Tuktu Resources Ltd.
(formerly Jasper Mining Corporation)
Management's Discussion and Analysis
As at June 30, 2023 and the three and six months ended June 30, 2023

The following Management's Discussion and Analysis (the "MD&A") of financial results of Tuktu Resources Ltd. (formerly Jasper Mining Corporation) ("Tuktu" or the "Company") as at June 30, 2023 and the three and six months ended June 30, 2023 and 2022 should be read in conjunction with the unaudited interim condensed financial statements for the periods then ended and the audited financial statements as at December 31, 2022 and 2021 and related notes thereto. The date of this Management's Discussion and Analysis is August 23, 2023.

The financial data presented has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The reporting currency in the financial statements and in this MD&A is Canadian dollars, unless otherwise stated. Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca.

Description of the Company

Tuktu Resources Ltd. (formerly Jasper Mining Corporation) is a publicly traded company incorporated on November 28, 1994, in the Province of Alberta, that is listed on the TSX Venture Exchange under the symbol "TUK". The Company was engaged in the business of mineral exploration in Canada until the July 15, 2022, recapitalization and change of management where the Company adjusted its business strategy to pursue oil and natural gas producing assets.

Q2 2023 Highlights

- On April 14, 2023, the Company closed the acquisition of natural gas assets owned and operated by an arm's length public company in the southern Alberta Foothills. As consideration for the assets, Tuktu paid $2.25 million in cash prior to customary purchase price adjustments.

- Achieved the first oil and gas production for the Company on April 1, 2023. Production averaged 353 boe/d (99% natural gas) for the second quarter of 2023.

- Generated $493,543 of petroleum and natural gas sales.

- Disposed of land in Cranbrook, BC for cash proceeds of $361,925.

Production

(6:1 boe conversion)	**Q2 2023**
Daily production:	
Crude oil (bbls/d)	**2**
Natural gas (mcf/d)	**2,105**
Total (boe/d)	**353**
% Natural gas	**99%**

Oil production commenced on April 1, 2023 in the Pincher Creek area from one well which had previously been shut in by the former operator. Natural gas production to the account of the Company commenced on April 14, 2023 following the closing of the acquisition of natural gas assets in southern Alberta.

Production for the quarter averaged 353 boe/d (99% natural gas) consisting of 2 bbls/d of crude oil and 2,105 mcf/d of natural gas.

Petroleum and Natural Gas Sales

($)	**Q2 2023**
Crude oil	**14,425**
Natural gas	**479,118**
Total petroleum and natural gas sales	**493,543**

Total petroleum and natural gas revenues for the second quarter were $493,543.

Benchmark and Realized Prices

($)	**Q2 2023**
Averaged realized prices:	
Crude oil ($/bbl)	**82.78**
Natural gas ($/mcf)	**2.50**
Barrels of oil equivalent ($/boe)[1]	**15.38**
Benchmark prices:	
WTI ($US/bbl)	**73.80**
Edmonton Light ($/bbl)	**94.99**
AECO 5A ($/GJ)	**2.32**
Exchange rate ($Cdn/$US)	**1.34**

[1] Disclosure of production on a per boe basis in this MD&A consists of the constituent product types and their respective quantities disclosed in the "Product Type Information" section of this MD&A. Also refer to the "BOE Presentation" section of this MD&A

The Company takes most of its working interest production “in kind” which is marketed and sold through various credit-worthy purchasers. The price realized by the Company for natural gas production is determined by the AECO benchmark and based on Canadian fundamentals. The price received by the Company for its oil production is primarily driven by the price of West Texas Intermediate (“WTI”), which is adjusted for quality and a differential.

Royalties

($)	**Q2 2023**
Royalty expenses	**77,897**
Royalty rate	**15.8%**
Per boe ($)	**2.43**

Royalty expenses consist of crown royalties payable to the Alberta provincial government, freehold mineral rights owners and royalty contract owners. Royalties are calculated based on revenue less allowed costs of transportation and processing and are generally expressed as a percentage of revenue. Royalty rates can vary due to several factors including commodity prices, mix of production subject to each type of royalty, commodity produced, royalty contract terms, and royalty incentive schemes.

