MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of financial condition and results of operations (the "MD&A") of Fiddlehead Resources Corp. (formerly Alpha Peak Capital Inc.) (the "Company") is prepared for the three and six months ended June 30, 2024 and 2023. The MD&A should be read in conjunction with the unaudited condensed interim financial statements and related notes thereto for the three and six months ended June 30, 2024 and 2023. These financial statements were prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The results of operations, business prospects and financial condition of the Company will be affected by certain risk factors described elsewhere in this document.

All dollar figures stated in this MD&A are expressed in Canadian dollars, unless otherwise specified. Information contained herein includes any significant developments to August 29, 2024.

FORWARD LOOKING INFORMATION

Certain statements contained in this MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks that could cause the actual results to differ materially from those in forward looking statements. These factors include market prices, continued availability of capital and financing and general economic or business conditions.

OVERVIEW

The Company was incorporated on June 24, 2011, under the British Columbia Business Corporation Act and was classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "TSXV"). On June 23, 2015, the Company completed the qualifying transaction pursuant to the policies of the TSXV through a private placement financing and an amalgamation with 1016772 B.C. Ltd, a private limited company incorporated under the British Columbia Business Corporation Act. On September 5, 2023, following a strategic review, the Company changed its name to Fiddlehead Resources Corp. and will focus on the oil and gas sector.

During the year ended December 31, 2019, the Company sold all of the shares of its wholly owned subsidiary Total Wonder Enterprises Limited ("TWEL") to certain shareholders of the Company (the "TWEL Sale") and completed a distribution of $0.075 per common share (the "Distribution") by way of return of capital. After the completion of the TWEL Sale and the Distribution, the Company became a shell company with no active business and was transferred to the NEX board of the TSXV. On April 19, 2021, the Company's common shares were voluntarily delisted from trading on the TSXV and remains a reporting issuer in good standing in the Provinces of British Columbia and Alberta.

The Company has incurred losses since inception and has a deficit of $65,279,457 at June 30, 2024 (December 31, 2023 - $64,945,820). The continuing operations of the Company are dependent upon obtaining necessary financing. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values. These factors, among others, could have a significant impact on the Company's operations. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

On September 5, 2023, the Company's Chief Executive Officer (Zachary Goldenberg) and Director (Peter Clausi) resigned from their respective positions. Brent Osmond has taken over as Chief Executive Officer of the Company; Mr. Goldenberg will serve as a Director.

RESULTS OF OPERATIONS

Three months ended June 30, 2024

During the three months ended June 30, 2024, the Company had a net loss of $195,831 as compared to net loss from continuing operations of $nil for the corresponding three months ended June 30, 2023. The increase in net loss year over year is driven by professional fees of $161,670, share-based payments of $10,651 and a TSX submission fee of $11,300 and other SG&A of $12,210 recorded during the quarter ended.

Six months ended June 30, 2024

During the six months ended June 30, 2024, the Company had a net loss of $333,637 as compared to net loss from continuing operations of $1,779 for the corresponding six months ended June 30, 2023. The increase in net loss year over year is driven by professional fees of $288,115, share-based payments of $21,186, TSX submission fee of $11,300 and other SG&A of $13,036.

Selected Annual Information

	2023	2022	2021
	$	$	$
Total Revenue	-	-	-
Net loss	(249,129)	(32,275)	(118,396)
Net income (loss)	-	-	-
Net loss for the year	(249,129)	(32,275)	(118,396)
Basic and diluted earnings/loss per share	(0.02)	(0.00)	(0.01)
Total assets	388,586	32,353	63,969
Total long-term liabilities	-	-	-

Summary of Quarterly Results

	FOR THE THREE MONTHS ENDED			
	30-Jun-24	31-Mar-24	31-Dec-23	30-Sep-23
	$	$	$	$
Net loss	(195,831)	(137,806)	(188,902)	(58,448)
Basic and diluted loss per share	(0.02)	(0.01)	(0.01)	(0.01)

	FOR THE THREE MONTHS ENDED			
	30-Jun-23	31-Mar-23	31-Dec-22	30-Sep-22
	$	$	$	$
Net loss	-	(1,779)	(22,092)	(922)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

LIQUIDITY

The Company's working capital from continuing operations as at June 30, 2024 was $43,840 as compared to a working capital of $356,291 as at December 31, 2023, a decrease of $312,451. The decrease in working capital was due to an increase in professional fees and a decrease in cash for the payment of existing accounts payable and accrued liabilities. After the completion of TWEL Sale in 2019, the Company became a "shell" company and was not expected to maintain a high working capital.

