Grounded Lithium Corp



Management's Discussion and Analysis

For the quarter ended September 30, 2026

Management's Discussion and Analysis

The following management's discussion and analysis ("MD&A") was prepared as of November 17, 2026 and is management's assessment of the historical financial and operating results of Grounded Lithium Corp. ("Grounded" or the "Company") and should be read in conjunction with the unaudited condensed interim financial statements of the Company for the period ended September 30, 2026 together with the notes related thereto, as well as the audited financial statements of the Company for the year ended December 31, 2025, together with the notes related thereto along with the management's discussion and analysis thereon.

These financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"). Grounded's management is responsible for the integrity of the information contained in this report and for the consistency between the MD&A and financial statements. In the preparation of these statements, estimates are necessary to make a determination of future values of certain assets and liabilities. Management believes these estimates have been based on careful judgements and have been properly presented. The financial statements have been prepared using policies and procedures established by management and fairly reflect Grounded's financial position, results of operations and funds flow from operations.

Grounded's Board of Directors and Audit Committee reviewed and approved the financial statements and MD&A for distribution on November 17, 2026.

All dollar amounts referred to in this discussion and analysis are expressed in Canadian dollars except where indicated otherwise.

Nature of Business: Grounded is a company that is engaged in the business of acquiring, exploring and developing mineral properties in Canada with a specific focus on lithium. The development of these assets includes processes to purify and recover lithium metal directly from brine liquids. The Company owns and controls over 77,604 hectares of lithium prone lands with plans to review opportunities to add to the portfolio. Grounded entered into a material contract with Denison Mines Corp. in early 2024, the goal of which sees Grounded's flagship lithium project funded and operated by this entity assuming performance under the contract. Grounded's development plan calls for a modular design of plants ranging from 10,000 to 20,000 tonnes per year of capacity which would produce battery grade lithium feedstock. A modular design avoids several risks associated with large projects, namely design and construction, permitting and financing. It is envisioned that the initial project and its associated cash flows can be repeated and largely fund subsequent modules thereby mitigating financing risk. Early in 2026, Grounded diversified its resource base by completing a transaction with various parties which involved certain oil and gas assets. Grounded intends to generate cash flows from these assets to fund the wider lithium operations.

Forward-Looking Statements and Information: *Certain statements included or incorporated by reference in this MD&A constitute forward-looking statements or forward-looking information. Forward-looking statements or information typically contain statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", or similar words suggesting future outcomes or statements. Forward-looking statements or information in this MD&A include, but are not limited to, capital expenditures, business strategy and objectives, net revenue, future production levels, exploration plans, development plans, acquisition plans and the timing thereof, operating and other costs, royalty rates, timing of tax payment obligations, sources of funding to meet future obligations, future dividend payments and capital structure, including the balance of debt and equity in Grounded's capital structure.*

Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect. In addition to other assumptions identified in this MD&A, assumptions have been made regarding, among other things:

- *the ability of Grounded to fund, advance and develop the project;*
- *Grounded's ability to operate in a safe and effective manner;*
- *the ability to obtain mining, exploration, environmental and other permits, authorizations and approvals;*
- *results from the a future field pilot plant and laboratories;*
- *demand for lithium, including that such demand is supported by growth in the electric vehicle market;*
- *the impact of increasing competition in the lithium business, and Grounded's competitive position in the industry;*
- *market position and future financial operating performance of Grounded;*

- *general economic conditions;*
- *estimates of, and changes to, the market prices for lithium;*
- *exploration, development and construction costs for the project;*
- *estimates of mineral resources and mineral reserves, including whether mineral resources will ever be developed into mineral reserves;*
- *reliability of technical data;*
- *anticipated timing and results of exploration, development and construction activities;*
- *Grounded's ability to obtain additional financing on satisfactory terms;*
- *the ability to develop and achieve production at the project;*
- *successful negotiation of definitive commercial agreements;*
- *accuracy of current budget and construction estimates; and*
- *the timing and possible outcome of regulatory and permitting matters.*

Although Grounded believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements and information because Grounded can give no assurance that such expectations will prove to be correct. Forward-looking statements and information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by Grounded and described in the forward-looking statements or information. These risks and uncertainties include but are not limited to:

