EnergyFunders

EF EnergyFunders Ventures, Inc.

Management's Discussion and Analysis

For the years December 31, 2021 and 2020

On March 6, 2019, Tanager Energy Inc. ("Tanager") continued from the Province of Alberta to the Province of British Columbia pursuant to a resolution passed by shareholders of Tanager at the annual general and special meeting held December 19, 2018. On April 11, 2019, the Company amended its articles of incorporation to change its name from Tanager Energy Inc. to Paleo Resources, Inc. In addition, the Company's subsidiary, Tanager Energy (USA) Inc. changed its name to Paleo Resources (USA), Inc. On March 7, 2022, the Company changed its name from Paleo Resources, Inc. to EF EnergyFunders Ventures, Inc. ("EnergyFunders" or the "Company").

This Management's Discussion and Analysis ("MD&A") reviews the financial condition and results of operations of Paleo Resources for the financial years ended December 31, 2021 and 2020. The MD&A was prepared as of May 3, 2022 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2021 and 2020, including the notes thereto.

The Company's audited consolidated financial statements for the years ended December 31, 2021 and 2020, have been prepared in accordance with generally accepted accounting principles of the United States of America ("US GAAP"). All amounts in the financial statements are expressed in US dollars. The Company's financial statements are filed on the SEDAR website at www.sedar.com.

Overview

EF EnergyFunders Ventures, Inc. is an oil and natural gas exploration and production company with executive offices in San Antonio, Texas, USA. Its wholly-owned indirect US subsidiary EnergyFunders LLC is a financial technology company offering oil and gas investment opportunities to accredited investors via Regulation D funds. The common shares of the Company are listed on the TSX Venture Exchange under the stock symbol "EFV" and on the Pink Open Market under the symbol "EFVIF".

Acquisition of EF Resources, Inc.

On June 16, 2020, the Company completed the acquisition (the "Acquisition") of EF Resources, Inc. ("EFR"), the owner of the EnergyFunders financial technology platform. The Acquisition was completed pursuant to the terms of a merger agreement, whereby a wholly-owned US subsidiary of Paleo merged with EFR as the surviving company. Pursuant to the Acquisition, Paleo authorized the issuance of an aggregate of 86,547,774 common shares of Paleo to the former shareholders of EFR, representing 25% of the total issued and outstanding common shares of Paleo on a fully diluted basis, of which 77,892,997 shares have been issued with an additional 8,654,777 holdback share. In December 2021, 8,457,734 holdback shares were issued and 197,043 shares were forfeited.

EFR, along with its related subsidiaries, is an energy-focused crowdfunding company operating in the oil and gas industry. EFR's subsidiary, EnergyFunders, LLC, operates a financial technology platform dedicated to allowing individuals and entities to make investments in oil and gas and other energy-related projects. EFR manages investment portfolio companies, charging asset management fees on same.

Paleo Resources USA Working Interests in Texas Oil and Gas Properties

The Stampede A#1 and Jones #1 wells are still waiting on a gas pipeline connection to an Energy Transfer pipeline.

The Joffre D-3 B Oil Pool

The Company has secured approval from the Alberta Energy Regulator to install and operate production facilities necessary to produce its Joffre Leduc D-3B Pool 103/9-22-39-26 well. The Company has installed the equipment necessary to commence curtailed production of the well and actually commenced production in September 2021. Upon initial startup of production in September 30, 2021, the well naturally flowed at a rate of 45-60 bbls fluid per day, with an 85%-88% oil cut. The Company installed the remainder of the necessary equipment, including permanent flare facilities, that may allow the well and one or more additional field wells to be produced at a higher rate. Continuous commercial production from the Joffre lease is expected to begin in April 2022.

The Burchell Lake Property

Pursuant to the Burchell Lake Property Amendment Agreement dated September 27, 2011, the Company has elected to not pursue any further drilling and development of the Burchell Lake Properties. In January 2021, the Company transferred the Burchell Lake mining claims.

Financial Review

This section should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2021 and 2020, and the corresponding notes thereto. These audited consolidated financial statements, including comparatives, have been prepared in accordance with generally accepted accounting principles of the United States of America ("US GAAP") applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year after the date that the December 31, 2021, financial statements are available to be issued. The Company is subject to risks and challenges similar to companies in a comparable stage of exploration and development. As of December 31, 2021, the Company had a working capital deficiency of $4,913,011 (December 31, 2020 - $7,804,363) and an accumulated deficit of $41,925,628 (December 31, 2020 - $41,705,187). These conditions raise substantial doubt on the Company's ability to continue as a going concern. The Company will need additional funding in order to continue operations.

