleted one well at Portage County in the Clinton Sandstone formation and drilled three wells in Pickaway County targeting the Cambrian Knox formation. One of these wells encountered an exciting zone higher up hole than the Cambrian Knox formation. It is a thick zone that flowed oil to surface under high pressure. It was cased and cemented, awaiting further evaluation. This new evaluation that will include cased hole logging, remedial cementing and perforating is in the planning stages and could be underway as early as June 2023.

Workovers of four wells in Pickaway county began in April of 2023 and is on-going. Recent improved production data indicates the workovers are accomplishing the intended objective.

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.

In the remaining three quarters of 2023 Marksmen looks forward to evaluating the upper zone at HD2, continued development of new drilling programs with EMF and with existing partners in Pickaway and Portage counties, Ohio.

Quarterly Financial Information in $CAD

Quarterly Information	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Light oil Production - bbls	**2,894**	2,210	2,281	2,899	2,308	4,739	1,404	1,905
Natural Gas - boe (6 mcf : 1 bbl)	**97**	101	54	83	32	11	67	15
Barrels of oil equivalent (boe)	**2,991**	2,311	2,335	2,982	2,340	4,750	1,471	1,920
Production - boe/day	**33.2**	25.7	25.9	33.1	26.0	52.8	16.3	21.3
Petroleum and natural gas sales	**$ 292,099**	$ 251,524	$ 275,260	$ 398,581	$ 278,508	$ 466,113	$ 106,318	$ 156,269
Royalties	**$ (40,642)**	$ (33,981)	$ (35,057)	$ (50,801)	$ (35,780)	$ (58,286)	$ (13,925)	$ (21,763)
Operating Costs - routine	**$ (53,500)**	$ (87,576)	$ (29,114)	$ (30,822)	$ (30,973)	$ (39,375)	$ (15,077)	$ (54,623)
Operating Costs - workovers	**$ -**	$ -	$ -	$ (2,203)	$ (8,780)	$ (34,985)	$ (14,705)	$ (13,520)
Income from operations	**$ 197,957**	$ 129,967	$ 211,089	$ 314,755	$ 202,975	$ 333,467	$ 62,611	$ 66,363
Net income (Loss)	**$ (464,624)**	$ (242,907)	$ (256,533)	$ (89,617)	$ (58,514)	$ (132,129)	$ (180,395)	$ (158,381)
Total assets	**$ 5,978,517**	$ 5,970,355	$ 6,022,891	$ 4,448,829	$ 4,259,725	$ 4,452,513	$ 3,596,250	$ 3,007,118
Total liabilities	**$ 2,213,910**	$ 2,801,268	$ 3,041,817	$ 1,996,412	$ 2,047,416	$ 2,160,770	$ 2,160,780	$ 1,813,526
Total shareholder's equity	**$ 3,764,607**	$ 3,169,087	$ 2,981,074	$ 2,452,417	$ 2,212,309	$ 2,291,743	$ 1,435,470	$ 1,193,592
Total liabilities and equity	**$ 5,978,517**	$ 5,970,355	$ 6,022,891	$ 4,448,829	$ 4,259,725	$ 4,452,513	$ 3,596,250	$ 3,007,118
Common shares o/s	**187,483,380**	177,222,666	172,010,933	165,481,286	163,098,933	163,098,933	146,463,870	140,543,870

Oil and Gas Production

	Ohio			Alberta			Combined		
Production	**Q1 2023**	**Q1 2022**	**Change**	**Q1 2023**	**Q1 2022**	**Change**	**Q1 2023**	Q1 2022	Change
Barrels of oil	**2,498.0**	2,308.0	190.0	**396.0**	-	396.0	**2,894.0**	2,308.0	586.0
Natural Gas - Mcf	**316.0**	192.5	123.5	263.0	-	263.0	**579.0**	192.5	386.5
Natural Gas (barrels of oil equivalent)	**52.7**	32.1	20.6	**43.8**	-	43.8	**96.5**	32.1	64.4
Barrels of oil equivaltent (Boe)	**2,550.7**	2,340.1	210.6	**439.8**	-	439.8	**2,990.5**	2,340.1	650.4
Boe / day	**28.3**	26.0	2.3	**4.9**	-	4.9	**33.2**	26.0	7.2

Two wells at Pickaway County, Ohio have encountered higher water volumes than anticipated, impeding oil production. In April of 2023 workovers were undertaken to add higher capacity bottom hole pumps. Additionally, one older well had a bridge plug removed and another well will be re-acidized. Subsequent results are indicating positive improvement in daily production.