Total royalties for the quarter were $77,897 which equaled 15.8% of petroleum and natural gas revenues.

Operating Expenses

($)	**YTD 2023**	**Q2 2023**	Q1 2023
Operating expenses	**274,286**	**272,073**	2,213
Per boe ($)	**8.55**	**8.48**	**-**

Operating expenses increased from $2,213 in the first quarter to $272,073 in the second quarter due to the commencement of production in the second quarter. The operating expenses on a unit of production basis were $8.48/boe for the second quarter and $8.55/boe on a year-to-date basis.

Transportation Expenses

($)	**Q2 2023**
Transportation expenses	**31,156**
Per boe ($)	**0.97**

Transportation expenses include clean oil trucking and natural gas transportation from the field to the sales point. Transportation costs for the quarter were $31,156 equaling $0.97/boe.

Operating Netbacks

($)	**YTD 2023**	**Q2 2023**	Q1 2023
Total petroleum and natural gas revenues	**493,543**	**493,543**	-
Royalties	**(77,897)**	**(77,897)**	-
Operating expenses	**(274,286)**	**(272,073)**	(2,213)
Transportation expenses	**(31,156)**	**(31,156)**	-
Operating netback[1]	**110,204**	**112,417**	(2,213)

($/boe)	**YTD 2023**	**Q2 2023**	Q1 2023
Total petroleum and natural gas revenues	**15.38**	**15.38**	**-**
Royalties	**(2.43)**	**(2.43)**	**-**
Operating expenses	**(8.55)**	**(8.48)**	**-**
Transportation expenses	**(0.97)**	**(0.97)**	**-**
Operating netback[1]	**3.43**	**3.50**	**-**

[1] See Non-IFRS Measures, Non-IFRS Financial Ratios and Capital Management Measures

General and Administrative ("G&A") Expenses

($)	Three months ended, June 30,			Six months ended, June 30,		
	2023	2022	change	**2023**	2022	change
General and administrative expenses	**438,472**	114,483	283%	**776,333**	135,812	472%
Per boe ($)	**13.66**	**-**		**24.19**	**-**	

For the three and six months ended June 30, 2023 G&A expenses increased to $438,472 and $776,333, respectively, from $114,483 and $135,812 in the comparable periods of the prior year. Increased G&A expenses were mainly the result of increased personnel, professional services, consultants, and office-related expenses due to the growth of the Company over the periods.

G&A expenses per boe for the three and six months ended June 30, 2023 were $13.66 and $24.19, respectively. The six-month number is higher due to production commencing in the second quarter.

Depletion and Depreciation

($)	Three months ended, June 30,			Six months ended, June 30,		
	2023	2022	change	**2023**	2022	change
Depletion and depreciation	**203,711**	73	nm	**204,516**	238	nm
Per boe ($)	**6.35**	-		**6.37**	-	

Depletion of oil and gas assets is calculated using the unit-of-production method which is based on production volumes in relation to the proved plus probable reserves base. Production commenced in the second quarter of 2023 leading to the first calculation of depletion expense. Depletion and depreciation expenses for the three and six months ended June 30, 2023 were $203,711 and $204,516, respectively.

On a per boe basis, the depletion and depreciation expense for the three and six months ended June 30, 2023 was $6.35 and $6.37, respectively.

