SABA ENERGY LTD.
(Formerly, BLUE SKY GLOBAL ENERGY CORP.)
(also referred to as “Saba”, the “Company”)

Management’s Discussion & Analysis

The following Management’s Discussion and Analysis (“MD&A”) has been prepared by management, in accordance with the requirements of National Instrument 51-102 as of December 1, 2025, and should be read in conjunction with the condensed consolidated interim financial statements for the nine months ended September 30, 2025 and 2024, and related notes contained therein which have been prepared under International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All dollar figures included therein and in the following MD&A are quoted in Canadian dollars unless otherwise noted.

Forward-Looking Statements

This discussion contains “forward-looking statements” that involve risks and uncertainties. Such forward-looking statements concern the Company’s anticipated results and developments in the Company’s operations in future periods, planned exploration and development of its properties, plans related to its business and other matters that may occur in the future. These statements also relate to the ability of the Company to obtain all government approvals, permits and third party consents in connection with the Company’s exploration and development activities; the Company’s ongoing drilling program; the Company’s future exploration and capital costs, including the costs and potential impact of complying with existing and proposed environmental laws and regulations; general business and economic conditions; analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Statements concerning mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “estimates” or “intends”, or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved) are not statements of historical fact and may be forward looking statements. Such information, although considered to be reasonable by the Company’s management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. This MD&A may contain forward-looking statements that reflect the Company’s current expectations and projections about its future results. When used in this MD&A, words such as “estimate”, “intend”, “expect”, “anticipate” and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company’s future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause the Company’s actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. 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.

Such statements reflect our management's current views with respect to future events and are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and known or unknown risks and contingencies. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements.

Company Overview

Saba Energy Ltd. (the "Company" or "Saba") (formerly, "Blue Sky Global Energy Corp." or "Blue Sky") was incorporated under the Business Company's Act of Ontario on January 21, 2005 and its shares have been listed for trading on the TSX Venture Exchange (the "Exchange") on May 2, 2008. On September 17, 2025, the Company changed its name from Blue Sky Global Energy Corp. to Saba Energy Ltd. The Company is in the business of exploration and development of oil and gas assets, and is primarily an oil and gas producer with assets in British Columbia.

On May 28, 2024, the Company closed a purchase agreement with Blue Sky Resources Ltd. ("BSR") incorporated in Alberta to acquire 100% of the issued and outstanding securities of BSR's wholly-owned subsidiary, Blue Sky Paus Ltd. ("BSP"), a company incorporated in Alberta, as well as a 50% interest in certain oil and gas assets located in Canada in return for shares of the Company. Pursuant to the acquisition, the Company announced a share consolidation on the basis of one new share for every five existing common shares, effective May 24, 2024. Following the consolidation, the Company had 69,693,659 common shares issued and outstanding, of which 59,239,641 were issued to BSR in consideration for the transaction. Following the transaction, BSR became a related party by virtue of its nominees owning 85% of the Company's outstanding shares and a Control Person.

On September 11, 2025, the Company completed a purchase agreement with Blue Sky Resources Ltd. for the acquisition of the remaining 50% interest in certain Canadian oil and gas properties, resulting in the Company obtaining full (100%) ownership of these assets.

On September 11, 2025, the Company closed a sale agreement with Kinara Resources Ltd. ("Kinara") incorporated in Alberta to sell 100% of the issued and outstanding securities of the Company's wholly-owned subsidiaries BSP and Fire Creek (Barbados) Ltd. ("FCB").

Selected Financial Information

The following table sets out selected financial information for our Company, which has been prepared in accordance with IFRS:

		For the three months ended September 30, 2025		For the three months ended September 30, 2024
Total revenue	$	1,584,384	$	2,046,108
Net loss	$	(3,455,756)	$	(676,243)
Comprehensive loss	$	(3,461,481)	$	(703,561)
Basic and diluted earnings (loss) per share	$	(0.06)	$	(0.01)

		For the nine months ended September 30, 2025		For the nine months ended September 30, 2024
Total revenue	$	4,985,284	$	2,780,038
Net loss	$	(3,316,418)	$	(1,205,983)
Comprehensive loss	$	(3,311,437)	$	(1,250,959)
Basic and diluted loss per share	$	(0.06)	$	(0.02)

		As at September 30, 2025		As at December 31, 2024
Total assets	$	43,759,212	$	23,122,568
Total non-current financial liabilities	$	34,736,875	$	10,853,326

The composition of net loss and comprehensive loss for the three and nine months ended September 30, 2025 and 2024 is detailed below in "Results of Operations".

Total assets as at September 30, 2025 increased to $43,759,212 from $23,122,568 as at December 31, 2024. The increase of $20,636,644 was primarily driven by growth in non-current assets, notably a $20,258,993 (105%) increase in oil and gas assets, mainly due to the acquisition of oil and gas assets from BSR. These increases were partially offset by a $605,857 (50%) decline in exploration and evaluation assets and a $431,738 (100%) decline in drilling deposits from the sale of the Company's wholly-owned subsidiaries BSP and Fire Creek (Barbados) Ltd. ("FCB").

