



Management Discussion & Analysis

For the year ended December 31, 2022

#300 – 1455 Bellevue Avenue
West Vancouver, BC V7T 1C3

LETHO RESOURCES CORP.

Management Discussion and Analysis

GENERAL

The purpose of this Management Discussion and Analysis (“MD&A”) is to explain management’s point of view of Letho Resources Corp.’s (the “Company” or “Letho”) past performance and future outlook. This report also provides information to improve the reader’s understanding of the financial statements and related notes as well as important trends and risks affecting the Company’s financial performance, and should therefore be read in conjunction with the Company’s audited financial statements and notes thereto for the year ended December 31, 2022 (the “Financial Statements”). Additional information on the Company is available on SEDAR. All information contained in this MD&A is current as of April 28, 2023 unless otherwise stated.

All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

FORWARD LOOKING STATEMENTS

Certain sections of this MD&A may contain forward-looking statements.

All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words. Forward-looking statements may relate to the Company’s future financial conditions, results of operations, plans, objectives, performance or business developments including, among other things, exploration and work programs, drilling plans and timing of drilling, plans for development and facilities construction and timing, method of funding and completion thereof, the performance characteristics of the Company’s mineral properties, drilling results of various projects of the Company, the existence of mineral resources or reserves and the timing of development thereof, projections of market prices and costs, supply and demand for oil and gas, expectations regarding the ability to raise capital and to acquire reserves through acquisitions and/or development, treatment under governmental regulatory regimes and tax laws, and capital expenditure programs and the timing and method of financing thereof. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of the Company contained in this MD&A, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth herein and in the MD&A, or as otherwise expressly incorporated herein by reference as well as: (1) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment, adverse weather conditions or otherwise; (2) permitting, access, exploration, expansion and acquisitions at our projects (including, without limitation, land acquisitions for and permitting of exploration plans) being consistent with our current expectations; (3) prices for and availability of equipment, labor, natural gas, fuel oil, electricity, water and other key supplies remaining consistent with current levels; (4) labour and materials costs increasing on a basis consistent with the Company’s current expectations; (5) the availability and timing of additional financing being consistent with the Company’s current expectations. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: fluctuations in the currency markets; fluctuations in the spot and forward price of oil or certain other commodities (such as diesel fuel and electricity); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Albania or Canada; business opportunities that may be presented to, or pursued by, us; our ability to successfully integrate acquisitions; operating or technical difficulties in connection with exploration or development activities; employee relations; the speculative nature of oil and gas exploration and development, including the risks of obtaining necessary licenses and permits; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of acquisitions, geological, technical, drilling and processing problems, fluctuations in foreign exchange or interest rates and stock market volatility, changes in income tax laws or changes in tax laws and incentive programs relating to the mineral resource industry; and contests over title to properties, particularly title

LETHO RESOURCES CORP.

Management Discussion and Analysis

to undeveloped properties. In addition, there are risks and hazards associated with the business of oil exploration, development and extracting, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and oil and gas losses (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements and those made in our other filings with applicable securities regulators in Canada. These factors are not intended to represent a complete list of the factors that could affect the Company and readers should not place undue reliance on forward-looking statements in this MD&A. 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, or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

The forward looking statements contained herein are based on information available as of April 28, 2023.

OVERVIEW

The Company is a Tier 2 reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange (the "Exchange") under the symbol "LET.V". The head office and registered and records office of the Company is located at #300 – 1455 Bellevue Avenue, West Vancouver, BC V7T 1C3.

The Company was advancing an acquisition of an oil and gas production asset and was focused to complete a business combination transaction with Anio Oil & Gas Sh.a ("Anio"). Anio is a private company registered in Albania that holds a license to the Ballsh-Hekal producing oil field in Albania. In December 2021, the Company announced that it will not be proceeding with its proposed business combination transaction with Anio. The Company is currently evaluating other potential opportunities to increase shareholder value.