Finance Income and Expense

($)	Three months ended, June 30,			Six months ended, June 30,		
	2023	2022	change	**2023**	2022	change
Finance income						
Interest on short term investments	**6,937**	25	nm	**45,088**	50	nm
Finance expense						
Part XII.6 interest on flow through expenditures under the look-back rule	**(4,002)**	-	nm	**(7,452)**	-	nm
Accretion	**(12,407)**	-	nm	**(12,528)**	-	nm
Net finance income	**(9,472)**	25	nm	**25,108**	50	nm
Per boe ($)	**(0.30)**	-		**0.78**	**-**	

Finance income includes cash interest received from the Company’s short-term investments. Interest income declined in the second quarter as the Company redeemed its short-term investments to purchase oil and gas assets.

Finance expenses include accrued interest on Part XII.6 on flow through expenditures under the look-back rule and accretion on the Company’s decommissioning liabilities. Finance expense increased in the second quarter primarily as a result of the accretion of decommissioning liabilities associated with the acquisition of oil and gas properties.

Cash Flow from Operating Activities, Adjusted Funds Flow and Net Income

($)	Three months ended, June 30,			Six months ended, June 30,		
	2023	2022	change	**2023**	2022	change
Cash flow from operating activities	**(296,690)**	(24,577)	1,107%	**(721,446)**	(65,041)	1,009%
Adjusted funds flow from operations[1]	**(335,781)**	(121,504)	176%	**(653,865)**	(150,608)	334%
Net income (loss)	**161,376**	(121,577)	(233)%	**691,562**	(217,535)	(418)%
Per share - basic and diluted	**-**	(0.01)	(100)%	**0.01**	(0.01)	(200)%

[1] See Non-IFRS Measures, Non-IFRS Financial Ratios and Capital Management Measures

Adjusted funds flow from operations in Q2 2023 was lower than the same period of 2022 which was primarily due to the increase in G&A expenses. Net income increased in Q2 2023 due to a $526,636 remeasurement gain on warrant liability and a $236,227 gain on disposition partially offset by an increase in G&A expenses.

Capital Expenditures

($)	Three months ended, June 30,			Six months ended, June 30,		
	2023	2022	change	**2023**	2022	change
Capital expenditures	**1,360**	-	nm	**15,094**	-	nm
Property acquisitions	**2,314,010**	-	nm	**3,614,010**	-	nm
Property dispositions	**(361,925)**	-	nm	**(361,925)**	-	nm
Total capital expenditures	**1,953,445**	-	nm	**3,267,179**	-	nm

During the three and six months ended June 30, 2023 the Company invested $2,264,801 and $3,564,801, respectively, for oil and gas properties in Southern Alberta. The total consideration was $2,364,801 of cash and 10,000,000 units described in detail below. There were $49,209 of transaction costs incurred on the acquisitions which were capitalized to property, plant and equipment.

In the second quarter of 2023 the Company disposed of land in Cranbrook, BC for net proceeds of $361,925.

Share Capital

Common shares

On July 15, 2022, as part of the unit offering and settlement of debts, the Company issued 54,608,439 units at a price of $0.09 per unit. Each unit was comprised of one common share and one common share purchase warrant. On March 17, 2023 the Company issued 10,000,000 units for partial consideration of an asset acquisition. The units were comprised of one common share and one common share purchase warrant. As at June 30, 2023, and the date of this MD&A, there were 83,006,559 common shares issued and outstanding.

Warrants

On March 17, 2023 the Company issued 10,000,000 warrants as described above. The warrants are exercisable at $0.30 per common share for a period of three years. The warrants were ascribed a value of $317,200.

Stock options

The Company has a stock option plan under which options to purchase common shares of the Company may be granted to directors, officers, employees and consultants. The Company uses a Black Scholes option pricing model to calculate the fair value of stock option grants where the corresponding expense is recognized over the option vesting period.

There were no stock options granted during the three and six months ended June 30, 2023 (six months ended June 30, 2022 – 1,000,000). For the three and six months ended June 30, 2023 the Company recorded an expense of $49,588 and $98,631, respectively, (six months ended June 30, 2022 - $66,689) related to stock options.

As at June 30, 2023 and the date of this MD&A, there were 7,250,000 stock options outstanding.