CAPITAL RESOURCES

After the completion of TWEL Sale, the Company became a shell Company with no material assets other than cash. The Company stops any investment in capital expenditure.

On September 5, 2023, the Company completed a financing of an aggregate of 4,848,335 common shares at an issued price of $0.12 per common share for aggregate gross proceeds of $581,800.

OFF-BALANCE SHEET ARRANGEMENTS

During the reporting period there were no off – balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The Company's key management includes directors (executive and non-executive), the Chairman, the Chief Executive Officer and Chief Financial Officer. The remuneration of key management of the Company for the three months ended March 2024, and 2023 was as follows:

	For the six months ended June 30,	
	2024	**2023**
	$	$
Consulting fees	60,000	-
Share-based payments	21,186	-
	81,186	-

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

<u>Critical accounting estimates and judgments</u>

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include but are not limited to the going concern assumption (Note 1 to the financial statements).

See Note 3 to the Company's financial statements for the year ended December 31, 2023, for material accounting policies.

<u>Financial Instruments and Risks</u>

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) 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 it at major Canadian financial institutions. The Company has minimal credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of June 30, 2024, equal $50,045 (December 31, 2023 - $32,295). All of the liabilities presented as accounts payable and accrued liabilities are due within 30 days of June 30, 2024. The Company has sufficient cash to settle the liabilities at June 30, 2024. Management believes the liquidity risk is low.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, 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 on capital.

i) Currency risk – Currency risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company does not hold substantial funds in a foreign currency and is not subject to significant currency risk.

ii) Interest rate risk – Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash is at nominal interest rates, and therefore, the Company does not consider interest rate risk to be significant. The Company has no interest-bearing financial liabilities.

iii) Other price risk – Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not exposed to significant other price risk.

OUTSTANDING SHARE DATA

As at June 30, 2024 and the date of the MD&A, 13,841,757 common shares of the Company were issued and outstanding (December 31, 2023 – 13,841,757).

Details of options outstanding as at June 30, 2024 and as at the date of the MD&A are as follows:

Exercise price		Expiry (years)	Number of options outstanding	Number of options exercisable
$	0.07	1.86	760,000	760,000
$	0.12	4.19	500,000	-
$	0.10	2.78	1,260,000	760,000

PROPOSED TRANSACTION

On May 29, 2024, the Company along with its wholly owned subsidiary ("**FinanceCo**") entered into a definitive agreement (the "**Definitive Agreement**") pursuant to the acquisition ("Acquisition") of South Ferrier, Strachan area assets ("**Assets**") from a senior Canadian producer. The assets considered under the Acquisition are Producing Assets and Land Positions in the Cardium Fairway.

In addition, the Company has entered into an agreement with Research Capital Corporation to act as lead underwriter and sole bookrunner (the "**Underwriter**"), in connection with a marketed underwritten, private placement offering of subscription receipts in FinanceCo (the "**Subscription Receipts**") at a price of $0.20 per Subscription Receipt for minimum aggregate gross proceeds of $10,000,000 (the "**Offering**").

The Underwriters will receive an aggregate cash commission equal to 8.0% of the gross proceeds from the Offering and will also be issued broker warrants equal to 8.0% of the number of Subscription Receipts sold under the Offering.

Each Subscription Receipt will entitle the holder thereof, without payment of any additional consideration and without further action on the part of the holder, upon the satisfaction of the Escrow Release Conditions to receive one unit of the Company ("Unit"). Each Unit will consist of one common share of FinanceCo ("**Underlying Share**") and one common share purchase warrant of FinanceCo ("**Underlying Warrant**"). Each Underlying Warrant entitles the holder thereof to purchase one common share of FinanceCo (a "**Warrant Share**") at an exercise price of $0.24 per Warrant Share at any time up to 60 months following the satisfaction or waiver of the Escrow Release Conditions. The Units, Underlying Shares, Underlying Warrants and Warrant Shares are collectively referred to herein as the "**Underlying Securities**". In addition, the Company will use commercial reasonable efforts to obtain the necessary approvals to list the Underlying Warrants that will be exchanged for warrants of Fiddlehead ("**Fiddlehead Warrants**") on equivalent terms on the TSX Venture Exchange ("TSXV").