Overall Performance

The Company had a working capital surplus of $3,388,307 at September 30 2025, compared to $2,325,419 for the year ended December 31, 2024. The increase in working capital is primarily attributable to an increase in cash of $735,379 due to amounts received from BSR due to the Company for joint venture income and an increase in note receivable of $502,639 due to the sale of the Company's wholly owned-subsidiaries as discussed above.

The Company incurred a net loss of $3,316,418 for the nine months ended September 30, 2025, compared to net loss of $1,205,983 for the nine months ended September 30, 2024. The increase in loss of $2,110,435 was primarily attributable to the loss incurred on the forgiveness of intercompany receivables that were forgiven on the sale of the Company's wholly owned-subsidiaries.

Operating expenses increased to $4,325,891 from $2,796,735 in the prior period, primarily due to the decrease in business activities associated with the oil & gas assets. Key contributors to the increase included joint venture operating expenses of $2,202,998, depletion of $1,028,420, and accretion of $525,858. In the comparative period there was $1,557,632 of joint venture operating expenses, 632,294 of depletion and accretion amounted to $113,445. Other notable increases include consulting fees, office and administrative expenses, and salaries and benefits, reflecting the expansion of corporate and operational activities.

Despite the increase in operating costs, the strong revenue generation led to income before other items of $211,631. Other income and expenses had a net negative impact of $3,528,049 in the current period, primarily due to a $2,447,095 loss on forgiveness of intercompany receivables and a $1,894,410 provision for decommissioning uneconomic assets due to sale of the subsidiaries and acquisition of oil and gas assets from BSR.

These were partially offset by $4,043 in interest income and a gain of $887,896 on the sale of subsidiaries. In contrast, the prior year had a $978,266 provision for decommissioning uneconomic assets, a foreign exchange gain of $36,619 and interest income of $2,884.

Oil and Gas Assets

On May 28, 2024 the Company acquired oil and gas assets via its acquisition of 50% of BSR's share of oil and gas producing and revenue generating assets in the Province of British Columbia coming from three primary areas in British Columbia, being (i) Boundary Lake and Whitecap Unit, (ii) NEBC Minor and (ii) Laprise. The oil and gas assets are upstream oil and gas assets and generate revenues from the sale of oil, natural gas and natural gas liquids. BSR continues to remain the operator, with the exception of the Whitecap Unit, and the interests in these assets are reflected as a joint operation within these consolidated financial statements.

On June 25, 2025, the Company entered into an agreement with BSR to acquire the remaining 50% of BSR's interest in certain oil and gas producing and revenue generating assets in the Province of British Columbia, with the closing of this transaction this bring the Company's ownership in the BC assets to 100%.

On September 11, 2025 the Company closed the acquisition mentioned above. The acquisition is considered to be non-arm's length and a related party transaction by the Exchange. The transaction closed with a purchase price of $13,000,000 which is to be paid by Company by way of a promissory note. The aggregate purchase price also includes the purchase of the remaining 50% of the Cache Cold Lake property for $307,850.

Sproule Internation Limited was engaged to prepare a Reserve Report of the oil and gas assets in compliance with NI 51-101, effective December 31, 2024. This report has been prepared and supervised by Qualified Reserves Evaluators. The full text of the reserve report will be available on the Company's SEDAR+ profile at www.sedarplus.ca.

Sproule International Limited is operating under a permit to practice with the Association of Professional Engineers and Geoscientists of Alberta ("APEGA") and the parties involved with the preparation of the Sproule Report are Qualified Reserves Evaluators and Auditors under the Canadian Oil & Gas Evaluation Handbook ("COGEH") and NI 51-101.

The estimated acquisition date fair value attributed to the oil and gas assets was derived from the estimate of proved and probable petroleum and natural gas reserves and the related cash flows prepared at December 31, 2023, by independent third-party reserves evaluators and updated to reflect production results and pricing assumptions as at May 28, 2024. The estimated proved and probable reserves and the related cash flows were discounted at a rate based on what a market participant would have paid, as well as market metrics in the prevailing area at that time.

Exploration and Evaluation Assets

Belize Property

On January 28, 2020, FCRL entered into a Production Sharing Agreement ("PSA") with the Government of Belize whereas FCRL has been granted the right to the exploration and production of petroleum resources in and throughout the contract area.

FCRL was granted an initial exploration period of two years and, subject to conditions, three successive renewal periods of two years each to the initial exploration period. On March 20, 2020, a Notice of Force Majeure was provided to the Government of Belize, in attempts to contain the spread of COVID-19, which restricted movement and closed borders. On November 22, 2021, FCRL sent a letter to end the Force Majeure Notice effective January 15, 2022, and to resume exploration efforts under the initial exploration period. The initial exploration period expired in January 2024.