Liquidity and Capital Resources

The financial statements have been prepared on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business as they become due. At June 30, 2023, the Company had accumulated losses of $19.1 million since inception (December 31, 2022 - $19.8 million). For the six months ended June 30, 2023, the Company reported net income of $692 thousand (June 30, 2022 - $218 thousand net loss) and cash used in operating activities of $771 thousand (June 30, 2022 - $65 thousand). The Company's working capital balance has decreased from $3.1 million as at December 31, 2022 to $405 thousand as at June 30, 2023.

The Company's ability to continue as a going concern is dependent upon its existing working capital being sufficient to sustain operating activities while the Company attempts to generate positive cash flows from operations, secure funding from debt or equity financings, dispose of the mining assets or make other arrangements which may not be available.

These conditions indicate a material uncertainty that may cast significant doubt as to the Company's ability to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The financial statements do not reflect the adjustments to the carrying amounts of assets and liabilities, reported amounts of expenses, and statement of financial position classifications used that would be necessary were the going concern assumption deemed to be inappropriate. Such adjustments could be material.

Related Party Balances and Transactions

The Company had the following related party transactions in the normal course of operations and measured at the exchange amount:

Amounts due to related parties consist of amounts due to shareholders, officers and directors of the Company and companies controlled or significantly influenced by shareholders and officers of the Company. The amounts are non-interest bearing, unsecured and have been settled.

During the six months ended June 30, 2023, there were no related party transactions or balances owing to related parties.

During the six months ended June 30, 2022, $13,500 was charged for office rent and administrative services and $62,038 was advanced to the Company by entities owned by a director of the Company.

Summary of Quarterly Results

The following table summarized the Company's key financial and operating results for the past eight quarters:

	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21
Financial ($)								
Petroleum and natural gas sales	493,543	-	-	-	-	-	-	-
Cash flow from operating activities	(296,690)	(424,756)	(430,594)	(654,251)	(24,577)	(40,464)	(28,052)	(4,555)
Net income (loss)	161,376	530,186	6,366,449	(8,295,652)	(121,577)	(95,958)	(47,437)	(9,862)
Per share - basic and diluted	-	0.01	0.10	(0.13)	(0.01)	(0.01)	-	-
Total capital expenditures	1,953,445	1,313,734	-	18,292	-	-	-	-
Weighted average shares outstanding *(thousands)*								
Basic and diluted	83,007	74,673	73,007	64,697	18,398	18,398	18,398	18,398
Shares outstanding, end of period *(thousands)*								
Basic and diluted	83,007	83,007	73,007	73,007	18,398	18,398	18,398	18,398
Operational								
Average daily production:								
Crude oil (bbls/d)	2	-	-	-	-	-	-	-
Natural gas (mcf/d)	2,105	-	-	-	-	-	-	-
Total (boe/d)	353	-	-	-	-	-	-	-

During the eight most recent quarters, the following items have had a significant impact on the Company's results:

The Company purchased oil and gas assets in both the first and second quarters of 2023. Production from these acquisitions commenced in April 2023.

The recapitalization and pivot from mining to oil and gas in July 2022 has burdened the Company with increased G&A expenses as it acquires assets, evaluates opportunities, and grows oil and gas production.

Net income fluctuations have been primarily due to the quarterly remeasurement gains and losses on the warrant liability which is caused by stock price and interest rate variability.

Off-Balance Sheet Arrangements

Tuktu has not entered into any material off-balance sheet arrangements.

Non-IFRS Measures, Non-IFRS Financial Ratios and Capital Management Measures

This document contains the term "operating netback" which is a non-IFRS financial measure, or ratio if it is calculated on a per boe or percentage basis. The Company uses this measure to evaluate its performance. This non-IFRS financial measure and ratio does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. This document also contains the capital management measures of "adjusted funds flow from operations", and "adjusted working capital (net debt)". Management believes that the presentation of these non-IFRS, capital management and other financial measures provides useful information to shareholders and investors in understanding and evaluating the Company's ongoing operating performance.