During the first quarter of year ended December 31, 2022, 625,000 warrants expired unexercised. As a result, \$50,000 was reclassified from reserves to share capital.

During the first quarter of the year ended December 31, 2022, 623,300 stock options expired, as a result, \$47,763 was reclassified from reserves to retained earnings.

In July 2022, the Company entered into a purchase and sale agreement to acquire certain producing oil and gas assets (the "Assets") in Central Alberta from Vermilion Resources ("Acquisition"). Total consideration for the Acquisition is \$2,100,000 in cash, subject to adjustments. In connection with the acquisition, the Company will pay a finder's fee by issuing 1,957,143 common shares of the Company to an arm's length finder.

In connection with the Acquisition, the Company arranged an unsecured convertible debenture (the "Debenture") financing for gross proceeds up to \$2,100,000. The Debentures bear interest at 10% per annum and mature on December 31, 2024. The principal amount of the debenture will be convertible into common shares of the Company at \$0.07 per share until one year after the date of issue of the debenture and thereafter at \$0.10 per share. The holder of the Debenture will also receive a royalty on production per barrel from the Assets once certain production criteria have been met. In addition, the Company will pay finder's fee by issuing up to 3,750,000 common shares of the Company. The Acquisition and the Debenture financing were pending the approval of the Exchange.

In July 2022, Anio Oil and Gas Sha repaid US\$163,100, leaving US\$66,900 outstanding to the Company pursuant to the loan advanced in connection with the proposed transaction between the parties, which has now been terminated. As at December 31, 2022, the Company wrote off the outstanding loan receivable balance of \$89,243 (US\$ 66,900) from Anio Oil and Gas Sha because collectability is uncertain.

LETHO RESOURCES CORP.

Management Discussion and Analysis

OVERALL PERFORMANCE

Administrative expenses for the year ended December 31, 2022 were \$478,108 versus \$1,145,722 in the comparative year ended December 31, 2021. The Company had significant higher operating expenses in the prior year due to the due diligence of the Memorandum of Understanding (“MOU”) with Anio incurred and interest expenses related to the long-term note payable.

The Company experienced a net decrease in cash of \$68,494 during the year ended December 31, 2022 versus a net decrease in cash of \$957,196 during the year ended December 31, 2021. This decrease in cash in the current year was primarily attributable to operating expenses. The decrease in cash in the prior year was primarily attributable to the funding of loans receivable of \$427,215 and operating expenses.

SELECTED ANNUAL INFORMATION

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The following financial data is derived from the Company’s audited financial statements for the years ended December 31, 2022, 2021 and 2020:

	Years ended December 31,		
	2022 (\$)	2021 (\$)	2020 (\$)
Revenues	-	-	-
Administrative expenses	478,108	1,145,722	903,508
Net and comprehensive loss	(580,881)	(1,149,068)	(863,277)
Basic and diluted loss per share	(0.04)	(0.09)	(0.07)
Exploration and evaluation assets	-	-	-
Total assets	554,433	782,270	1,759,440
Total non- current liabilities	2,514,670	2,193,904	2,042,588
Working capital	344,089	24,272	1,309,120
Dividends per share	-	-	-

Decrease of net loss from 2022 to 2021 was due to the less activities related to a) RTO: including completion of the reserve evaluation report, legal and financial due diligence of Anio, legal opinion on transfer of rights to the Ballsh-Hekal oilfield and related administrative services b) Due diligence report on Albanian petroleum law, Financial consulting in regards to Albanian hydrocarbon legislation, treatment and analyses of Capex and Opex expenditures, custom duty fees and duty operations based on Albanian Duty Fiscal Law, and financial and technical details such as PEP (Pre Existing Petroleum) and ASP (Albpetrol Share of Petroleum) and R-factor based on the proposed Petroleum Agreement, c) preparation of Development plans and Financial models and review of existing infrastructure for Cakran-Mollaj, Gorisht-Kocul and Amonica and d) posting of bond guarantees for Cakran-Mollaj and Amonica.