Operating Results and Netback – Ohio Wells - $USD

Production		Q1 2023		Q1 2022		Change
Oil - bbls		**2,498.0**		**2,308.0**		190.0
Natural Gas - mcf		**316.0**		**192.5**		123.5
Natural Gas - boe (6 mcf = 1 bbl)		**52.7**		**32.1**		20.6
Boe		**2,550.7**		**2,340.1**		210.6
Boe/day		**28.3**		**26.0**		2.3
Operations						
Revenue - Oil	**$**	**186,845**	$	218,938	$	(32,093)
Revenue - Natural Gas	**$**	**1,347**	$	1,018	$	329
	$	**188,192**	$	219,956	$	(31,764)
Royalty expense	**$**	**(24,436)**	$	(28,257)	$	3,821
	$	**163,756**	$	191,699	$	(27,943)
Operting Cost - routine	**$**	**(35,036)**	$	(28,012)	$	(7,024)
Operating Costs - workovers	**$**	**-**	$	-	$	-
	$	**(35,036)**	$	(28,012)	$	(7,024)
Income from Field Operations	**$**	**128,720**	$	163,687	$	(34,967)
Revenue / boe	**$**	**73.78**	$	93.99	$	(20.21)
Royalties / boe	**$**	**(9.58)**	$	(12.08)	$	2.49
Operating costs / boe	**$**	**(13.74)**	$	(11.97)	$	(1.77)
Operating Netback / boe	**$**	**50.47**	$	69.95	$	(19.48)

Production - in the first quarter of 2023 was 2,551 boe compared to 2,340 boe Q1 of 2022, or an increase of 210 boe. Marksmen anticipates higher production in subsequent months due to workover operations that commenced in April 2023.

Revenue after royalties – decreased $27,943 Q1 2023 compared to the same period in 2022 due to lower WTI oil prices of $20.21 per barrel.

Operating Expenses and Workovers – Total operating costs during the first quarter of 2023 were $7,024 higher compared to Q1 of 2023.

Operating Income and Net back – Operating income was $128,720 for Q1 2023, a decrease of $34,967 due to lower WTI oil prices of $20.21 per barrel compared to the same period in 2022. Netbacks were $50.47 per barrel for the first quarter of 2023 compared to $69.95 in the same period of 2022 also due to the lower WTI oil prices.