The Company is dependent upon its ability to finance its operations and oil and gas drilling programs through financing activities that may include issuances of additional debt or equity securities. The recoverability of the carrying value of exploration and evaluation assets and plant property and equipment, and, ultimately, the Company's ability to continue as a going concern, is dependent upon the existence and economic recovery of reserves, the ability to raise financing to complete the exploration and development of the properties, and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interests in one or more assets on an advantageous basis, all of which are uncertain. While the Company has been successful in obtaining funding in the past, through the issuance of equity and debentures and non-arm's length loans, there is no assurance that such funding will be available in the future. An inability to raise additional funds would adversely impact the future assessment of the Company as a going concern.

Regulatory Review – Trading of Corporation's Shares Halted

On May 7, 2021, a cease trade order (the "CTO") was issued by the Corporation's principal regulator, the Alberta Securities Commission, for failure to timely file its audited annual financial statements, management's discussion and analysis and related certifications for the fiscal year ended December 31, 2020 on or before April 29, 2021, as required under applicable securities laws. The delay in the completion of the required filings was due, in part, to business and administrative disruption experienced by the Corporation in respect of both a consultant engaged to complete a valuation of an acquisition required for the audit and the Company's auditors, which experienced a delay caused by the COVID-19 pandemic. The Corporation filed its audited annual financial statements, management's discussion and analysis and related certifications for the fiscal year ended December 31, 2020, and the CTO has been lifted. On October 4, 2021, the shares of Corporation resumed trading on the TSX Venture Exchange (TSXV).

Annual 2021 and 2020 Highlights

	Year ended December 31, 2021	2020
Selected Financial Results		
(US$ except share and per share amounts)		
Revenue, net of royalties	906,130	344,308
Lease operating expenses	138,484	98,425
Production taxes	34,847	22,811
General and administrative expenses	1,050,494	697,946
Depletion, depreciation, amortization and accretion	405,039	269,944
Impairment and dry hole expense	135	9,767,009
Interest expense	471,616	322,272
Foreign exchange gain (loss)	4,249	10,337
Gain on forgiveness of debt	621,423	72,442
Gain on disposition of proved properties	420,372	-
Net income (loss) attributable to EF EnergyFunders Ventures, Inc.'s shareholders	(220,441)	(10,711,831)
Per common share – basic and fully diluted	$(0.00)	$(0.04)
Comprehensive income (loss)	(262,710)	(10,774,942)
Cash flow from operating activities	53,833	(602,817)
Per common share – basic and fully diluted	$(0.00)	$(0.00)
Total capital expenditures (excluding acquisitions)	310,615	202,360
Total assets	2,822,315	1,875,278
Total liabilities	6,332,384	8,867,781
Shareholders' equity (deficit)	(3,510,069)	(6,992,503)
Common Shares		
Common shares outstanding	543,284,697	313,179,813
Weighted average number of common shares outstanding		
Basic	435,375,979	227,541,099
Diluted	435,375,979	227,541,099
TSX Venture Share Trading Statistics		
(CDN$/share except volumes based on intra-day trading)		
*Crease trade order effective May 7, 2021 to October 1, 2021		
High	0.035	0.040
Low	0.005	0.005
Close	0.010	0.010
Average daily volume	65,148	50,654

Selected Quarterly Information

Following is a summary of selected unaudited financial information(1) of the Company for the quarterly periods indicated:

	1st Quarter	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
2021	**($)**	**($)**	**($)**	**($)**
Revenue, net	129,497	144,974	214,375	417,284
Net (loss) attributable to EF EnergyFunders				
Ventures, Inc.'s shareholders	(293,845)	(199,566)	(144,422)	417,392
Per share – basic and fully diluted	(0.00)	(0.00)	(0.00)	0.00
Comprehensive income (loss)	(322,671)	(238,183)	(83,628)	381,770
Cash flow from operating activities	(87,752)	(206,464)	(98,254)	446,303
Per share – basic and fully diluted	(0.00)	(0.00)	(0.00)	0.00
Total assets	2,425,846	2,446,821	2,595,310	2,822,315
Total liabilities	7,645,659	7,911,437	8,067,333	6,332,384
EF EnergyFunders Venture Shareholders' equity (deficit)	(5,212,444)	(5,450,627)	(5,534,255)	(3,520,794)
Weighted average number of common shares outstanding	345,562,554	445,654,661	445,654,661	502,791,301