Upon expiration of the initial exploration period and expiration of each renewal period, FCRL is required to relinquish 25% of the original contract area, which shall be determined by FCRL subject to Government approval. FCRL has been unable to reach an agreement with the landowner to obtain surface land rights which are guaranteed by the Government of Belize. The access to surface rights and the contract area are guaranteed within the PSA and FCRL is working with the minister to gain surface access. This delay has affected FCRL's ability to fulfill its obligations under the PSA. As a result, FCRL is currently in discussions with the Government of Belize to either 1) amend the PSA to move work commitments to the first renewal period and delay the relinquishment of 25% of land to the end of the first renewal period, which would result in 50% relinquishment (January 27, 2026) or 2) request a force majeure under the PSA starting July 1, 2023 as the Company has been unable to strike an agreement with the current landowner for surface rights which are guaranteed by the Government of Belize. The final determination has not been made as of the date of approval of this MD&A.

The Government of Belize has directed both parties to reach an agreement by November 30, 2024. If an agreement cannot be reached, the Minister of Natural Resources, Petroleum and Mining will issue an order akin to eminent domain, legally enforcing terms that will allow the Company to lease the required land. This assurance from the government significantly mitigates concerns over long-term access to the land and supports the conclusion that no impairment indicators exist on the PSA.

On February 26, 2025, the Company reached a successful conclusion of the Land Access Agreement with Belize Maya Forest Trust ("BMFT"), regarding the Belize Property. Through discussions with the Government of Belize the force majeure has been officially accepted.

The force majeure places the Company in the initial exploration period and restarts the work commitments and obligation under the PSA. Based on the two force majeure events and the approved timeframe of the second force majeure the relinquishment date at the end of the Initial Exploration Period (effective 2nd contract year) is September 1, 2025.

On June 26, 2025, the Company entered into an agreement of purchase and sale to sell 100% of the Company's wholly owned subsidiary, Fire Creek (Barbados) Ltd. which through its wholly owned subsidiary FCRL Belize Ltd. holds the PSA issued by the government of Belize on January 28, 2020. The aggregate sale price, which also includes the sale of the Company's other wholly owned subsidiary BSP is $500,000. The Company will also retain a 3% gross over riding royalty on the Belize and Indonesia properties.

On September 11, 2025 the Company closed the sale mentioned above. The transaction closed with a sale price of $500,000 which is to be paid to the Company by way of a promissory note. The promissory note will accrue interest at a rate of 10% annum, compounded monthly in arrears, and repayment of the promissory note together with interest accrued is payable by December 10, 2025.

Chapman Hydrogen and Petroleum Engineering Ltd. was engaged to prepare a reserves report in compliance with NI 51-101, effective December 31, 2024, dated January 17, 2025. This report has been prepared and supervised by Qualified Reserves Evaluators. The full text of the report will be available on the Company's SEDAR+ profile at www.sedarplus.ca.

Chapman Petroleum Engineering Ltd. is operating under a permit to practice with the APEGA and the parties involved with the preparation of the Chapman Report are Qualified Reserves Evaluators and Auditors under the COGEH and NI 51-101.

Indonesia Property

Through the acquisition noted above on May 28, 2024, the Company acquired 100% issued and outstanding securities of Blue Sky Paus which holds a Performance Sharing agreement as noted below.

On February 28, 2023, BSP entered into a PSC with Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak Dan Gas Bumi ("SKK Migas"), a task force created by the Government of the Republic of Indonesia to conduct the management of upstream oil and gas business activities. The Government of the Republic of Indonesia approved the PSC on March 13, 2023 and the PSC became effective as of that date. Under the PSC, the Company was granted the right to the exploration and production of petroleum resources in and throughout the contract area. The Company was granted an initial exploration period of six years and, subject to conditions, a renewal period of four years to the initial exploration period.

Under the terms of the PSC, the Company is obligated to incur minimum work expenditures of US$14,657,600 during the first three years of the initial exploration period (the "Firm Commitment") and work expenditures of US$30,656,000 during the following three years of the initial exploration period. If during the first three years, the Company fails to complete the Firm Commitment, it may carry forward the remaining Firm Commitment to be performed in the following three years with the consent of SKK Migas.

On June 26, 2025, the Company entered into an agreement of purchase and sale to sell 100% of the Company's wholly owned subsidiary BSP which holds the PSA issued by the government of Indonesia on February 27, 2023. The aggregate sale price, which also includes the sale of the Company's other wholly owned subsidiary Fire Creek (Barbados) Ltd. is $500,000. The Company will also retain a 3% gross over riding royalty on the Belize and Indonesia properties.

On September 11, 2025 the Company closed the sale mentioned above. The transaction closed with a sale price of $500,000 which is to be paid to the Company by way of a promissory note. The promissory note will accrue interest at a rate of 10% annum, compounded monthly in arrears, and repayment of the promissory note together with interest accrued is payable by December 10, 2025.