The Company is currently focusing on evaluating other potential opportunities and has not generated any revenues.

As at December 31, 2022, the Company had not yet achieved profitable operations and had accumulated losses of \$8,056,115 (2021 – \$7,522,997). These losses resulted in a loss per common share for the year ended December 31, 2022 of \$0.04 (2021 – \$0.09).

As at December 31, 2022, the Company has no continuing source of operating revenues and related expenditures. The Company has not paid any dividends on its common shares nor does it have any present intention of paying dividends

LETHO RESOURCES CORP.

Management Discussion and Analysis

on its common shares, as it anticipates that all available funds for the foreseeable planning horizon will be invested to finance its business activities.

SUMMARY OF QUARTERLY RESULTS FOR THE LAST CONSECUTIVE EIGHT QUARTERS

Historical quarterly financial information derived from the Company's eight most recently completed quarters:

	Quarters Ended			
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
	\$	\$	\$	\$
Net and comprehensive loss	(159,753)	(206,059)	(94,923)	(120,146)
Basic and diluted loss per common share	(0.01)	(0.02)	(0.01)	(0.01)
Weighted average number of common shares	13,159,721	13,159,721	13,159,721	13,159,721
	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
	\$	\$	\$	\$
Net and comprehensive loss	(323,939)	(186,719)	(287,833)	(350,577)
Basic and diluted loss per common share	(0.02)	(0.02)	(0.02)	(0.03)
Weighted average number of common shares	13,159,721	13,159,721	13,159,721	13,159,721

During the quarters ended December 31, 2022, September 30, 2022, March 31, 2021, and December 31, 2021, the net loss was higher due to increased management fees, professional fees and property investigation costs related to Development and Financial plans and posting of guarantees for the Cakran-Mollaj, Gorisht-Koculand Amonica oilfields, and completion of reserve evaluation, financial and legal due diligence of Anio's Ballsh-Hekal oilfield.

RESULTS OF OPERATIONS

The operating and administrative expenses for the year ended December 31, 2022 totaled \$478,108 (2021 – \$1,145,722). The table below details the significant changes in administrative expenditures for the year ended December 31, 2022 as compared to the corresponding year ended December 31, 2021:

Expenses	Increase / Decrease in Expenses	Explanation for Change
Project investigation costs	Decrease of \$645,862	Decreased due to less property investigation costs for the Albanian properties and the Company terminated the MOU with Anio in October 2021.
Management fees	Increase of \$40,500	Increased due to payment of higher compensation.
Professional fees	Increase of \$42,834	Increased due to increase in corporate activities.
Travel and related	Increase of \$24,433	Increased due to travel to Albania and within Canada.

LETHO RESOURCES CORP.

Management Discussion and Analysis

FOURTH QUARTER

The operating and administrative expenses for the quarter ended December 31, 2022 was \$182,084 (2021 - \$325,518). The significant administrative expenses (recovery) were accretion recovery of \$21,670 (2021 - \$124,353 expense), consulting fees of \$nil (2021 - \$18,000), interest expense of \$43,186 (2021 - \$40,085), professional fees of \$28,042 (2021 - \$32,032), project investigation costs of \$64 (2021 - \$88,069) and travel and related of \$8,149 (2021 - \$5,405). The project investigation costs decreased significantly as Company completed its reserve evaluation, financial and legal due diligence in relation to Anio and terminated the MOU.

EXPLORATION AND EVALUATION ASSETS

For the year ended December 31, 2022, the Company did not incur any exploration and evaluation expenditures (2021 - \$nil).

