PETRICHOR ENERGY INC.
MANAGEMENT DISCUSSION AND ANALYSIS
SIX MONTHS ENDED JUNE 30, 2025

Date prepared: August 28, 2025

This management discussion and analysis (the "MDA") covers the operations of Petrichor Energy Inc. (the "Company") for the period ended June 30, 2025. All monetary amounts referred to herein are in Canadian dollars unless otherwise stated. The following discussion and analysis should be read in conjunction with the Company's condensed consolidated interim financial statements for the six months ended June 30, 2025, and the audited consolidated financial statements for the year ended December 31, 2024.

Additional information related to the Company is available on SEDAR+ at www.sedarplus.ca, on the Company's website at www.petrichorenergy.com, or by requesting further information from the Company's head office in Vancouver.

FORWARD LOOKING STATEMENTS

Information contained in this MDA that is not historical fact may be considered "forward looking statements". These forward-looking statements sometimes include words to the effect that management believes or expects a stated condition or result. All estimates and statements that describe the Company's objectives, goals or plans are forward looking statements. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors, including such variables as new information regarding recoverable reserves, changes in demand for and commodity prices of crude oil and natural gas, legislative, environmental and other regulatory or political changes, competition in areas where the Company operates, and other factors discussed herein. Readers are cautioned not to place undue reliance on this forward-looking information.

OVERVIEW

Corporate Development

The Company is in the business of exploration, development and production of oil and gas. On September 25, 2019, the Company's shares were transferred from the TSX Venture Exchange (the "TSX-V") to the NEX Board.

RESULTS OF OPERATIONS

In the six months ended June 30, 2025, the comprehensive loss was $285,872 (2024: $384,034). See the table below for explanations of the most significant variances.

Certain comparative figures may have been reclassified to conform to the current period's presentation.

COMPARISON OF RESULTS OF OPERATIONS

Significant variances between the six months ended June 30, 2025 and 2024 are detailed as follows:

	2025 - $ -	2024 - $ -
Foreign exchange loss (gain)	(72,069)	31,566
The change is due directly to the US dollar exchange rate changes over the comparative periods applied to the outstanding US dollar denominated debt;		
Unrealized loss on short-term investments	38	40
The change is due to a change in the market value in the current period applied to the marketable securities.		

Significant variances between the three months ended June 30, 2025 and 2024 are detailed as follows:

	2025 - $ -	2024 - $ -
Foreign exchange loss (gain)	(70,877)	74
The change is due directly to the US dollar exchange rate changes over the comparative periods applied to the outstanding US dollar denominated debt;		
Unrealized loss on short-term investments	10	14
The change is due to a change in the market value in the current period applied to the marketable securities.		

SELECTED ANNUAL INFORMATION

The following table provides a brief summary of the Company's financial operations for the prior three fiscal years. For more detailed information, refer to the Company's consolidated financial statements for the years then ended.

	Year Ended December 31, 2024 - $ -	Year Ended December 31, 2023 - $ -	Year Ended December 31, 2022 - $ -
Total assets	643	270	243
Working capital deficiency	(13,262,228)	(12,448,719)	(11,836,923)
Shareholders' deficiency	(13,262,228)	(12,448,719)	(11,836,923)
Revenues	-	-	-
Comprehensive income (loss)	(813,509)	(611,796)	(724,291)
Income (loss) per share – basic and diluted	(0.02)	(0.02)	(0.02)

Year ended December 31, 2024:

In the year ended December 31, 2024, the Company's total assets increased to $643 (2023: $270), and total liabilities increased to $13,262,871 (2023: $12,448,989). The comprehensive loss was $813,509 (2023: $611,796) primarily as a result of the foreign exchange loss of $108,716 (2023: $28,441 gain) on the outstanding US dollar denominated debt.

Year ended December 31, 2023:

In the year ended December 31, 2023, the Company's total assets increased to $270 (2022: $243), and total liabilities increased to $12,448,989 (2022: $11,837,166). The comprehensive loss was $611,796 (2022: $724,291) primarily as a result of the foreign exchange gain of $28,441 (2022: $72,175 loss) on the outstanding US dollar denominated debt and a gain on write-off accounts payable of $70,635 (2022: $nil).

SUMMARY OF QUARTERLY RESULTS

The following is a summary of selected financial information compiled from the quarterly unaudited consolidated financial statements for eight quarters ending June 30, 2025.