Adjusted Funds Flow from Operations

Funds flow is calculated by taking cash flow from operating activities and adding back changes in non-cash working capital. Adjusted funds flow from operations is further calculated by adding back decommissioning costs incurred and transaction costs. Management considers adjusted funds flow from operations to be a key measure to assess the performance of the Company's oil and gas properties and the Company's ability to fund future capital investment. Adjusted funds flow from operations is an indicator of operating performance as it varies in response to production levels and management of costs. Changes in non-cash working capital, decommissioning costs incurred and transaction costs vary from period to period and management believes that excluding the impact of these provides a useful measure of the Company's ability to generate the funds necessary to manage the capital needs of the Company.

The Company reconciles adjusted funds flow from operations to cash flow from operating activities, which is the most directly comparable measure calculated in accordance with IFRS as follows:

($)	Three months ended, June 30,		Six months ended, June 30,	
	2023	2022	**2023**	2022
Cash flow from operating activities	**(296,690)**	(24,577)	**(721,446)**	(65,041)
Changes in non-cash working capital	**(39,092)**	(96,927)	**67,581**	(85,567)
Funds flow from operations	**(335,782)**	(121,504)	**(653,865)**	(150,608)
Transaction costs	**-**	-	**$ -**	-
Adjusted funds flow from operations	**(335,782)**	(121,504)	**(653,865)**	(150,608)

Adjusted Working Capital (Net Debt)

Adjusted working capital (net debt) is a capital management measure which management uses to assess the Company's liquidity. The Company believes its presentation of adjusted working capital (net debt) is a useful supplemental measure because Management maintains the flexibility to adjust its decommissioning expenditures to manage working capital requirements

($)	**June 30 2023**	December 31, 2022
Working capital	**405,065**	3,126,170
Current portion of decommissioning liabilities	**-**	-
Adjusted working capital (net debt)	**405,065**	3,126,170

Operating netbacks

Operating netback is total petroleum and natural gas revenues less royalties, operating expenses and transportation expenses. These metrics can also be calculated on a per boe basis, which results in them being considered a non-IFRS ratio. Management considers operating netback as an important measure to evaluate the Company's operational performance, as it demonstrates field level profitability relative to current commodity prices.

Advisories

BOE Presentation

The Company uses the following industry terms in the MD&A: "bbl" refers to barrels, "bbl/d" refers to barrels per day, "mcf" refers to thousand cubic feet, "mcf/d" refers to thousand cubic feet per day, "GJ" refers to gigajoules, "boe" refers to barrel of oil equivalent, boe/d refers to barrels of oil equivalent per day. Disclosure provided herein in respect of a boe may be misleading, particularly if used in isolation. A boe conversion rate of six thousand cubic feet of natural gas to one barrel of oil equivalent has been used in the calculation of boe amounts in this MD&A. The boe conversion rate is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalent of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Supplementary Financial Measures

Per boe disclosure for petroleum and natural gas revenues, royalties, operating expenses, transportation expenses, G&A expenses, financing expenses, and depletion and depreciation are supplementary measures that are calculated by dividing each of these respective IFRS measures by the Company's total production volumes for the period.

Average realized prices for crude oil and natural gas are supplementary financial measures calculated by dividing each of these components of petroleum and natural gas revenues by their respective production volumes for the period.

Royalties as a percentage of petroleum and natural gas revenues is a supplementary financial measure calculated by dividing royalties by petroleum and natural gas revenues.

Critical Accounting Estimates

The Interim Financial Statements and this MD&A have been prepared using the same critical accounting estimates as the Annual Financial Statements, which are available under the Company's profile on SEDAR at sedar.com.