Inactive Properties

Whitney Property

On October 22, 2010, the Company entered into a Purchase Agreement with Liberty Mines Inc. and 2004428 Ontario Inc. to purchase a 100% right and title to 16 mineral claims comprised of 10 contiguous unpatented single unit and block mining claims located in the central portion of Whitney Township, Porcupine Mining Division, Ontario, and six contiguous unpatented single unit mining claims located in the southwestern portion of Whitney Township, Porcupine Mining Division (collectively referred to as the “Whitney Property”), save and except for a 3% NSR.

Despite the properties being in good standing, the Company did not have any plans to further explore these properties in the near future. As a result, the Company impaired the Whitney Property to \$nil.

As at December 31, 2022, the Whitney Property is still in good standing.

LIQUIDITY, FINANCIAL POSITION, AND CAPITAL RESOURCES

The Company has no known mineral resources and is not in commercial production on any of its properties and accordingly, the Company does not generate cash from operations. The Company finances development and exploration activities by raising capital from equity markets from time to time.

As at December 31, 2022 and 2021, the Company’s liquidity and capital resources are as follows:

	December 31, 2022	December 31, 2021
	\$	\$
Cash	115,155	183,649
Receivables	8,557	9,684
Prepaid expenses	691	9,005
Loans receivable	430,030	-
Total current assets	554,433	202,338
Loans receivable	-	529,932
Total assets	554,433	782,270
Accounts payable and accrued liabilities	(210,344)	(178,066)
Working capital	344,089	24,272
Long term note payable	(2,514,670)	(2,193,904)
Total Liabilities	(2,725,014)	(2,371,970)

LETHO RESOURCES CORP.

Management Discussion and Analysis

The Company's operations consist of acquisition, maintenance and exploration of mining and oil & gas properties, including actively seeking joint venture partners to assist with exploration funding. The Company's financial success will be dependent on the extent to which it can acquire and discover new mineral deposits.

As at December 31, 2022, the Company had a cash position of \$115,155 (2021 - \$183,649) and a working capital of \$344,089 (2021 - \$24,272 working capital). The loan receivables balance as at December 31, 2022 is \$430,030. In addition the Company has a note payable of \$2,514,670 which is due on January 30, 2024.

The Company's continuation as a going concern is dependent on its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with current cash on hand and further equity and debt financings if required. See "Risks and Uncertainties".

OFF-BALANCE SHEET TRANSACTIONS

The Company does not have any off-balance sheet arrangements as at December 31, 2022 or as of the date of this report.

COMMITMENTS

In June 2016, the Company entered into a consulting services agreement with a consultant to provide various advisory services to the Company for an indefinite term. The agreement requires total payments of \$15,000 per month and are subject to certain performance-based compensation. Also included in the agreement is a provision for an 18-month payout in the event of a termination without cause and a provision for a 36-month payout in the event of a change in control. On January 1, 2018, the Company and the consultant mutually agreed to revise the contract to a reduced monthly rate of \$1,500 to December 31, 2018, if the Company completes a financing over \$5 million during 2018, the monthly rate will increase to the original monthly rate of \$15,000. As of July 1, 2021, the agreement was amended so that at the discretion of the consultant this rate could remain reduced or altered to lesser than the original or at original rate. As of October 31, 2021, the consultant submitted his resignation, and the agreement was terminated.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2022, the Company entered into the following transaction with related parties, not disclosed elsewhere in the Financial Statements:

- As at December 31, 2022, \$343 was owing from the Company's President and Chief Executive Officer to the company for over paid reimbursement of expenses and management fee ((2021 – a payable of \$72)..
- As at December 31, 2022, \$16,586 (2021 - \$16,586) was included in accounts payable and accrued liabilities owing to Bryson Goodwin, a director of the Company for reimbursement of expenses and unpaid management fees.

Key management comprises officers and directors of the Company. Amounts due from related parties have no stated rates of interest and are due on demand. Summary of key management personnel compensation:

	For the year ended December 31,	
	2022	2021
	\$	\$
Management fees	64,500	24,000
	64,500	24,000

CRITICAL JUDGMENTS AND ESTIMATES

LETHO RESOURCES CORP.