Three months ended	June 30, 2025 - $ -	March 31, 2025 - $ -	December 31, 2024 - $ -	September 30, 2024 - $ -
Total assets	4,892	644	643	1,532
Working capital deficiency	(13,548,100)	(13,435,757)	(13,262,228)	(13,002,104)
Shareholders' equity deficiency	(13,548,100)	(13,435,757)	(13,262,228)	(13,002,104)
Comprehensive loss	(112,343)	(173,529)	(260,124)	(169,351)
Loss per share - basic and diluted	(0.00)	(0.00)	(0.01)	(0.00)

Three months ended	June 30, 2024 - $ -	March 31, 2024 - $ -	December 31, 2023 - $ -	September 30, 2023 - $ -
Total assets	1,084	205	270	906
Working capital deficiency	(12,832,753)	(12,653,068)	(12,448,719)	(12,358,911)
Shareholders' equity deficiency	(12,832,753)	(12,653,068)	(12,448,719)	(12,358,911)
Comprehensive (loss)	(179,685)	(204,349)	(89,808)	(202,044)
Loss per share - basic and diluted	(0.01)	(0.01)	(0.00)	(0.01)

LIQUIDITY AND CAPITAL RESOURCES

In the period ended June 30, 2025, significant cash flows are as follows:

Operating activities required cash flows of $27,955 (2024: $11,078) primarily as a result of the interest and finance fees of $303,769 (2024: $301,085), unrealized loss of $38 (2024: $40) on short term investments, and foreign exchange gain of $72,156 (2024: 31,529 loss), increased accounts receivable of $742 (2024: $893), and increased trade payables and accrued liabilities of $27,008 (2024: $41,195).

Financing activities provided cash flows of $31,500 (2024: $11,039) from funds advanced from related parties.

At June 30, 2025, the Company had a working capital deficiency of $13,548,100 (December 31, 2024: $13,262,228), and had an accumulated deficit of $84,557,399 (December 31, 2024: $84,271,527).

On September 26, 2016, a secured debenture for $3,400,000 matured and has not been paid. At June 30, 2025, interest of $4,090,618 (December 31, 2024: $3,886,618) has been accrued on these debentures.

In order to continue operations, fund its exploration and development, and provide adequate working capital for ongoing activities, the Company will need to successfully conclude settlement with the secured debenture holders, settlement with creditors and raise further funds through equity financing, third party financing and cost sharing arrangements. The Company continues to seek capital through various means including the issuance of equity, debt, or through working interest agreements.

There can be no assurance that capital will be available as necessary to meet these continuing exploration and development costs or, if the capital is available, that it will be on terms acceptable to the Company.

RELATED PARTY TRANSACTIONS

Amounts due to related parties consist of charges accrued for office administration, management fees and loans to the Company. These amounts are due to directors, officers, or companies controlled by directors or officers. These amounts are unsecured and are due on demand.

The following amounts are due to related parties:

	June 30, 2025	**December 31, 2024**
Accrued payables to companies controlled by the CEO, Joe DeVries, or the CFO, Richard Barnett.	$ 3,169,985	$ 3,069,593
Loans from a company controlled by the CEO with interest at 12% per annum, unsecured and payable on demand.	976,440	944,940
Total	$ 4,146,425	$ 4,014,533

Related party transactions

	Six Months Ended	
	June 30, 2025	**June 30, 2024**
Management fees incurred with companies controlled by the CEO or the CFO	$ 9,000	$ 9,000
Interest costs at 12% per annum on unsecured loans advanced to the Company by a company controlled by the CEO	57,047	55,317
General and administrative fees incurred with a company controlled by the CEO	34,346	30,639
	$ 100,393	$ 94,956

Key management personnel compensation

The Company considers its officers (CEO and CFO) and directors to be key management. Key management are those persons having authority and responsibility for planning, directing and controlling activities directly or indirectly of the Company.

	Six Months Ended	
	June 30, 2025	**June 30, 2024**
Management fees	$ 9,000	$ 9,000

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

OTHER MATTERS

Shares outstanding

At June 30, 2025 and the current date, the Company has 35,288,809 shares outstanding.

Stock options

At June 30, 2025 and the current date, the Company has no stock options outstanding.

Warrants

At June 30, 2025 and the current date, the Company has no warrants outstanding.

FINANCIAL INSTRUMENTS, RISK MANAGEMENT, AND CAPITAL MANAGEMENT STRATEGY

Financial risk and capital management

The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by a bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution, as determined by rating agencies. The Company's secondary exposure to risk is on accounts receivable. This risk is assessed as moderate.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and the continued cooperation of its creditors. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. This risk is assessed as high.

Foreign exchange risk

Foreign exchange risk is the risk that the future fair value of cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company's financial results are reported in Canadian dollars while it conducts a significant portion of its business activities in US dollars. The assets, liabilities and expenses that are denominated in US Dollars will be affected by changes in the exchange rate between the Canadian dollar and the US Dollar. If the Canadian dollar changes by one percent against the US dollar, with all other variables held constant, the impact on the Company's foreign denominated financial instruments would result in a reduction or increase of net loss of approximately $13,377.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not currently exposed to significant interest rate risk as it does not hold any debt that bears interest at variable rates.

Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements. There have been no changes to the Company's capital management structure during the period ended June 30, 2025.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's consolidated financial statements and the other financial information included in this management report are the responsibility of the Company's management, and have been examined and approved by the Board of Directors. The consolidated financial statements were prepared by management in accordance with generally accepted Canadian accounting principles and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the consolidated financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee's role is to examine the consolidated financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring oil and gas properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any directors in a conflict will disclose their interests and abstain from voting in such matters. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.