Forward Looking Statements

This MD&A contain statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project", "budget", "forecast", "should", "will", "may" or similar words suggesting future outcomes or statements regarding an outlook. In addition, the statements contained herein relating to "reserves" and "resources" are by their nature forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions that the reserves or resources described can be profitably produced in the future. The recovery, reserves and resources estimates provided herein are internal estimates only and there is no guarantee that the estimated reserves or resources will be recovered. Therefore, actual results may differ materially from those anticipated in the forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Assumptions

Forward-looking statements or information are based on a number of factors and assumptions which have been used in developing such statements and information, but which may prove to be incorrect. Although the Company believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Company can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this MD&A, assumptions have been made regarding, among other things: the accuracy of geological and geophysical data and interpretation of that data; estimated decline rates; the impact of increasing competition; the general stability of the economic and political environment in which the Company operates; the timely receipt of any required regulatory approvals; the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner; the ability of the Company to operate in a safe, efficient and effective manner; the ability of the Company to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development or exploration; the timing of and costs of pipeline, storage and facility construction and expansion and the ability of the Company to secure adequate transportation for products; future oil and natural gas prices; foreign currency exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Company operates; the ability of the Company to successfully market its oil and natural gas products; and prevailing commodity prices, price volatility, price differentials and the actual prices received for the Company's products. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used.

Risks and Uncertainties

Forward-looking statements or information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by the Company and described in the forward-looking statements or information. These risks and uncertainties which may cause actual results to differ materially from the forward-looking statements or information include, among other things: the ability of management to execute its business plan; general economic and business conditions; the risk of instability affecting the jurisdictions in which the Company operates; risks associated with the oil and natural gas industry in general (e.g. operational risks in exploring for, developing and producing crude oil and natural gas; market demand; changes to supply and demand for oil and natural gas; uncertainty of reserves estimates; uncertainty of estimates and projections relating to production, costs and expenses, including increased operating and capital costs due to inflationary pressures); the possibility that government policies or laws may change or governmental approvals may be delayed or withheld; risks and uncertainties involving geology of oil and natural gas deposits; the ability of the Company to add production and reserves through acquisition, development and exploration activities; the Company's ability to enter into or renew leases; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of foreign currency exchange rates and interest rates; risks inherent in the Company's marketing operations, including credit risk; uncertainty in amounts and timing of royalty payments; health, safety and environmental risks; adverse weather or breakup conditions; risks associated with existing and potential future law suits and regulatory actions against the Company; uncertainties as to the availability and cost of financing; financial risks affecting the value of the Company’s investments; actions of OPEC and OPEC+ members; the impact of Russia's military actions in Ukraine; and the impact of oil differentials on the Company’s financial position. Readers are cautioned that the foregoing list is not exhaustive of all possible risks and uncertainties.

This disclosure contains certain forward-looking statements that involve substantial known and unknown risks and uncertainties, certain of which are beyond the Company's control. These include, but are not limited to: the impact of general global economic conditions; changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; competition; the lack of availability of qualified personnel or management; the lack of availability of or access to services; fluctuations in foreign exchange rates, interest rates or commodity prices; the results of exploration and development drilling related activities; imprecision in reserve estimates; market volatility; changes to market valuations; and obtaining required approvals from regulatory authorities.

These known and unknown risks and uncertainties may cause actual financial and operating results, performance, levels of activity and achievements to differ materially from those expressed in, or implied by, such forward-looking statements. Accordingly, there is no assurance that the expectations conveyed by the forward-looking statements will prove to be correct. All subsequent forward-looking statements, whether written by or orally attributable to the Company or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements.

Corporate Information

As of the date of this report, the Company had the following directors and officers:

Tim de Freitas	President, Chief Executive Officer and Director
Mark Smith	Vice President, Finance and Chief Financial Officer
Kent Busby	Vice President, Production
Greg Feltham	Vice President, Exploration
Sumir Saini	Vice President, Land and Business Development
Bronwyn Inkster	Corporate Secretary
Robert Dales	Director
William Guinan	Director
Natalie Sweet	Director
Kathleen Dixon	Director