Management Discussion and Analysis

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates on the resulting effects of the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Standards issued or amended but not yet effective

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's Financial Statements.

FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's accounts payable and accrued liabilities and note payable approximate their carrying values. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs. The Company's loan receivables are classified as Level 3 financial instruments.

The Company is exposed in varying degrees to a variety of financial instrument related risks. 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 provided as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing at major Canadian financial institutions. The Company is exposed to significant credit risk on its loan receivable balance. The company's maximum exposure thereto is the carrying amount of the loan receivables from the two arm's length parties given for the purpose of providing a security deposit in connection with the application for the license agreement for the Amonica oilfield. The Company mitigates this risk by close monitoring of the status of license agreement and use of funds by the parties.

Liquidity Risk

LETHO RESOURCES CORP.

Management Discussion and Analysis

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when they become due. The Company is exposed to liquidity risk, as it does not have sufficient cash to settle its current liabilities that are due within 90 days. As such, management plans to meet its financial obligations through further private placements and loans, as necessary. The Company's accounts payable and accrued liabilities are due within 90 days of December 31, 2022. The Company's note payable balance of \$2,514,670 is due in 2024.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return. The Company is exposed to foreign currency risk from fluctuation between the Canadian and US dollar as certain of Company's financial instruments are in US dollars.

CAPITAL MANAGEMENT

The Company considers its capital to be comprised of deficiency and loans payable. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews the capital structure on a regular basis to ensure that the above objectives are met.

There have been no changes to the Company's approach to capital management during the year ended December 31, 2022.

RISK AND UNCERTAINTIES

External financing, through the issuance of common shares will be required to fund the Company's activities. There can be no assurance that the Company will be able to obtain adequate financing. The securities of the Company should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Company's securities:

- a) **Revenues and Dividends:** Apart from generating an insignificant amount of interest, the Company has no revenues and does not expect to have any revenues in the foreseeable future. In the event that the Company generates any revenues in the future, then the Company intends to retain its earnings in order to finance further growth. Furthermore, the Company has not paid any dividends in the past and does not expect to pay any dividends in the future.
- b) **Disruption in Trading:** Trading in the common shares of the Company may be halted at any time for any reason, including the failure by the Company to submit documents to the Exchange in the time periods required.
- c) **Nature of the Mining and Oil and Gas Industries:** Exploration of mineral and resource prospects involves a high degree of risk which even experience, knowledge and careful evaluation may not be able to avoid.
- d) **Government Regulations:** Governmental regulations, including those regulations governing the protection of the environment, taxes, labour standards, occupational health, waste disposal, mine safety and other

LETHO RESOURCES CORP.

Management Discussion and Analysis

matters, could have an adverse impact on the Company.

- e) **COVID-19 Pandemic:** In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, customers, economies, and financial markets globally, leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending, adversely affect and harm the Company's business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

MANAGEMENTS RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's 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 financial statements were prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

The Company maintains internal control systems designed to ensure that financial information is relevant and reliable and that assets are safeguarded. 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 financial statements and other financial information.

DISCLOSURE OF DATA FOR OUTSTANDING COMMON SHARES, STOCK OPTIONS AND WARRANTS

The following table summarizes the outstanding common shares, stock options and warrants:

	As at December 31, 2022	Date of this report
Common shares	13,159,721	13,159,721

EVALUATION OF DISCLOSURE CONTROLS & PROCEDURES

There have been no significant changes to the Company's internal control environment during the year ended December 31, 2022 that would have materially affected the Company's internal controls over financial reporting. The Company's certifying Officers concluded that the Company's internal disclosure controls and procedures are effective and sufficient to execute its business plan.

OTHER MD&A REQUIREMENTS

Additional information relating to the Company may be found on or in:

- SEDAR at www.sedar.com,
- The Financial Statements.

This MD&A was approved by the Board of Directors of Letho on April 28, 2023.