Operating Results and Netback - Alberta and Marksmen Combined in $CAD

	Alberta in $CAD			Marksmen Combined in $CAD		
Production and Operations	**Q1 2023**	Q1 2022	Change	**Q1 2023**	Q1 2022	Change
Oil - bbls	**396.0**	-	396.0	**2,894.0**	2,308.0	586.0
Natural Gas - boe (6 mcf = 1 bbl)	**263.0**	-	263.0	**579.0**	192.5	386.5
Natural Gas Liquids -bbls	**43.8**	-	43.8	**96.5**	32.1	64.4
Boe	**439.8**	-	702.8	**2,990.5**	2,340.1	1,036.9
Boe/day	**4.9**			**33.2**	26.0	11.5
Revenue - Oil	**$ 36,372**	$ -	$ 36,372	**$ 289,097**	$ 277,490	$ 11,607
Revenue - Natural Gas	**$ 1,180**	$ -		**$ 3,002**	$ 1,018	$ 1,984
	$ 37,552	$ -	$ 36,372	**$ 292,099**	$ 278,508	$ 13,591
Royalty expense	**$ (7,589)**	$ -	$ (7,589)	**$ (40,642)**	$ (35,780)	$ (4,862)
	$ 29,963	$ -	$ 29,963	**$ 251,457**	$ 242,728	$ 8,729
Operating Costs	$ (2,411)	$ (4,285)	$ 1,874	$ (49,831)	$ (39,753)	$ (10,078)
Surface leases and taxes	$ (3,699)	$ -	$ (3,699)	$ (3,669)	$ -	$ (3,669)
Workovers	$ -	$ -	$ -	$ -	$ -	$ -
	$ (6,110)	$ (4,285)	$ (1,825)	**$ (53,500)**	$ (39,753)	$ (13,747)
Income from Field Operations	**$ 23,853**	$ (4,285)	$ 28,138	**$ 197,957**	$ 202,975	$ (5,018)
Revenue / boe	**$ 85.38**	$ -	$ 85.38	**$ 97.68**	$ 119.02	$ (21.34)
Royalties / boe	**$ (17.25)**	$ -	$ (17.25)	**$ (13.59)**	$ (15.29)	$ 1.70
Operating costs / boe	**$ (13.89)**	$ -	$ (13.89)	**$ (17.89)**	$ (16.99)	$ (0.90)
Operating Netback / boe	**$ 54.23**	$ -	$ 54.23	**$ 66.20**	$ 86.74	$ (20.54)

Marksmen’s wells at Alder Flats, Alberta have been shut-in since 2010. Of these six wells, one well was abandoned at the time of drilling and four other wells were abandoned in August 2015. The remaining well was abandoned under the federal and Alberta government sponsored site reclamation program in 2022. Some reclamation work was completed under this program that ended at year end 2022. In Q1 there were surface lease and taxes of $3,699 associated with Alder Flat wells.

In Q1 of 2023, Marksmen’s well at Morinville Alberta has produced 440 boe or 4.9 boe/day and has generated net income to Marksmen of $23,853 with a net back of $54.23 per boe.

Marksmen’s combined operating results have been converted to $CAD and reflect the revenue, royalties, and operating costs, shown in the Consolidated Statement of Net Loss and Comprehensive Loss of the Company for Q1, 2023 and Q1, 2022.

Well Information

In the last half of 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.

	Q1 2023		Q1 2022	
Well Summary	**Wells**	**Marksmen %**	Wells	Marksmen %
Ohio				
Overriding royalty Interest	**1.0**	**3.0**	1.0	3.0
Producing wells	**10.0**	**80.5**	6.0	72.0
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	Location	Operated by	Other Information
Leaman #1	Hocking, Ohio	Hocking Hills	3% overriding royalty.
Davis Holbrook #1	Pickaway, Ohio	Marksmen	75% working interest.
Davis Holbrook #2	Pickaway, Ohio	Marksmen	75% working interest.
Delong Davis #1	Pickaway, Ohio	Chuck Henry	45% working interest.
Strittmatter #1	Pickaway, Ohio	Marksmen	75% working interest.
BJ 78 #11	Pickaway, Ohio	Marksmen	100% working interest.
Holbrook Davis #1	Pickaway, Ohio	Marksmen	75% working interest.
Holbrook Davis #2	Pickaway, Ohio	Marksmen	100% working interest (until payout).
K Davis #1	Pickaway, Ohio	Marksmen	100% working interest (until payout).
Meredith #1	Portage, Ohio	PEP	50.6% working interest.
Reese #1	Portage, Ohio	PEP	100% Non-operated working interest.
13-22-54-25W4	Morinville, Alberta	MAGA Energy	Non-operated working interest.
BJ 78#6	Pickaway, Ohio	Marksmen	Water Injection well and facility.
BJ 78 #8	Pickaway, Ohio	Marksmen	Shut-in, to be abandoned and reclaimed.
BJ 78#10	Pickaway, Ohio	Marksmen	Shut-in, to be abandoned and reclaimed.

By abandoning and reclaiming the two wells above, Marksmen will recover casing, tubing, rods, and some surface equipment that can be transferred to the new wells to be drilled.