- *the ability of management to execute its business plan;*
- *the occurrence of unexpected events involved in the industry in which Grounded operates;*
- *risks and uncertainties involving the geology of lithium deposits and oil deposits;*
- *the uncertainty of resource estimates;*
- *the uncertainty of estimates and projections relating to production, costs and expenses;*
- *potential delays or changes in plans with respect to exploration or development projects or capital expenditures;*
- *Grounded's ability to enter into or renew leases;*
- *fluctuations in lithium prices, foreign currency exchange rates and interest rates;*
- *health, safety and environmental risks;*
- *uncertainties as to the availability and cost of financing;*
- *the ability of Grounded to add production and reserves through development and exploration activities;*
- *general economic and business conditions;*
- *the possibility that government policies or laws may change or governmental approvals may be delayed or withheld;*
- *uncertainty in amounts and timing of royalty payments;*
- *the ability of Grounded to obtain equipment, services and supplies in a timely manner to carry out its activities;*
- *the ability to market oil successfully to new customers;*
- *the timely receipt of regulatory approvals;*
- *future oil prices;*
- *the timing and costs of pipeline and storage facility construction and expansion and the ability to secure adequate product transporation;*
- *risks associated with potential future lawsuits and regulatory actions against Grounded; and*
- *other risks and uncertainties described elsewhere in this MD&A or in any of Grounded's other filings and documents that have been distributed to its shareholders.*

The forward-looking statements and information contained in this MD&A are made as of the date hereof and except where required by law, Grounded undertakes no obligation to update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise. The forward-looking statements and information contained in this MD&A are expressly qualified by this cautionary statement.

Non-IFRS Terms: *This document contains the term "funds flow from operations" which is a non-IFRS term. The Company uses this measure to help evaluate its performance. The Company considers funds flow from operations a key measure as it demonstrates Grounded's ability to generate funds necessary to fund future growth through capital investment. Grounded's determination of funds flow from operations may not be comparable to that reported by other companies.*

Grounded determines funds flow used in operations as cash flow from operating activities before changes in non-cash working capital as follows:

	Three months ended September 30			Nine months ended September 30		
($ except where noted)	**2026**	2025	% change	**2026**	2025	% change
Cash flow from (used in) operating	**(69,424)**	(31,313)	122	**(12,223)**	(33,908)	(64)
Change in non-cash working capital	**38,302**	(6,588)	681	**(127,707)**	(15,137)	743
Funds flow (used in) operations	**(31,122)**	(37,901)	(18)	**(139,930)**	(49,045)	185

BASIS OF OPERATIONS

Grounded is a resource-based company engaged in the acquisition of, exploration for, and the development of mineral properties in Western Canada, with a specific focus on lithium from brine reservoirs. The Company was incorporated on October 26, 2020 and exists under the laws of the Province of Alberta, with its principal place of business located at Suite 4000, 421 – 7th Ave SW, Calgary, Alberta.

DETAILED FINANCIAL ANALYSIS

SALES VOLUMES

	Three months ended September 30			Nine months ended September 30		
	2026	2025	% change	**2026**	2025	% change
Heavy oil (bbls/d)	**2**	-	nmf	**2**	-	nmf
Total (bbls/d)	**2**	-	nmf	**2**	-	nmf

Average production increased to 2 bbls/day for the three months ended September 30, 2026 and 2 bbls/day for the nine months ended September 30, 2026.

Under the farm-out agreement dated December 30, 2025, Grounded and the Third Party farmed-out their combined 60% interest to a newly created limited partnership on terms acceptable to Grounded for a 1.5% working interest before payout on the two wells drilled and completed in the first quarter of 2026. After payout, Grounded will receive a 13.5% working interest on the two wells. At current commodity prices and forecasted production, payout is anticipated to occur in the first quarter of 2027.