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2020	**($)**	**($)**	**($)**	**($)**
Revenue, net	53,730	41,409	80,035	169,134
Net (loss) attributable to Paleo Resources, Inc.'s shareholders	(312,596)	(312,716)	(265,479)	(9,821,040)
Per share – basic and fully diluted	(0.00)	(0.00)	(0.00)	(0.04)
Comprehensive income (loss)	(135,019)	(338,811)	(439,747)	(9,861,365)
Cash flow from operating activities	(100,264)	(260,281)	(68,698)	(173,574)
Per share – basic and fully diluted	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	10,366,143	11,637,840	11,534,798	1,875,278
Total liabilities	7,350,964	8,162,926	8,502,938	8,867,781
EF EnergyFunders Ventures Shareholders' equity (deficit)	3,015,179	3,314,720	2,874,973	(6,986,392)
Weighted average number of common shares outstanding	235,286,816	248,126,321	313,179,813	313,179,813

(1) National Instrument 51-102, Part 4, Subsection 4.3(3)(a), requires that if an auditor has not performed a review of the interim financial statements there must be an accompanying notice indicating that the interim financial statements have not been reviewed by an auditor. The Auditor of EF EnergyFunders Ventures, Inc. has not performed a review of the interim consolidated financial statements for the periods shown above.

Financial highlights

	Three months ended December 31					
Oil and gas operations by segment		**2021**			2020	
	Canada	**U.S.**	**Total**	Canada	U.S.	Total
Crude oil	**33,865**	**11,705**	**45,570**	-	-	-
Natural gas	**-**	**100,062**	**100,062**	-	68,374	68,374
Oil and natural gas sales, net of royalties	**33,865**	**111,767**	**145,632**	-	68,374	68,374
Lease operating expenses	**17,158**	**36,868**	**54,026**	3,342	13,479	16,821
Production taxes	**-**	**9,550**	**9,550**	-	5,146	5,146
Depletion, depreciation and amortization	**10,254**	**224,636**	**214,382**	3,594	80,114	83,708
Sales volumes, net of royalties						
Light oil and natural gas liquids (bbls)	**466**	**161**	**627**	-	-	-
Natural gas (mcf)	**-**	**17,680**	**17,680**	-	27,422	27,422
Total sales volumes (boe)	**466**	**3,108**	**3,565**	-	4,570	4,570

	Year ended December 31					
Oil and gas operations by segment		**2021**			2020	
	Canada	**U.S.**	**Total**	Canada	U.S.	Total
Crude oil	**47,970**	**11,705**	**59,675**	-	-	-
Natural gas	**-**	**375,653**	**375,653**	-	204,709	204,709
Oil and natural gas sales, net of royalties	**47,970**	**387,358**	**435,328**	-	204,709	204,709
Lease operating expenses	**33,455**	**97,272**	**130,707**	26,330	72,095	98,425
Production taxes	**-**	**34,079**	**34,079**	-	22,747	22,747
Depletion, depreciation and amortization	**22,703**	**362,553**	**385,256**	13,740	249,378	263,118
Impairment and dry hole expenses	**-**	**135**	**135**		9,043,092	9,043,092
Sales volumes, net of royalties						
Light oil and natural gas liquids (bbls)	**715**	**161**	**876**	-	-	-
Natural gas (mcf)	**-**	**109,438**	**109,438**	-	111,221	111,221
Total sales volumes (boe)	**715**	**18,399**	**19,114**	-	18,537	18,537

For the three and twelve months ended December 31, 2021, the Company had revenue of $269,044 and $455,192 compared to $100,760 and $139,599, respectively, during for same period in 2020 from Fintech platform operating segment. The Fintech platform operating segment was purchased on June 16, 2020. The increase in revenue for the three months ended December 31, 2021 compared to the same period in 2020 is primarily from origination fee and assets-under-management ("AUM") fee revenue from the management of two new funds.