General and Administrative Expenses

		Q1 2023		Q1 2022		Change
Employee compensation	**$**	**38,495**	$	33,317	$	5,178
Consulting and professional	**$**	**51,650**	$	38,950	$	12,700
Investor awareness and filing fees	**$**	**60,599**	$	17,982	$	42,617
Other G&A and director and officer insurance	**$**	**42,693**	$	35,744	$	6,949
	$	**193,437**	$	125,993	$	67,444

Employee compensation – represents payments of salaries and wages to one full-time officer of the Company and one 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 awareness 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. In Q1, 20233 there were higher filing fees of $12,000 in Canada and one time application fees to the Depository Trust and Clearing Corp ("DTCC") in the USA of approximately $25,000 compared to the same period in 2022.

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 first quarter of 2023, the Company paid interest related to a secured debenture of $37,500.

Depletion and Depreciation – In the first quarter of 2023 depletion and depreciation totaled $78,047 in Q1 2023 or $26.10 per boe compared to $64,640 or $27.62 per boe in 2022.

Financial Position – Highlights

	Mar.31, 2023	Dec. 31, 2022	Change
Assets			
Current assets	$ **607,817**	$ 568,518	$ 39,299
Exploration and evaluation assets	$ **1,477,549**	$ 1,464,934	$ 12,615
Property and equipment	$ **3,893,151**	$ 3,936,903	$ (43,752)
	$ **5,978,517**	$ 5,970,355	$ 8,162
Current Liabilities			
Accounts payable and accruals	$ **379,748**	$ 994,220	$ (614,472)
Decommissioning liabilities	$ **254,415**	$ 252,183	$ 2,232
Government loan	$ **36,304**	$ 35,069	$ 1,235
Secured debentures	$ **-**	$ -	$ -
	$ **670,467**	$ 1,281,472	$ (611,005)
Long Term Liabilites			
Decommissioning liabilities	$ **340,433**	$ 322,595	$ 17,838
Secured debenture	$ **1,203,010**	$ 1,197,201	$ 5,809
	$ **2,213,910**	$ 2,801,268	$ (587,358)
Equity			
Share capital	$ **22,927,592**	$ 21,867,453	$ 1,060,139
Warrants	$ **693,171**	$ 1,004,616	$ (311,445)
Contributed surplus	$ **7,556,975**	$ 7,246,436	$ 310,539
Accumulated other comprehensive Income	$ **827,549**	$ 826,638	$ 911
Deficit	$ **(28,240,680)**	$ (27,776,056)	$ (464,624)
	$ **3,764,607**	$ 3,169,087	$ 595,520
Total liabilities and equity	$ **5,978,517**	$ 5,970,355	$ 8,162

Assets – Cash increased by $39,299 and other current assets decreased by $31,137 in Q1, 2023 compared to year end 2022.

Liabilities – Accounts payable decreased by $614,472 in Q1, 2023 compared to year end 2022.

Equity – In the first quarter of 2023 share capital increased by $1,060,139 (exercise of $718,250 of warrants and the reallocation of warrants at fair value of $341,889). Contributed surplus increased by $310,539 (share-based payments of $340,983 and a decrease associated with warrant exercise of $30,444). The net loss of the Company in Q1, 2023 increased the deficit by $464,624.

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)		As at Mar. 31, 2023		As at Dec. 31, 2022
Balance, beginning of period	$	**1,464,934**	$	1,384,105
Expenditures on exploration and evaluation	$	**13,533**	$	9,133
Foreign currency adjustment	$	**(918)**	$	71,696
Balance, end of year	$	**1,477,549**	$	1,464,934

There were $13,533 expenditures on E&E assets for minor land acquisition related costs in the first quarter of 2023.