PETROLEUM AND NATURAL GAS SALES

	Three months ended September 30			Nine months ended September 30		
($ except where noted)	**2026**	2025	% change	**2026**	2025	% change
Heavy oil	**16,368**	-	nmf	**32,636**	-	nmf
Per bbl						
Heavy oil	**97.43**	-	nmf	**99.80**	-	nmf

Total production revenue for Company's oil and gas operations totalled $16,368 for the three months ended September 30, 2026 and $32,636 for the nine months ended September 30, 2026.

The Company sells all of its crude oil on a spot basis. The average realized price the Company receives for its crude oil production depends on several factors, including the average benchmark prices for crude oil, the US to Canadian dollar exchange rate and transportation and product quality differentials.

The average benchmark prices for crude oil are impacted by global and regional events that dictate the level of supply and demand for these commodities. The principal benchmark trading exchanges that Grounded compares its oil price to are the West Texas Intermediate ("WTI") oil spot price and the Western Canadian Select ("WCS") spot price. The differential between the WTI spot price can widen due to several factors, including, but not limited to, downtime in North American refineries, rising domestic production, high inventory levels in North America and lack of pipeline infrastructure connecting key consuming oil markets.

The Company currently has no plans to enter into any financial instruments to mitigate commodity risk exposure.

The following table summarizes the Company's benchmark and realized oil prices during the period:

	Three months ended September 30			Nine months ended September 30		
($ except where noted)	**2026**	2025	% change	**2026**	2025	% change
Average Benchmark Prices						
WTI crude oil *(US$/bbl)*[(1)]	**87.22**	64.95	34	**84.98**	100.56	(15)
WCS differential *(US$/bbl)*	**(16.49)**	(10.38)	59	**(16.08)**	(11.06)	45
US$/Cdn$ exchange rate	**0.71**	0.73	(3)	**0.72**	0.72	-
WCS (Cdn$/bbl)	**99.62**	75.15	33	**95.69**	124.31	(23)
Average Realized Prices						
Heavy oil *($/bbl)*	**97.43**	-	nmf	**99.80**	-	nmf
Average realized price *($/bbl)*	**97.43**	-	nmf	**99.80**	-	nmf
Oil Price Differentials						
Heavy oil differential to WCS *($/bbl)*[(3)]	**(2.19)**	-	nmf	**4.11**	-	nmf

(1) WTI represents posting price of West Texas Intermediate crude oil.
(2) WCS represents the benchmark Western Canadian heavy crude oil price.

Grounded's average realized heavy oil price was $97.43 per bbl for the three months ended September 30, 2026 and $99.80 per bbl for the nine months ended September 30, 2026.

ROYALTY EXPENSES

	Three month ended September 30			Nine months ended September 30		
($ except where noted)	**2026**	2025	% change	**2026**	2025	% change
Crown royalties	**4,888**	-	nmf	**9,747**	-	nmf
Freehold and overriding royalties	**525**	-	nmf	**1,049**	-	nmf
Total royalty expenses	**5,413**	-	nmf	**10,796**	-	nmf
Per bbl	**32.22**	-	nmf	**33.02**	-	nmf
Average royalty rates *(% of revenue)*						
Crown royalties	**29.9**	-	nmf	**29.9**	-	nmf
Freehold and overriding royalties	**3.2**	-	nmf	**3.2**	-	nmf
Total royalty expenses	**33.1**	-	nmf	**33.1**	-	nmf

The Company's royalties are owed to the provincial government of Saskatchewan and mineral rights owners. The terms of the provincial government royalty regimes and mineral rights owner agreements impact the Company's overall corporate royalty rate.

Total royalty expenses for the Company's oil & gas operations totalled $5,413 for the three months ended September 30, 2026 $10,796 and for the nine months ended September 30, 2026. The combined royalty rate was 33.1 percent for the three months ended September 30, 2026 and for 33.1 percent for the nine months ended September 30, 2026.

PRODUCTION AND OPERATING EXPENSES

	Three month ended September 30			Nine months ended September 30		
($ except where noted)	**2026**	2025	% change	**2026**	2025	% change
Production and operating expenses	**4,507**	-	nmf	**7,368**	-	nmf
Transportation costs	**558**	-	nmf	**847**	-	nmf
Total	**5,065**	-	nmf	**8,215**	-	nmf
Per bbl	**30.15**	-	nmf	**25.13**	-	nmf

Production and operating expenses include all expenses associated with the production of crude oil and the Company's oil facility that was constructed and commenced operations in the current quarter. The material components of operating expenses are labour, equipment maintenance, minor workovers, third party processing fees, fuel and power.