Cache Cold Lake Property

On August 19, 2024, the Company acquired a 50% interest of BSR's interest in certain Alberta crown oil sands leases for a cash payment of $307,850. The Cache Cold Lake property may be prospective for heavy oil and natural gas.

On June 25, 2025, the Company entered into an agreement of purchase and sale to acquire the remaining 50% of BSR's ownership in the Cache Cold Lake property not currently owned by the Company, upon closing of the transaction this would result in the Company having 100% ownership in the property. The aggregate purchase price, which also includes the purchase of the remaining 50% of BC assets (Note 10) is $13,000,000.

On September 11, 2025 the Company closed the purchase mentioned above. This resulted in the Company having 100% ownership in the Cache Cold Lake property. The aggregate purchase price, which also includes the purchase of the remaining 50% of BC assets is $13,000,000 of which $307,850 has been allocated to the Cache Cold Lake Property.

The following table represents the expenditures incurred on the property during the nine months ended September 30, 2025 and the year ended December 31, 2024:

	Belize Property	Indonesia Property	Cache Cold Lake Property	Total
Balance, December 31, 2023	$ 317,660	$ -	-	$ 317,660
Acquisitions	-	538,701	307,850	846,551
Currency translation adjustment	27,393	29,953	-	57,346
Balance, December 31, 2024	**$ 345,053**	**$ 568,654**	**$ 307,850**	**$ 1,221,557**
Acquisitions	-	-	307,850	307,850
Sale of subsidiaries	(333,727)	(549,989)	-	(883,716)
Currency translation adjustment	(11,326)	(18,665)	-	(29,991)
Balance, September 30, 2025	**$ -**	**$ -**	**$ 615,700**	**$ 615,700**

Results of Operations

The following table summarizes the Company's financial results for the nine months ended September 30, 2025 and 2024:

Nine months ended September 30,	**2025**	**2024**	**Change**	**Change**
	$	**$**	**$**	**%**
REVENUES				
Income from oil and gas interests	**4,985,284**	2,780,038	2,205,246	79
Royalties	**(447,762)**	(251,040)	(196,722)	78
OPERATING EXPENSES				
Operating expenses on oil and gas interests	**2,202,998**	1,557,632	645,366	41
Depletion	**1,028,420**	632,294	396,126	63
Professional fees	**253,308**	286,117	(32,809)	(11)
Salaries and benefits	**151,809**	29,549	122,260	414
Accretion	**525,858**	113,445	412,413	364
Consulting fees	**54,197**	39,038	15,159	39
Filing fees	**28,758**	89,174	(60,416)	(68)
Office and administrative	**67,184**	38,118	29,066	76
Travel and entertainment	**4,556**	7,825	(3,269)	(42)
Interest and bank charges	**8,803**	3,543	5,260	148
Total operating expenses	**(4,325,891)**	(2,796,735)	(1,529,156)	55
OTHER ITEMS				
Decommisionning provision for uneconomic assets	**(1,894,410)**	(978,266)	(916,144)	94
Interest income	**4,043**	3,401	642	19
Foreign exchange gain (loss)	**(78,483)**	36,619	(115,102)	(314)
Loss on forgiveness of		-		100

receivables	**(2,447,095)**		(2,447,095)	
Gain on sale of subsidiaries	**887,896**	-	887,896	100
Net loss	**(3,316,418)**	(1,205,983)	(2,110,435)	175
Cumulative translation adjustment	**4,981**	(44,976)	49,957	(111)
Net income (loss) and other comprehensive income (loss)	**(3,311,437)**	(1,250,959)	(2,060,478)	165

The Company's operating expenses for the nine months ended September 30, 2025, increased by $1,529,156 as compared with operating expenses for the nine months ended September 30, 2024. The increase is primarily attributable to the following:

- The Company recognizes its share, 50% of operating expenses of the oil and gas assets (100% after the acquisition completed on September 11, 2025). The Company incurred operating expenses in relation to the oil and gas assets of $2,202,998 compared to $1,557,632 in the comparative period. The increase can be attributed to the fact that the oil and gas assets were not acquired until May 28, 2024 and starting on September 11, 2025 the Company has been recognizing 100% of the operating expenses.
- The recognition of depletion expense of $1,028,420 related to the oil and gas assets compared to $632,294 in the comparative period. The increase can be attributed to the fact that the oil and gas assets were not acquired until May 28, 2024.
- Filing Fees decreased by $60,416 or 68% to $28,758, compared to $89,174 in Q3 2024, due to elevated filing costs as the Company transitioned from private to public status in early 2024. Filing fees have since stabilized at a normalized level in Q3 2025.
- Consulting fees incurred during the nine months ended September 30, 2025, were $54,197, as opposed to $39,038 in the nine months ended September 30, 2024. This reflects increased reliance on external consultants during the period to support corporate functions.
- Salaries and Benefits of $151,809 during the nine months ended September 30, 2025, compared with $29,549 during the nine months ended September 30, 2024 the increase is mainly due to the acquisition of Blue Sky Paus which has a few employees in Indonesia.
- Accretion of $525,858 was recognized during the nine months ended September 30, 2025 with $113,445 being realized during the nine months ended September 30, 2024 relating to the Company's decommissioning obligations on the oil and gas assets. The increase can be attributed to the fact that during the nine months ended September 30, 2025 the Company acquired more oil and gas assets which required the recognition of more decommissioning obligations.