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		As at Mar. 31, 2023		As at Dec. 31, 2022
Balance beginning of period	$	**6,907,858**	$	4,674,458
Expenditures on property and equipment	$	**20,709**	$	1,830,326
Change in estimate of decommissioning liabilities	$	**14,820**	$	120,871
Foreign currency adjustment	$	**(5,175)**	$	282,203
Balance, end of year (before depletion)	$	**6,938,212**	$	6,907,858

Accumulated depletion and impairment		As at Mar. 31, 2023		As at Dec. 31, 2022
Balance at beginning of period	$	**(2,971,876)**	$	(2,515,481)
Depletion	$	**(77,861)**	$	(307,975)
Foreign currency translation	$	**1,950**	$	(148,420)
Balance, end of year	$	**(3,047,787)**	$	(2,971,876)
Net Carrying Amount	$	**3,890,425**	$	3,935,982

Expenditures - In Q1, 2023 there were $20,709 of expenditures related to workovers at Holbrook Davis #2, K. Davis #1 and Strittmatter.

Decommissioning Liabilities

The Company has estimated the net present value of the decommissioning liabilities to be $594,848 (December 31, 2022 - $574,778). The present value of the decommissioning liability considered to be current is $254,415 (December 31, 2022 - $252,183). The total undiscounted amount of estimated future cash flows is $687,768 (December 31, 2022 - $677,865). 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% (December 31, 2022 – 2%) and a discount factor, being the average risk-free rate related to the liability, of 3.03%- 3.78% (December 31, 2022 – 3.27%-4.02%).

Secured Debenture

The Company currently has a non-convertible secured debenture in place with a third party for $1,250,000 with a maturity date of December 31, 2024, an interest rate of 12% and 1,500,000 share purchase warrants exercisable at $0.13 per share. The Company has paid interest totalling $37,500 in the first quarter of 2023 as per the terms of the debenture agreement. The Company may, at any time, repay the principle and any accrued interest of the Debenture without notice or penalty.

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 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, share purchase warrants, stock options and broker warrants. It includes transactions for the first quarter of 2023 and subsequently to May 30, 2023.

Q4 2022	**Common Shares**	**Stock Options**	**Warrants**	**Broker Warrants**
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**	-
Q1 2023				
Exercise of Warrants	10,260,714		(10,260,714)	
Warrants expired unexercised			(814,286)	
Stock options expired				
Grant of Stock options		6,105,000		
Balance at March 31, 2023	**187,483,380**	**18,420,000**	**22,255,063**	-
Subsequent to March 31, 2023				
Expiry of stock options		(1,300,000)		
Exercise of stock options	1,900,000	(1,900,000)		
Balance at May 30, 2023	**189,383,380**	**15,220,000**	**22,255,063**	-

Share-based Payments

During the three months ended March 31, 2023, the Company granted 6,105,000 stock options (December 31, 2022 – 1,760,000), there were nil options exercised and nil expired unexercised (December 31, 2022 – 2,485,000 and 1,680,000, respectively). The options granted during 2023 are exercisable at an average $0.075 per option, vest immediately and expire five years after their respective grant date. The remaining stock options outstanding vest(ed) 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. Share-based payments expense recognized during the three months ended March 31, 2023 was $340,983 (March 31, 2022 - $25,384), all of which has been recorded in net loss, with an offsetting credit to contributed surplus.

Related party transactions

Related parties include Board of Directors of the Company and enterprises which 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 three months ended March 31, 2023, and compared to the same period in 2022, as noted below:

	Relationship	As at March 31, 2023	As at March 31, 2022
Executive management fees - Canada	Chief Executive Officer and Director	41,500	28,500
Executive management fees - USA	VP Operations and Director	11,544	4,811
Legal fees	Director and Corporate Secretary	-	-
Office space and storge	Chief Executive Officer and Director	7,500	7,500
		60,544	**40,811**

This CEO exercised warrants totaling $80,500 in the first quarter of 2023.

As at March 31, 2023, the Company has accounts payable and accrued liabilities totaling $nil (December 31, 2022 – $27,285) owing to related parties relating to the above transactions.