The total consideration for the Assets will be $22,500,000 in cash, subject to customary adjustments (the "Purchase Price"). The Purchase Price is expected to be satisfied through a combination of: (i) the net proceeds of the Offering; and (ii) a $13,000,000 credit facility ("**Credit Facility**"). The Company has entered into a term sheet for the Credit Facility with a private lender.

In connection with the Acquisition, it is intended that, among other things: (i) Fiddlehead will consolidate its common shares ("Fiddlehead Shares") on a 2 to 1 basis ("Share Consolidation") prior to the satisfaction of the Escrow release conditions; (ii) the Subscription Receipts will be converted into Units; (iii) all outstanding common shares of FinanceCo, will ultimately be exchanged for common shares of Fiddlehead (the "**Fiddlehead Shares**") on the basis of one Fiddlehead Share for one FinanceCo Share; and (iv) the Underlying Warrants will ultimately be exchanged for Fiddlehead Warrants on a basis of one Fiddlehead Warrant for one Underlying Warrant on equivalent terms.

As a condition to the completion of the Acquisition, the Fiddlehead Shares will be listed on the TSXV (the "**Listing**") and the Company will use commercial reasonable efforts to obtain the necessary approvals to list the Fiddlehead Warrants on the TSXV.

The Offering is expected to close on or about the week of July 29, 2024 (the "**Closing Date**"), or such other date as agreed upon between Fiddlehead, FinanceCo and the Underwriters and will be subject to certain conditions set out in the agency agreement of the Offering.

SUBSEQUENT EVENTS

On July 31, 2024, the Corporation completed a share consolidation of one post-consolidation Common Share for every two pre-consolidation Common Shares outstanding (the "Consolidation"). Prior to completing the Consolidation, the Corporation had 13,841,757 Common Shares outstanding and following the completion of the Consolidation, the Corporation had approximately 6,920,881 Common Shares outstanding.

At its Annual and Special Meeting on July 31, 2024, the Corporation elected Mr. Dale Miller, Mr. David Ritter, Mr. Gregory Turnbull, and Mr. C. Neil Smith to its board of directors to join Mr. Brent Osmond, Chairman of the Board in the event the Corporation becomes publicly listed on the TSXV. Also at that meeting, the Corporation elected to file a continuance to continue the Corporation from British Columbia to Alberta.

On August 23, 2024, FinanceCo completed a brokered financing of 48,400,000 FinanceCo Subscription Receipts at a subscription price of $0.20 for aggregate gross proceeds of $9,680,000. Upon satisfaction of the Escrow Release Conditions, each FinanceCo Subscription Receipt automatically converts, for no additional consideration into one FinanceCo Unit consisting of one FinanceCo Share and one FinanceCo Warrant exercisable into one FinanceCo Share at an exercise price of $0.24 for a period of sixty months following the date of issuance. In connection with the FinanceCo Financing, the Corporation paid an aggregate of $774,400 in commissions. After deducting commissions and the expenses of the FinanceCo Financing, the net proceeds of the FinanceCo Financing were $8,077,942.84. Upon closing of the FinanceCo Financing, the Corporation issued 4,080,000 broker warrants (the "Broker Warrants") to the Underwriter. Each Broker Warrant is exercisable to acquire one

FinanceCo Unit (or the equivalent thereof in securities of Fiddlehead) at an exercise price equal of $0.20 for a period of 60 months following the satisfaction or waiver of the Escrow Release Conditions.

On August 23, 2024, the Corporation also completed a concurrent brokered financing of $520,000 Fiddlehead Subscription Receipts at a subscription price of $0.20 for aggregate gross proceeds of $478,400. Upon satisfaction of the Escrow Release Conditions, each Fiddlehead Subscription Receipt automatically converts, for no additional consideration into one Fiddlehead Unit consisting of one Common Share and one Warrant exercisable into one Common Share at an exercise price of $0.24 for a period of sixty months following the date of issuance.

On August 23, 2024, the Corporation, FinanceCo and Subco entered into the FinanceCo Amalgamation Agreement, pursuant to which on August 28, 2024, FinanceCo was amalgamated with Subco and the FinanceCo Subscription Receipts became convertible into Common Shares and Warrants of the Corporation. The Amalgamation was effected pursuant to Section 269 of the BCBCA.

On August 31, 2024, the Escrow Release Conditions were satisfied and both the FinanceCo Subscription Receipts and the Fiddlehead Subscription receipts were automatically converted into an aggregate of 48,400,000 Common Shares and 48,400,000 Warrants.

OTHER

Additional information relating to the Company can also be found on SEDAR+ at www.sedarplus.ca