The following table summarizes the Company's financial results for the three months ended September 30, 2025 and 2024:

Three months ended September 30,	**2025**	**2024**	**Change**	**Change**
	$	**$**	**$**	**%**
REVENUES				
Income from oil and gas interests	**1,584,384**	2,046,108	(461,724)	(23)
Royalties	**(149,377)**	(184,765)	35,388	(19)

OPERATING EXPENSES				
Operating expenses on oil and gas interests	**763,885**	1,146,417	(382,532)	(33)
Depletion	**323,037**	465,368	(142,331)	(31)
Professional fees	**66,173**	71,197	(5,024)	(7)
Salaries and benefits	**66,005**	5,642	60,363	1070
Accretion	**296,809**	83,496	213,313	255
Consulting fees	**4,470**	18,492	(14,022)	(76)
Filing fees	**13,812**	14,242	(430)	(3)
Office and administrative	**17,589**	11,307	6,282	56
Travel and entertainment	**2,117**	7,044	(4,927)	(70)
Interest and bank charges	**1,053**	2,381	(1,328)	(56)
Total operating expenses	**(1,554,950)**	(1,825,586)	270,636	(15)
OTHER ITEMS				
Decommisioning provision for uneconomic assets	**(1,817,027)**	(720,004)	(1,097,023)	152
Interest income	**2,989**	517	2,472	478
Foreign exchange gain (loss)	**37,424**	7,487	29,937	400
Loss on forgiveness of receivables	**(2,447,095)**	-	(2,447,095)	100
Gain on sale of subsidiaries	**887,896**	-	887,896	100
Net income (loss)	**(3,455,756)**	(676,243)	(2,779,513)	411
Cumulative translation adjustment	**(5,725)**	(27,318)	21,593	(79)
Net income (loss) and other comprehensive income (loss)	**(3,461,481)**	(703,561)	(2,757,920)	392

The Company's operating expenses for the three months ended September 30, 2025, decreased by $270,636 as compared with operating expenses for the three months ended September 30, 2024. The decrease is primarily attributable to the following:

- The Company recognizes its share, 50% of operating expenses of the oil and gas assets (100% after the acquisition completed on September 11, 2025). The Company incurred operating expenses in relation to the oil and gas assets of $763,885 compared to $1,146,417 in the comparative period. The decrease can be attributed to an overall lower amount of operating activity compared to the comparative period due to reduced operations.

- The recognition of depletion expense of $323,037 related to the oil and gas assets compared to $465,368 in the comparative period. The decrease can be attributed to an overall lower amount of operating activity compared to the comparative period due to reduced operations

- Consulting fees incurred during the three months ended September 30, 2025, were $4,470, as opposed to $18,492 in the three months ended September 30, 2024. This reflects a decreased reliance on external consultants during the period to support corporate functions.

- Salaries and Benefits of $66,005 during the three months ended September 30, 2025, with $5,642 during the three months ended September 30, 2024 the increase is mainly due to the acquisition of Blue Sky Paus which has a few employees in Indonesia.

- Accretion of $296,809 was recognized during the three months ended September 30, 2025 with $83,496 being realized during the three months ended September 30, 2024 relating to the Company's decommissioning obligations on the oil and gas assets. The increase can be attributed to the fact that during the three months ended September 30, 2025 the Company acquired more oil and gas assets which required the recognition of more decommissioning obligations.

Summary of Quarterly Results

The following financial data, which has been prepared in accordance with IFRS, is derived from unaudited condensed consolidated interim financial statements for the most recent eight quarters:

Three months ended,	**September 30, 2025**	**June 30, 2025**	**March 31, 2025**	**December 31, 2024**
	$	$	$	$
Total assets	43,759,212	23,472,149	23,799,040	23,122,568
Net income (loss)	(3,455,756)	55,871	83,467	(898,557)
Basic and diluted net income (loss) per share	(0.06)	0.00	0.00)	(0.07)

Three months ended,	**September 30, 2024**	**June 30, 2024**	**March 31, 2024**	**December 31, 2023**
	$	$	$	$
Total assets	20,837,419	20,479,705	1,181,126	1,078,888
Net income (loss)	(676,243)	(431,344)	(98,396)	(227,068)
Basic and diluted net income (loss) per share	(0.01)	(0.01)	(0.00)	(0.00)