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

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 three months ended March 31, 2023		
	Canada	Unites States	Total
Petroleum and natural gas sales	37,552	254,547	292,099
Depletion and depreciation	2,342	75,705	78,047
Net loss	530,555	(65,931)	464,624
Exploration and evaluation assets	334,512	1,143,037	1,477,549
Property, plant and equipment	14,443	3,878,708	3,893,151
Total liabilities	1,688,600	525,310	2,213,910

	For the three months ended March 31, 2022		
	Canada	Unites States	Total
Petroleum and natural gas sales	-	278,508	278,508
Depletion and depreciation	122	64,518	64,640
Net loss	189,168	(130,654)	58,514
Exploration and evaluation assets	334,512	1,034,526	1,369,038
Property, plant and equipment	17,035	2,066,349	2,083,384
Total liabilities	1,734,392	313,024	2,047,416

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 April of 2023 Marksmen announced that it has entered into a strategic alliance with EMF Geoscience, Inc. They will collaborate closely with Marksmen's Ohio based technical team to develop 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 successfully exploring the Knox Formation in Ohio for over 30 years.

In April of 2023 there were 1,300,000 stock options at $0.22 that expired unexercised. In In May of 2023 there were 1,900,000 stock options at $0.075 exercised for proceeds of $142,500.

Going Concern

At March 31, 2023, the Company had not yet achieved profitable operations, had accumulated a deficit of $28,240,680 (December 31, 2022 - $27,776,056) a negative working capital of $62,650 (December 31, 2022 - $712,954), 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 March 31, 2023, 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.

To achieve its intended development, management is committed to raising additional capital and realizing additional cash flows from drilling activities. Additional equity financing is subject to volatile financial markets and economic conditions.

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 March 31, 2023, included in deposits and prepaid expenses is an amount of $43,105 on deposit with the AER associated with the Company's operated wells in Alberta (December 31, 2022 - $42,625). The AER has indicated that a higher deposit may be required. Since all wells are either abandoned, and partially reclaimed Marksmen will negotiate with the AER on an as required basis.

Land and Property Rights Tribunal (formally the Surface Rights Board) ("SRB")– The ("SRB") 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. On September 18, 2018, Marksmen was served with a Judgement from the Alberta Government – Service Alberta – Crown Debt Collections with a balance on March 31, 2023, of $134,111 (December 31, 2022 - $134,111) related to unpaid surface leases on properties that were sold by Marksmen to a third-party company in August of 2010.

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 function 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.

On April 4, 2019, SRB ruled and agreed that the third-party company is also an Operator, but they did not agree that Marksmen 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 lease 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 Marksmen's statement of loss and comprehensive loss. The Company remains dissatisfied with SRB's position and will continue discussions regarding this matter with the AER, the Alberta Department of Energy, and the Land and Property Rights Tribunal.

Off Balance Sheet Arrangements

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

Financial Risk Management

(See note 12, Financial Risk Management, in the Company's consolidated financial statements as of March 31, 2023, for additional details).

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 without warrants.

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.

Liquidity risk – is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company attempts, as far as possible, to have sufficient liquidity to meet its liabilities. The Company prepares operating, and capital cash management projections on an at least monthly basis.

Market risk – is the risk that changes in foreign exchange rates, commodity prices, and interest rates will affect the Company's net income 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 because 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 because 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 and natural gas in USD. As of March 31, 2023, the Company had no forward exchange rate contracts in place.

Interest rate risk – is the risk that future cash flows will fluctuate because 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 three months ended March 31, 2023.

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

In the last half of 2022, Marksmen recompleted one well at Portage County and drilled three wells in Pickaway County in the Cambrian Knox formation with its partner. One of these wells encountered an exciting zone higher up than the Cambrian Knox formation. It is a thick zone that flowed oil to surface under high pressure. It was cased and cemented, awaiting further evaluation. This new evaluation that includes cased hole logging, remedial cementing and perforating is in the planning stages and could be underway as early as June 2023.

Workovers of four wells in Pickaway county began in April of 2023 and is on-going. Recent improved production data indicates the workovers are accomplishing the intended objective.

Marksmen has entered into a strategic alliance 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.

In the remaining three quarters of 2023 Marksmen looks forward to logging and perforating an upper zone at its HD2 well, continued development of new drilling programs with our new partner, EMF, and other drilling and recomplete projects in Pickaway and Portage counties, Ohio.

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.