For the three and twelve months ended December 31, 2021, the Company had oil and gas revenues of $145,632 and $435,328 compared to $68,374 and $204,709, respectively, during the same periods in 2020 excluding non-controlling interest. Revenue for the three and twelve months ended December 31, 2021 was higher from that in the same periods of 2020 due higher prices in 2021 compared to 2020. The 103/9/22 Joffre well, which was shut-in since August 2019, commenced production in September 2021.

Lease operating expenses for the three and twelve months ended December 31, 2021, was $54,026 and $130,707 as compared to $16,821 and $98,425, respectively, in the same periods in 2020 excluding non-controlling interest. The increase in lease operating expenses for the three months ended December 31, 2021, compared to the same period in 2020 is primarily due to addition of thre Joffre well, and additional of two wells in the USA.

Production taxes for three and twelve months ended December 31, 2021 were $9,550 and $34,079 as compared to $5,210 and $22,811, respectively, in the same periods in 2020 excluding non-controlling interest.

General and administrative expenses, excluding acquisition expense, for the three and twelve months ended December 31, 2021, were $3196,273 and $1,050,494 compared to $197,621 and $815,359, respectively, in the same periods in 2020. The increase in G&A for three months ended December 31, 2021, compared to the same period in 2020 is primarily due to additional general and administrative expenses related to the operation of EFR and its affiliates.

Interest expenses for the three and twelve months ended December 31, 2021, were $309,949 and $471,616 compared to $83,500 and $322,272, respectively, in the same periods in 2020. Interest expenses for the twelve ended December 31, 2021, were comprised of $461,038 in interest charges and $10,578 of amortization of debt discount on convertible debentures, as compared to $300,166 in interest charges and $22,106 of amortization of debt discount on convertible debentures in 2020. The increase in interest expense for the three months ended December 31, 2021, period compared to the 2020 period is primarily due to the 15% interest on repurchase of convertible debentures.

The net income (loss) attributable to EF EnergyFunders Ventures Inc.'s shareholders for the three and twelve months period ended December 31, 2021, were $417,392 and ($220,441) as compared to ($9,821,040) and ($10,711,831), respectively, during the same periods in 2020. The net cash flow provided (used) in operating activities for the years ended December 31, 2021 were $446,303 and $53,833 compared to ($173,574) and ($602,817) in the same period of 2020.

Capital Expenditures

The Company incurred additions to unproved oil and gas properties of $39,438 (2020 -$nil) and proved oil and gas properties of $271,177 (2020 - $202,360) for twelve months ended December 31, 2021. The capital expenditure activities in Canada and the US for the twelve months ended December 31, 2021, were as follows:

(a) Canada
During the twelve months ended December 31, 2021, the Company incurred expenditures on proved oil and gas properties in Canada of $119,846 (2020 - $24,359) on completion and equipping for the new 103/9-22 well and for planning, design and permitting of sour service production facilities in Joffre, Alberta.

The Company sold an undivided 5% working interest in Joffre lease to EnergyFunders Yield Fund I GP LLC for $400,000 USD, effective as of December 1, 2021.

(b) US
During the twelve months ended December 31, 2021, the Company incurred expenditures on proved oil and gas properties of $148,331 on the completion of the Yegua wells, $3,000 on the purchase of several wells at auction and $39,438 on unproved oil and gas properties.

On March 9, 2021, the Company entered into a Common Stock Purchase and License Agreement ("the Purchase and License Agreement") with Field Genie, Inc. Field Genie, Inc. ("FGI") is a technology service provider that uses advanced artificial intelligence techniques to deliver solutions using spatial/geo intelligence and computer vision, including real-time detection and recognition of objects and patterns. In connection with the above agreement, the Company agreed to purchase a maximum of 50,000 shares of common stock of FGI at $10 per share or an aggregate purchase price of $500,000, subject to the terms and conditions of the Purchase and License Agreement, in exchange for a license to certain intellectual property of FGI. The purchase price is payable over a period of 12 months. The Company accounted for the investment under the cost method. As of December 31, 2021, the Company has paid $416,667 and $83,333 remains outstanding under the terms of the Purchase and License Agreement.

Liquidity and Capital Resources

The Company had a cash position of $128,841 at December 31, 2021, compared with a cash position of $147,189 at December 31, 2020. As of December 31, 2021, the Company had a working capital deficiency of $4,913,011 (December 31, 2020 - $7,804,363) and an accumulated deficit of $41,925,628 (December 31, 2020 - $41,705,187).