Over the past eight quarters, the Company's operations have changed significantly. The Company closed a reverse take-over in 2023 where priorities were mainly focused around the public listing. In 2024, the Company's main focus was to close the acquisition of its 50% interests in oil and gas assets, and the acquisition of BSP which holds a property in Indonesia. The acquisition closed in the second quarter ended June 30, 2024 whereby the Company began recognizing its 50% interests in the oil and gas revenues and net cashflows.
As a result, total assets increased significantly due to the acquisition of its 50% interest, along with changes in estimates in decommissioning obligations which were allocated to both the oil and gas assets and liabilities. In addition, exploration and evaluation assets increased due to the acquisition of BSP, whereby value was allocated to the Indonesian prospective property.

While preparing the 4th quarter consolidated financial statements, the Company finalized its purchase price allocation by engaging a 3rd party valuator. In addition, reserve reports were prepared by Sproule on a property basis allowing the Company to true up depletion and decommissioning obligations.

In 2025, further changes occurred whereby the Company acquired the other 50% interest in oil and gas assets from BSP to bring their total ownership of select oil and gas assets to 100%. The Company also closed the sale of their wholly owned subsidiaries BSP and FCB.

Overall, for the three months ended September 30, 2025, the Company reported net income primarily driven by revenue recognized from the joint venture, which offset the associated operating expenses, including depletion, accretion, and royalty charges.

Share Capital

Authorized share capital consists of the following:

- An unlimited number of common shares without par value.

Disclosure of Outstanding Share Data

As of September 30, 2025, and as of the MD&A report date, the Company has 69,693,659 common shares issued and outstanding.

The Company has no stock options or warrants outstanding as of September 30, 2025, and as of the MD&A report date. Details relating to the stock option plan are further discussed in Note 16 of the condensed consolidated interim financial statements for the nine months ended September 30, 2025 and 2024.

For the nine months ended September 30, 2025:

There was no share capital activity during the nine months ended September 30, 2025.

For the nine months ended September 30, 2024:

During the nine months ended September 30, 2024, the Company underwent a 5:1 share consolidation and issued 52,239,641 common shares pursuant to the acquisition transaction.

Liquidity and Capital Resources

As of September 30, 2025, working capital of $3,388,307 increased from the working capital at December 31, 2024 of $2,325,419 mainly due to the increase in cash of $735,379 which is primarily attributed to amounts received from BSR due to the Company for joint venture income.

The Company manages its capital structure and makes adjustments to effectively support the exploration of exploration and evaluation assets. In the definition of capital, the Company includes as disclosed in its statement of financial position: share capital and deficit.

The Company is dependent on the production of its oil and gas assets, collection of its receivables, and external financing to fund its operations and planned exploration and development activities

A summary of cash flows for the nine months ended September 30, 2025, is as follows:

		September 30, 2025		September 30, 2024		Change
Operating activities	$	1,164,040	$	1,341,045	$	(177,005)
Investing activities		(430,199)		(907,115)		476,916
Financing activities		-		-		-
Effect of exchange rate changes on cash		1,538		(41,325)		42,863
Change in cash	**$**	**735,379**	**$**	**392,605**	**$**	**342,774**

Cash provided in operating activities decreased by $177,005. The Company incurred a net loss of $3,316,418 during the nine months ended September 30, 2025 as compared to a net loss of $1,205,983 for the nine months ended September 30, 2024. Non-cash items including decommissioning obligations on uneconomic assets, depletion, accretion, gain on sale of subsidiaries and loss on forgiveness of receivables amounted to $5,007,887 which is offset by the changes in non-cash working capital items.

Cash used in investing activities decreased by $476,916. Cash used in oil and gas expenditures and deposits on oil and gas assets decreased from $907,115 for the nine months ended September 30, 2024 compared to $430,199 for the nine months ended September 30, 2025.

There was no cash provided in financing activities during the current period.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

Key management compensation consisted of the following:

		Nine months ended September 30			Three months ended September 30	
		2025	2024		**2025**	2024
Management fees (i)						
Mohammad Fazil, Chief Executive Officer and Director		**45,000**	90,000		15,000	30,000
Tas Mann, Former Chief Financial Officer		**-**	13,500		-	4,500
James Tworek, Director		**14,000**	-		1,500	-
	$	**59,000**	103,500	$	16,500	34,500
Legal fees (i)						
Tingle Merrett; a company controlled by Scott Reeves, Director		**6,690**	77,849		84	71,907
	$	**6,690**	77,849	$	84	71,907

(i) Management and legal fees are reflected as part of professional fees in the presentation of the consolidated statements of net loss and comprehensive loss.