Operating expenses for the Company's oil and gas operations totalled $5,065 for the three months ended September 30, 2026 and $8,215 for the nine months ended September 30, 2026. On a bbl basis, operating expenses were to $30.15 per bbl for the three months ended September 30, 2026 and $25.13 per bbl for the nine months ended September 30, 2026.

Production and operating expenses also include transportation costs. Transportation costs generally include third-party pipeline tariffs and trucking costs incurred to deliver the products to the purchasers at main delivery points.

OPERATING NETBACK

	Three month ended September 30			Nine months ended September 30		
($/bbl)	**2026**	2025	% change	**2026**	2025	% change
Petroleum and natural gas sales	**97.43**	-	nmf	**99.80**	-	nmf
Royalty expenses	**(32.22)**	-	nmf	**(33.02)**	-	nmf
Production and operating costs	**(30.15)**	-	nmf	**(25.13)**	-	nmf
Operating netback	**35.06**	-	nmf	**41.65**	-	nmf

Operating netback is used by the Company to measure the contribution to the Company's earnings of oil and natural gas production after consideration of the direct costs of production. Operating netback is reconciled to net earnings by subtracting general and administrative costs, interest, taxes, depletion and depreciation.

Grounded's operating netback for the Company's oil and gas operations was $35.06 per bbl for the three months ended September 30, 2026 and $41.65 per bbl for the nine months ended September 30, 2026.

GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended September 30			Nine months ended September 30		
($, except where noted)	**2026**	2025	% change	**2026**	2025	% change
Consulting fees	**38,946**	28,399	37	**105,679**	90,899	16
Other (rent, office costs)	**13,655**	13,880	(2)	**66,780**	71,776	(7)
Professional fees	**17,616**	14,994	17	**82,130**	66,071	24
Gross G&A expense	**70,217**	57,273	23	**254,589**	228,746	11
Operating overhead recoveries	**(19,475)**	(17,288)	13	**(61,238)**	(56,863)	8
Capital overhead recoveries	**(3,737)**	-	nmf	**(20,095)**	-	nmf
Net G&A expense	**47,005**	39,985	18	**173,256**	171,883	1

General and administrative ("G&A") expenses include costs incurred by the Company which are not directly associated with the development of the Company's lithium assets. The most significant components of G&A expenses for the current quarter are consultant compensation, computer software, accounting and legal costs. Gross G&A expenses increased to $70,217 for the three months ended September 30, 2026 from $57,273 for the three months ended September 30, 2025. Gross G&A expenses increased to $254,589 for the nine months ended

September 30, 2026 from $228,746 for the nine months ended September 30, 2025. In particular, professional fees are higher due to increased corporate activity. The capital overhead recovery stems from the rate charged back to the joint venture partners for operating the operations associated with drilling and completing the two wells in the first quarter of 2026 and constructing the facility in the third quarter of 2026.

SHARE-BASED COMPENSATION

	Three months ended September 30			Nine months ended September 30		
($, except where noted)	**2026**	2025	% change	**2026**	2025	% change
Share-based compensation	**62,623**	27,882	125	**141,305**	92,621	53

Share-based compensation increased to $62,623 for the three months ended September 30, 2026 from $27,882 for the three months ended September 30, 2025. Share-based compensation increased to $141,305 for the nine months ended September 30, 2026 from $92,621 for the nine months ended September 30, 2025. Share-based compensation results from the amortization of expenses associated with the granting of stock options, performance warrants, restricted share units ("RSU's") and finders' warrants as part of the Company's normal compensation program and financing activities. All share-based compensation relates to stock options and performance warrants currently outstanding.