The Company had the following financing activities during 2021:

On February 11, 2021, a Company's subsidiary entered into a secured loan with the U.S. Small Business Administration ("SBA") in the amount of $150,000 under the Economic Injury Disaster Loan (the "EIDL Loan") with an interest rate of 3.75% and maturity date thirty years from the effective date of the EIDL Loan. The Economic Injury Disaster Loan was established under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act") and is administered by the SBA. Principal and interest payments of $731 are due every month beginning twelve months from the date of the EIDL Loan.

On March 1, 2021, the entire amount of the existing loan from the subsidiary of a US JV Partner was assigned to Roger S. Braugh, Jr., a director and officer of Paleo, and Chris Pettit & Associates PC, a company controlled by Christopher J. Pettit, a director of Paleo, as trustee of a Trust, in the aggregate amount, including principal and interest, of $2,283,662, as to 50% to each, subject to approval of the TSX Venture Exchange. On March 10, 2021, the Company settled outstanding indebtedness, excluding interest, the aggregate amount of $2,096,619 now owing to director and trustee following the noted assignment, through the issuance of an aggregate of 132,474,848 common shares of the Company at a deemed price of CDN$0.02 per share (the "Debt Settlement"). The Company's common stock average price on March 10, 2021 was CDN$0.018 per share. The fair value of the Company's common stock was $1,886,957USD (at assumed exchange rate of CDN $0.7913 to USD $1.00) and additional paid in capital of $209,662. The common shares issued in connection with the Debt Settlement are subject to a hold period that expired on July 31, 2021.

In April 2021, holders of the Company's outstanding 2019 convertible debentures in the aggregate principal amount of CDN$2,682,799 or USD$2,000,674 (the "Debentures") provided notice to require the Corporation to repurchase all amounts outstanding under the Debentures, in accordance with the terms of such Debentures. The Debentures provide the holders the right, upon at least 30 days written notice prior to the date that is two years following the original issuance date of such Debentures (the "Repurchase Date"), to require the Company to repurchase all amounts outstanding under the Debentures on such Repurchase Date, at a repurchase equal to 115% of the outstanding principal amount of the Debentures, together with payment of the interest on the principal amount accrued and unpaid to the Repurchase Date.

The total principal amount of the indebtedness due as a result of the repurchase notifications was CDN$3,085,219 or USD$2,300,775 (the "Repurchase Indebtedness") of which CDN$2,341,682 was due on June 5, 2021 and CDN$743,537 was due on July 25, 2021.

On November 4, 2021, the Company settled outstanding indebtedness in the aggregate amount of CDN$3,085,218.75 owing to the former holders of the outstanding 2019 debentures, through the issuance of an aggregate of 89,172,302 common shares of the Corporation at a deemed price of CDN$0.03 per share (the "Debt Settlement "). The common shares issued in connection with the Debt Settlement are subject to a hold period that expires on March 5, 2022.

In April 2021, a Company's subsidiary entered into a second unsecured loan with SBA in the amount of $74,100 under the US Paycheck Protection Program (the "PPP Loan") with an interest rate of 1.0% and a term of five years.

Additional financing will be required to develop and operate the Company's properties, additional projects and to replenish working capital. The Company is dependent upon its ability to finance its operations and oil and gas drilling programs through financing activities that may include issuances of additional debtor equity securities. The recoverability of the carrying value of exploration and evaluation assets and plant property and equipment, and, ultimately, the Company's ability to continue as a going concern, is dependent upon the existence and economic recovery of reserves, the ability to raise financing to complete the exploration and development of the properties, and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interests in one or more assets on an advantageous basis, all of which are uncertain.

Share Capitalization

The Company is authorized to issue an unlimited number of common shares. On June 16, 2020, the Company authorized the issuance of an aggregate of 86,547,774 common shares of Paleo to the former shareholders of EFR, of which 77,892,997 shares were issued at the time, with an additional 8,654,777 holdback shares. In December 2021, 8,457,734 of the holdback shares were issued and 197,043 shares were forfeited. On March 10, 2021, the Company settled outstanding indebtedness, excluding interest, in the aggregate amount of $2,096,619 through the issuance of 132,474,848 common shares of the Company. On November 4, 2021, the Company settled a total of CDN$2,675,169 of the Repurchase Indebtedness through the issuance of an aggregate of 89,172,302 common shares. As of December, 2021, 543,284,697 common shares and 2,000,000 stock options were outstanding for a total of 545,284,697 common shares on a fully diluted basis. As of December 31, 2021, a further 2,971,375 shares would be issuable on conversion of convertible debentures based on a conversion price of CDN$0.12/share of the Canadian dollar denominated debentures.

