



Management Discussion & Analysis

For the nine months ended September 30, 2023

#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 three and nine months ended September 30, 2023 (the “Financial Statements”). Additional information on the Company is available on SEDAR+. All information contained in this MD&A is current as of November 24, 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 November 24, 2023.

OVERVIEW

The Company is a Tier 2 reporting issuer in British Columbia and Alberta and trades on the NEX Exchange (the "Exchange") under the symbol "LET.H". 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 on completing 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.

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 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 March 2023 the Company terminated the sales and purchase agreement to acquire producing oil and gas assets in Central Alberta from Vermilion Resources due to Alberta Energy Regulatory Changes, in reference to license transfers.

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

On March 23, 2023 the Company entered into an agreement with a lender to settle the outstanding loan payable in the amount of the equivalent to CAD\$1,193,597 pursuant to the loan agreement dated October 14, 2020, by issuing 12,564,183 common shares in the capital of the Company at a deemed price of \$0.095 per share. These shares were issued on May 29, 2023.

The Company has been actively investigating and submitting bids on oil and gas production opportunities in Canada.

On July 4 2023, the Company entered into a loan agreement for a \$100,000 unsecured loan from Alcan Petroleum Ltd. bearing interest at 8% per annum, with the principal and interest due July 31, 2026. As at quarter ended September 30, 2023, company received \$55,000 in cash.

The Company issued 100,000 shares on September 12, 2023 to Mario Montagliani in the settlement of the finder fee on financing for the amount of \$5,000.

OVERALL PERFORMANCE

Administrative expenses for the nine months ended September 30, 2023 were \$249,802 versus \$374,319 in the comparative period ended September 30, 2022. The Company had significantly lower operating expenses in the period due to investigating costs for oil and gas production opportunities in Canada and professional fees.

The Company experienced a net decrease in cash of \$98,092 during the nine months ended September 30, 2023 versus a net decrease in cash of 8,974 during the nine months ended September 30, 2022. This decrease in cash in the current period and prior comparative period was primarily attributable to operating expenses of the Company.

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 condensed interim financial statements for the three and nine months ended September 30, 2023 and 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023 (\$)	2022 (\$)	2023 (\$)	2022 (\$)
Revenues	-	-	-	-
Administrative expenses	(83,876)	(138,303)	(249,802)	(374,319)
Net and comprehensive income (loss)	(102,326)	(206,059)	8,907	(421,128)
Basic and diluted loss per share	(0.00)	(0.02)	(0.00)	(0.03)
	As at September 30			
	2023 (\$)		2022 (\$)	
Total assets		413,409		688,618
Working capital (deficiency)		206,917		(11,400)

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

LETHO RESOURCES CORP.

Management Discussion and Analysis

As at September 30, 2023, the Company had not yet achieved profitable operations and had accumulated losses of \$8,047,208 (December 31, 2022 – \$8,056,115). These losses resulted in a loss per common share for the nine months ended September 30, 2023 of \$0.00 (September 30, 2022 – \$0.03).

As at September 30, 2023, 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 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			
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
	\$	\$	\$	\$
Net and comprehensive income (loss)	102,326	269,711	(158,478)	(159,753)
Basic and diluted loss per common share	(0.00)	(0.02)	(0.01)	(0.01)
Weighted average number of common shares	25,764,556	17,723,216	13,159,721	13,159,721
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
	\$	\$	\$	\$
Net and comprehensive loss	(206,059)	(94,923)	(120,146)	(323,939)
Basic and diluted loss per common share	(0.02)	(0.01)	(0.01)	(0.02)
Weighted average number of common shares	13,159,721	13,159,721	13,159,721	13,159,721

During the quarters ended September 30, 2022, 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-Kocul and Amonica oilfields, and completion of reserve evaluation, financial and legal due diligence of Anio's Ballsh-Hekal oilfield and the Vermilion asset in Alberta.

RESULTS OF OPERATIONS

The operating and administrative expenses for the nine months ended September 30, 2023 totaled \$249,802 (September 30, 2022 – \$374,253). The table below details the significant changes in administrative expenditures for the nine months ended September 30, 2023 as compared to the corresponding period ended September 30, 2022:

Expenses	Increase / Decrease in Expenses	Explanation for Change
Management fees	Increase of \$26,000	Increased due to higher management compensation.
Professional fees	Decrease of \$27,459	Decreased due to decrease in corporate activities.
Interest expense	Decrease of \$25,752	Decreased due to repayment of debt.
Project investigation costs	Decrease of \$87,821	Decreased due to less property investigation costs for the Albanian properties and the termination of the MOU with Anio.

LETHO RESOURCES CORP.

Management Discussion and Analysis

The operating and administrative expenses for the three months ended September 30, 2023 totaled \$83,876 (September 30, 2022 – \$138,304). The table below details the significant changes in administrative expenditures for the three months ended September 30, 2023 as compared to the corresponding period ended September 30, 2022:

Expenses	Increase / Decrease in Expenses	Explanation for Change
Interest expense	Decrease of \$13,787	Decreased due to repayment of debt.
Management fees	Increase of \$7,500	Increased due to payment of higher compensation.
Professional fees	Decrease of \$19,361	Decreased due to decrease in corporate activities.

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 September 30, 2023, 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 September 30, 2023 and December 31, 2022, the Company’s liquidity and capital resources are as follows:

	September 30, 2023	December 31, 2022
	\$	\$
Cash	17,063	115,155
Receivables	5,509	8,557
Prepaid expenses	255	691
Loans receivable	390,582	430,030
Total current assets	413,409	554,433
Loans receivable	-	-
Total assets	413,409	554,433
Accounts payable and accrued liabilities	(206,492)	(210,344)
Working capital	206,917	344,089
Long term note payable	(1,484,098)	(2,514,670)
Total Liabilities	(1,690,590)	(2,725,014)

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 September 30, 2023, the Company had a cash position of \$17,063 (December 31, 2022 - \$115,155) and working capital of \$206,917 (December 31, 2022 - \$344,089). The loan receivable balance as at September 30, 2023 was \$390,582 (December 31, 2022 - 430,030). In addition the Company has a note payable of \$1,484,098 as at September 30, 2023.

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 September 30, 2023 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.

RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2023, the Company entered into the following transaction with related parties, not disclosed elsewhere in the Financial Statements:

- As at September 30, 2023, \$8,657 (December 31, 2022 - \$343 receivable) was included in accounts payable and accrued liabilities owing to Sotirios Kapotas the Company's President and Chief Executive Officer for reimbursement of expenses.
- As at September 30, 2023, \$16,586 (December 31, 2022 - \$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 nine months ended September 30,	
	2023	2022
	\$	\$
Management fees	67,500	41,500

LETHO RESOURCES CORP.

Management Discussion and Analysis

CRITICAL JUDGMENTS AND ESTIMATES

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.

LETHO RESOURCES CORP.

Management Discussion and Analysis

Liquidity Risk

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 September 30, 2023. The Company's note payable balance as at September 30, 2023 is \$1,484,098.

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 nine months ended September 30, 2023.

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.

LETHO RESOURCES CORP.

Management Discussion and Analysis

- 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 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 September 30, 2023	Date of this report
Common shares	25,843,904	25,843,904

EVALUATION OF DISCLOSURE CONTROLS & PROCEDURES

There have been no significant changes to the Company's internal control environment during the nine months ended September 30, 2023 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.sedarplus.ca,
- The Financial Statements.

This MD&A was approved by the Board of Directors of Letho on November 24, 2023.