FINANCE INCOME AND EXPENSE

	Three months ended September 30			Nine months ended September 30		
($, except where noted)	**2026**	2025	% change	**2026**	2025	% change
Interest income	**-**	163	(100)	**314**	2,955	(89)
Finance expense						
Misc. interest expense	**(273)**	(24)	nmf	**(436)**	(24)	nmf
Facility loan	**(1,033)**	-	nmf	**(1,033)**	-	nmf
Net interest income (expense)	**(1,306)**	139	nmf	**(1,155)**	2,931	(139)
Lease liability accretion	**(441)**	-	nmf	**(441)**	-	nmf
Decommissioning accretion	**(80)**	(70)	14	**(235)**	(208)	13
Net finance income (expense)	**(1,827)**	69	nmf	**(1,831)**	2,723	(167)

Interest income includes interest earned on short-term investments. Finance expense includes accretion on decommissioning obligations.

DEPLETION AND DEPRECIATION EXPENSE

	Three month ended September 30			Nine months ended September 30		
($ except where noted)	**2026**	2025	% change	**2026**	2025	% change
Depletion and depreciation	**6,344**	-	nmf	**9,274**	-	nmf
Depreciation on right-of-use	**3,165**	2,701	17	**3,165**	8,102	(61)
Total	**9,509**	2,701	252	**12,439**	8,102	54

The Company follows a policy of depleting oil and natural gas interests on a unit of production basis over proved plus probable reserves. Depletion and depreciation is calculated at an individual component level.

Total depletion and depreciation expense increased to $9,509 for the three months ended September 30, 2026 from $2,701 of depletion and depreciation expense for the three months ended September 30, 2025.

Total depletion and depreciation expense increased to $12,439 for the nine months ended September 30, 2026 from $8,102 of depletion and depreciation expense for the nine months ended September 30, 2025.

IMPAIRMENT TEST

Exploration Assets

The Company's ability to realize on the value of these assets is dependent on the successful completion of an economically feasible project. Lithium prices are subject to volatility. Lithium prices over the last several years have been depressed, however the market price has risen to levels recently to be consistent with when the company commenced operations. Notwithstanding price volatility, macro forecasts for lithium demand continue to outpace known and announced lithium projects or sources of supply. North America additionally is looking to satisfy its requirements independently rather than importing various feedstocks and components primarily from Asia.

At September 30, 2026, the Company evaluated its Exploration and Evaluation ("E&E") assets for indicators of any potential impairment or related reversal. As a result of this assessment it was determined no impairment was required.

TAXES

Grounded did not record any current or deferred income taxes during the nine months ended September 30, 2026 or for the nine months ended September 30, 2025. At the end of September 30, 2026, Grounded had approximately $10,792,600 of accumulated tax pools that are available for deduction against taxable income, compared to approximately $10,509,865 at September 30, 2025. Although the deferred tax deduction could represent a significant tax asset, the Company has not recognized the tax asset due to the uncertainty regarding the amounts which can ultimately be utilized. Based on the tax deductions available, the Company does not anticipate paying cash taxes within this fiscal year or beyond over the next several years.

Summary of tax pools at September 30, 2026:

Tax Pool Category		Amount	Maximum Annual Deduction
Canadian mining property	$	636,400	30%
Undepreciated capital cost		86,100	30%
Share issue costs		117,700	20%
Non-capital losses		9,952,400	100%
Total	$	10,792,600	

NET EARNINGS, FUNDS FLOW USED IN OPERATIONS

Net Earnings and Funds Flow Used in Operations

	Three months ended September 30			Nine months ended September 30		
($, except where noted)	**2026**	2025	% change	**2026**	2025	% change
Net loss	**103,775**	84,776	22	**300,711**	157,754	91
Items not involving cash:						
Share-based compensation	**(62,623)**	(27,882)	125	**(141,305)**	(92,621)	53
Mark to market RSU liability	**-**	(16,222)	(100)	**(697)**	(7,778)	(91)
Finance expense	**(1,827)**	(94)	nmf	**(2,145)**	(232)	nmf
Interest paid	**1,306**	24	nmf	**1,469**	24	nmf
Loss on non-monetary	**-**	-	-	**(5,664)**	-	nmf
Depreciation	**(9,509)**	(2,701)	252	**(12,439)**	(8,102)	54
Funds flow used in operations	**31,122**	37,901	(18)	**139,930**	49,045	185