Transactions and balances with BSR

Accounts receivable

The following table represents the receivable from BSR during the nine months ended September 30, 2025 and the year ended December 31, 2024:

Balance, December 31, 2023	$	**-**
Profit-sharing receivable from acquisition		1,450,692
Advanced (ii)		472,500
Net operating income from oil and gas interests (iii)		1,544,537
Collected		(1,783,711)
Balance, December 31, 2024	**$**	**1,684,018**
Net operating income from oil and gas interests (iii)		2,202,542
Collected		(1,907,420)
Balance, September 30, 2025	**$**	**1,979,140**

(ii) During 2024, the Company advanced US$350,000 to BSR which was applied against operating expenses for the oil and gas properties in British Columbia. The advances are non-interest bearing and due on demand.

(iii) During the year ended December 31, 2024, the Company generated revenues of $4,826,146, offset by royalty expenditures of $435,805, operating expenses of $2,704,050, general and administrative expenses of $115,867 and capital expenditures of $25,887. During the nine months ended September 30, 2025, the Company generated revenues of $4,985,284, offset by royalty expenditures of $447,762, operating expenses of $2,202,998 and capital expenditures of $54,148.

Deposits

The following table represents the deposits with BSR during the nine months ended September 30, 2025 and the year ended December 31, 2024:

Balance, December 31, 2023	$	457,097
Refunded		(150,000)
Acquisition of Cache Cold Lake Property		(307,850)
Currency translation adjustment		753
Balance, December 31, 2024 and September 30, 2025	$	-

Other related party transactions and balances:

As at September 30, 2025, accounts payable and accrued liabilities includes $10,000 (December 31, 2024 - $10,500) relating to management fees due to the CEO and Director of the Company.

As at September 30, 2025, accounts payable and accrued liabilities includes $32,084 (December 31, 2024 - $10,049) relating to professional fees due to a company controlled by a Director of the Company.

As at September 30, 2025, accounts payable and accrued liabilities included $4,500 (December 31, 2024 - $nil) relating to directors fees due to a Director of the Company.

On March 12, 2024, the Company received US$100,000 in the form of a promissory note from the CEO and Director of the Company. The promissory note was non-interest bearing and was due on June 30, 2024. On June 17, 2024, the maturity of the note was extended to October 30, 2025. The note was fully repaid in September 2024.

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

Financial Instruments and Financial Risk Management

The Company, as part of its operations, carries financial instruments consisting of cash and cash equivalents, accounts receivable and other receivables, deposits, and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

Fair Value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The carrying amount of cash and cash equivalents, receivables, deposits and accounts payable and accrued liabilities approximates its fair value due to the short-term maturities of these items.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

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's financial assets consist of cash and cash equivalents, receivables, and deposits. The Company's maximum exposure to credit risk, as at the period-end, is the carrying value of its financial assets. The Company mitigates credit risk by holding financial instruments within financial institutions of high creditworthiness and reputable companies.

The account receivable from BSR is non-interest bearing and due on demand. As at September 30, 2025, the account receivable was $1,979,140 (December 31, 2024 - $1,684,018) and the provision for ECLs was $nil (December 31, 2024 - $nil).

The other receivable from related parties of BSR are non-interest bearing and due on demand. As at September 30, 2025, the other receivables were $183,233 (December 31, 2024 - $107,344) and the provision for ECLs was $nil (December 31, 2024 - $nil).

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The interest earned on cash and notes receivables is insignificant and the Company does not rely on interest income to fund its operations. The Company does not have significant debt facilities with variable interest rates and is therefore not exposed to interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by receiving funds from the issuance of share capital and income through its interest in oil and gas assets of the Company in order to meet obligations as they become due. The Company's ability to meet its short-term liquidity requirements is dependent upon its ability to raise financing.

As at September 30, 2025 the Company had accounts payable and accrued liabilities of $241,168 which are due within a year.

Other risks

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's financial instruments will be affected by foreign exchange risk, price risk or other risk.

Accounting Pronouncements

The Company adopted various amendments to IFRS, which were effective for accounting periods beginning on or after January 1, 2024. The impact of adoption was not significant to the Company's consolidated financial statements.

Critical Accounting Estimates and Judgments

This MD&A is based on the financial statements which have been prepared in accordance with IFRS. The material accounting policy information and critical accounting estimates are described in Note 4 and 5 of the audited consolidated financial statements for the years ended December 31, 2024, and 2023.

The condensed consolidated interim financial statements have been prepared on a historical cost basis and are presented in Canadian dollars. All amounts are rounded to the nearest dollar. The condensed consolidated interim financial statements of the Company have been prepared on an accrual basis, except for cash flow information.

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Additional Information

Additional information about the Company is available on SEDAR+ at www.sedarplus.ca.