Per Share Information

	Three months ended September 30			Nine months ended September 30		
($, except where noted)	**2026**	2025	% change	**2026**	2025	% change
Net loss	**103,775**	84,776	22	**300,711**	157,754	91
Basic *($/share)*	**-**	-	-	**-**	-	-
Diluted *($/share)*	**-**	-	-	**-**	-	-
Funds flow used in operations	**31,122**	37,901	(18)	**139,930**	49,045	185
Basic *($/share)*	**-**	-	-	**-**	-	-
Diluted *($/share)*	**-**	-	-	**-**	-	-

Funds flow used in operations decreased to $31,122 ($ nil per basic and diluted share) for the three months ended September 30, 2026 from $37,901 ($ nil per basic and diluted share) for the three months ended September 30, 2025. Funds flow used in operations for the nine months ended September 30, 2026 increased to $139,930 ($ nil per basic and diluted share) from $49,045 ($ nil per basic and diluted share) for the nine months ended September 30, 2025.

Net loss increased to $103,775 ($ nil per basic and diluted share) for the three months ended September 30, 2026 from $84,776 ($ nil per basic and diluted share) for the three months ended September 30, 2025. Net loss for the nine months ended September 30, 2026 increased to $300,711 ($ nil income per basic and diluted share) from a loss of $157,754 ($ nil per basic and diluted share) for the nine months ended September 30, 2025. The increase in the net loss for the nine months ended September 30, 2026 is due to a lower management fee related to the administration of the KLP being realized in 2026 as compared to the amount realized in the nine months ended September 30, 2025

CAPITALIZATION AND FINANCIAL RESOURCES

CAPITAL EXPENDITURES

	Three months ended September 30		Nine months ended Sept 30	
	2026	2025	**2026**	2025
Land acquisition costs	**4,979**	-	**4,979**	-
Production equipment and facilities	**49,838**	-	**49,838**	-
Total property and equipment	**54,817**	-	**54,817**	-
Land acquisition costs	**-**	-	**2,822**	-
Total exploration and evaluation costs	**-**	-	**2,822**	-
Total capital expenditures	**54,817**	-	**57,639**	-

Net capital expenditures for the nine months ended September 30, 2026 were $ 57,639 (September 30, 2025 $ nil).

WORKING CAPITAL

Grounded had a working capital deficit of $174,412 at September 30, 2026 (December 31, 2025 - $62,404 working capital deficit).

The Company anticipates no unusual working capital requirements in the future. There are currently no near-term capital commitments and no known unusual trends or liquidity issues as at August 17, 2026. The Company expects to be able to meet near-term operating obligations associated with on-going operations through funds raised in oil and gas operations together with potential future fund raising activities.

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares ("Common Shares"). Grounded closed separate equity offerings subsequent to incorporation in addition to various other transactions involving Common Shares, resulting in the issuance of an aggregate 80,479,727 Common Shares.

The following table provides a summary of the outstanding Common Shares, stock options and performance warrants at the dates indicated:

	November 17, 2026	September 30, 2026
Common Shares	**80,479,727**	80,479,727
Dilutive Securities		
Stock options	**13,063,200**	13,063,200
Performance warrants	**2,849,800**	2,849,800
Total Dilutive Securities	**15,913,000**	15,913,000
Total Basic and Diluted Common Shares	**96,392,727**	96,392,727
Weighted average Common Shares		
Basic	**80,242,503**	80,215,566
Diluted	**80,242,503**	80,215,566

GOING CONCERN

At present, the Company's operations do not generate meaningful cash inflows and its financial success is dependent on management's ability to discover economically viable lithium deposits. The lithium exploration process can take many years and is subject to factors that are beyond the Company's control. See "Risks and Uncertainties".

In order to finance the Company's future exploration programs and to cover administrative and overhead expenses, the Company may supplement working capital through additional cash flows from oil and gas operations, forecasted earn-in payments from our partner in the KLP, the sale of equity instruments or divestiture of working interests. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for lithium exploration investment, the Company's track record, and the experience and caliber of its management. Management believes it will be able to raise equity capital as required in the long term but recognizes there will be risks involved that may be beyond their control.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

During the period ended September 30, 2026, legal services totalling $53,465 (September 30, 2025 - $38,476) were provided by a law firm in which an Officer of the Company is a partner. As at September 30, 2026, $84,633 (September 30, 2025 - $34,494) is included in accounts payable and accruals.