Additional Disclosure for Venture Issuers Without Significant Revenue

During the nine months ended September 30, 2025, the Company was in correspondence to obtain surface rights in respect to the Belize property with the landowner of the contract area, per the PSA agreement discussed, see "Exploration and Evaluation Assets" above. Due to delays in reaching an agreement with the landowner, the Company was unable to meet the obligations per the PSA agreement and continues to work on negotiations. If no agreement can be reached, the Company is prepared to work with the Government of Belize, who have guaranteed surface rights to the contract area. As a result, FCRL is currently in discussions with the Government of Belize to either 1) amend the PSA to move work commitments to the first renewal period and delay the relinquishment of 25% of land to the end of the first renewal period, which would result in 50% relinquishment (January 27, 2026) or 2) request a force majeure under the PSA starting July 1, 2023 as the Company has been unable to strike an agreement with the current landowner for surface rights which are guaranteed by the Government of Belize. As a result, no exploration costs have been incurred during the period. The change in the composition of the capitalized exploration costs was a result of foreign exchange differences between the US dollar and CAN dollar and sale of exploration and evaluation assets as presented in breakdown of expenditures in Note 10 of the condensed consolidated interim financial statements for the nine months ended September 30, 2025 and "Exploration and Evaluation Assets" section discussed above.

On November 24, 2023, the Company entered into a Non-binding Letter of Intent ("LOI") with a private company to acquire an interest in certain assets made up of oil lands, that may be prospective for heavy oil and natural gas in Alberta. As part of the LOI, the Company paid a refundable deposit of $457,097, which may form part of the purchase price of the assets, if the LOI is formalized and pursued. On January 29, 2024, the Company was refunded $150,000 on the deposit paid for the Non-Binding LOI which the companies mutually agreed upon to reduce the deposit amount. The Company plans to expand its ownership of exploration and evaluation assets in the 2024 fiscal year. In August 2024, $307,097 was applied against the Company's acquisition of the Cache Cold Lake Property.

On January 25, 2024, the Company entered into a LOI with a group of private companies to acquire 100% of the outstanding and issued shares. The group of private companies owns oil and gas assets located offshore in the Republic of Philippines. As part of the LOI, the Company paid a refundable deposit of US$100,000 on January 25, 2024. Further to the LOI, an amending agreement was made on February 20, 2024, in which both parties mutually agreed on further refundable deposit payments of US$100,000 on February 24, 2024 and US$150,000 on March 12, 2024. The deposits may form part of the purchase price of the assets, if the LOI is formalized and pursued. In September 2024, the LOI was terminated and the deposit was applied against operating expenses for the oil and gas properties in British Columbia.

During the three and nine months ended September 30, 2025 and 2024, the Company incurred $1,554,950, $4,325,891, $1,825,586 and $2,796,735, respectively, of operating expenses as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2025	**2024**	**2025**	**2024**
Operating expenses on oil and gas interests	**$763,885**	$1,146,417	$2,202,998	$1,557,632
Depletion	**323,037**	465,368	1,028,420	632,294
Accretion	**296,809**	83,496	525,858	113,445
Consulting fees	**4,470**	18,492	54,197	39,038
Filing fees	**13,812**	14,242	28,758	89,174
Interest and bank charges	**1,053**	2,381	8,803	3,543
Office and administrative	**17,589**	11,307	67,184	38,118
Professional fees	**66,173**	71,197	253,308	286,117
Salaries & benefits	**66,005**	5,642	151,809	29,549
Travel and entertainment	**2,117**	7,044	4,556	7,825
Total operating expenses	**$ 1,554,950**	$ 1,825,586	**$ 4,325,891**	$ 2,796,735

See "Results of Operations" for further details on the variance of expenses incurred during the nine months ended September 30, 2025 and 2024.

At September 30, 2025, the Company only has one operating segment, the corporate headquarters in Canada. The operating segments related to the the acquisition and exploration of oil and gas properties in Belize and operating segment related to the exploration of oil and gas properties in Indonesia were sold on September 11, 2025.

	Canada	Belize	Indonesia	Total
Total assets	$ 43,759,212	$ -	$ -	$ 43,759,212
Total liabilities	34,978,043	-	-	34,978,043
Exploration and evaluation assets	615,700	-	-	615,700
Oil and gas assets	39,514,037	-	-	39,514,037
Revenues from oil and gas interests	4,985,284	-	-	4,985,284
Depletion	1,028,420	-	-	1,028,420
Net income (loss)	$ (3,741,714)	$ (47,465)	$ (173,410)	$ (3,962,589)

For the year ended December 31, 2024, the Company had the following three operating segments:

	Canada	Belize	Indonesia	Total
Total assets	$ 21,497,338	$ 345,053	$ 1,280,177	$ 23,122,568
Total liabilities	10,971,421	804	57,737	11,029,962
Exploration and evaluation assets	307,850	345,053	568,654	1,221,557
Oil and gas assets	19,255,044	-	-	19,255,044
Revenues from oil and gas interests	4,826,146	-	-	4,826,146
Depletion	1,097,662	-	-	1,097,662
Net income (loss)	$ (1,954,690)	$ 35,368	$ (185,218)	$ (2,104,540)

Approval

The Board of Directors of the Company have approved the disclosures contained in this MD&A.