Transactions with related parties are incurred in the normal course of business and initially measured at fair value.

CRITICAL ACCOUNTING ESTIMATES

Management is often required to make judgements, assumptions and estimates in the application of IFRS that have a significant impact on the financial results of the Company. A comprehensive discussion of the Company's significant accounting policies is contained in note 3 to the annual financial statements.

RISKS AND UNCERTAINTIES

Management defines risk as the evaluation of probability that an event might happen in the future that could negatively affect the financial condition and / or results of operations of the Company. The risks that could affect the Company have been described in the MD&A of the Company for the year ended December 31, 2025. The risks identified therein do not constitute an exhaustive list of all possible risks as there may be additional risks of which management is currently unaware.

SUBSEQUENT EVENT

The Company along with its joint venture partners commenced a second drilling campaign associated with the mineral rights purchased earlier in the year. The funding, operatorship and processes associated with this second campaign are structured essentially identical to the template deployed for the first drilling campaign announced early in 2026. Two development wells were drilled with results yet to be determined together with one more exploratory well in nature in relative proximity to the existing wells. In the case of the development and exploration well(s), separate limited partnerships were created to fund the drilling and completion expenditures.

SUMMARY OF QUARTERLY RESULTS

	Q3 2026	Q2 2026	Q1 2026	Q4 2025
Financial ($, except share amounts)				
Funds flow from (used in) operations	**(31,122)**	(82,807)	(26,001)	(53,837)
Per share – basic	**-**	-	-	-
Per share – diluted	**-**	-	-	-
Cash from (used in) operations	**(69,424)**	79,527	(22,326)	(44,829)
Per share – basic	**-**	-	-	-
Per share – diluted	**-**	-	-	-
Net income (loss)	**(103,775)**	(132,943)	(63,993)	(144,789)
Per share – basic	**-**	-	-	-
Per share – diluted	**-**	-	-	-
Capital expenditures, net	**54,817**	1,462	1,360	28,511
Total assets	**2,927,805**	2,737,008	3,310,372	2,334,941
Total net cash and working capital (deficit)	**(174,412)**	(114,043)	(29,774)	(62,404)
Shares outstanding, end of period	**80,479,727**	80,479,727	80,479,727	79,660,227
Weighted average shares (basic and diluted)	**80,479,727**	80,479,727	79,678,438	79,660,227
Operations				
Average daily production				
Heavy oil (bbls/d)	**2**	2	-	-
Average realized sales price				
Heavy oil ($/bbl)	**97.43**	101.68	-	-
Operating netback ($ per boe)				
Petroleum and natural gas sales	**97.43**	101.68	-	-
Royalty expenses	**(32.22)**	(33.66)	-	-
Production and operating expenses	**(30.15)**	(19.69)	-	-
Operating netback	**35.06**	48.33	-	-

	Q3 2025	Q2 2025	Q1 2025	Q4 2024
Financial *($, except share amounts)*				
Funds flow from (used in) operations	(37,901)	(71,330)	60,186	(55,234)
Per share – basic	-	-	-	-
Per share – diluted	-	-	-	-
Cash from (used in) operations	(31,313)	(45,658)	43,063	(95,446)
Per share – basic	-	-	-	-
Per share – diluted	-	-	-	-
Net income (loss)	(84,776)	(103,370)	30,392	(141,079)
Per share – basic	-	-	-	-
Per share – diluted	-	-	-	-
Capital expenditures, net	-	-	-	-
Total assets	2,392,657	2,581,343	2,528,454	2,913,863
Total net cash and working capital (deficit)	34,673	94,710	175,083	80,725
Shares outstanding, end of period	79,660,227	79,660,227	79,660,227	78,279,227
Weighted average shares (basic and diluted)	79,660,227	79,660,227	78,371,294	78,279,227