Transactions with Related Parties

Related parties include the Board of Directors, senior management and enterprises that are controlled by these individuals. Related party transactions are conducted in the normal course of operations under normal market conditions and terms. The following transactions were entered into with related parties during the twelve months ended December 31, 2021:

(a) During the twelve months ended December 31, 2021, a total of $98,720 interest was incurred on the convertible debentures held by a director and the Trust (hereinafter defined). On November 4, 2021, the Company settled a total of CDN$743,537 of the Repurchase Indebtedness through the issuance of an aggregate 24,784,570 common shares of the Corporation at a deemed price of CDN$0.03 per share to the director and the Trust. The fair value of the Company's common stock was USD$398,178 (at assumed exchange rate of CDN $0.80328 to USD $1.00) and additional paid in capital of USD$199,089. Total accrued interest payable to the director and the Trust as of December 31, 2021 was $232,243 (December 31, 2020 - $229,760).

(b) The Company conducts the majority of U.S. operations with one joint venture partner (the "US JV Partner"). The US JV Partner is owned by a director of the Company and a Trust controlled by another director in his capacity as trustee of the Trust (the "Trust"). During the twelve months ended December 31, 2021, a total of $69,710 interest was accrued on promissory note and loan owing to the US JV Partner and its subsidiary. For the twelve months period ended December

31, 2021, net expense after revenue were $69,153 from U.S. operations operated by the US JV Partner. At as December 31, 2021, the balance owing to the US JV Partner and its subsidiary in accounts payable is $1,851,506 (December 31, 2020 - $972,839). For the twelve months period ended December 31, 2021, the Company borrowed $460,093 from the US JV Partner. Total loan payable to the US JV Partner as of December 31, 2021 was $522,593 (December 31 2020 -$62,500).

(c) The Company receives management fees from the investment companies managed by a Company's subsidiary, which at times are paid in advance and are recorded on the balance sheet as deferred management fees – related parties. As of December 31, 2021, deferred management fees totaled $11,767. For the twelve months ended December 31, 2021, management fee revenue was $86,611 and $39,000 for 2020. The Company charges an origination fee, an AUM fee and sometimes may receive carried interest in investee companies as part of management compensation. Management revenue from origination and carried interest for the years ended December 31, 2021 and 2020 were $350,914 and $18,239, respectively.

(d) The Company received reimbursement revenue for costs incurred from related parties totaling $17,667 for the twelve months ended December 31, 2021 and $46,352 for 2020.

(e) As of December 31, 2021, the Company paid $416,667 to Field Genie which is co-owned by a member of senior management and the balance outstanding under the terms of the Purchase and License Agreement of $83,333 is included in accounts payable and other liabilities.

(f) Certain officers are shared with a related party and the officers' compensations are paid by the related party and not charged to the Company. The Company's president is providing services to the Company, from January 31, 2020, for no compensation.

Significant Accounting Judgments and Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates pertain to the use of the going concern assumption, proved natural gas reserves and related cash flow estimates used in impairment tests of oil and natural gas properties, asset retirement obligations, and accrued natural gas revenues and operating expenses. Estimates are also made in determining the fair value of assets and liabilities. Actual results could differ from those estimates.

Capital Risk Management

The Company manages its capital with the following objectives:

- To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and

- To maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, contributed surplus, reserves and deficit which at December 31, 2021 totaled ($3,510,069) (December 31, 2020 - $6,986,392).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating and capital expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral and oil and gas properties. The Company's capital management objectives, policies and processes have remained unchanged during the period ended December 31, 2021. The Company is not subject to any capital requirements imposed by a lending institution.

Property, Financial, Instruments, Risk Management and Sensitivity

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and commodity and equity price risk.)

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable. Cash is held with select major Canadian chartered banks and major US banks, from which management believes the risk of loss to be minimal.

Accounts receivable include accrued and joint venture receivables from joint venture partners, contract operators, managed investment companies receivable, and sales tax receivable from government authorities in Canada. Accounts receivable includes receivables that are past due but not considered impaired. Management believes that the credit risk with respect to accounts receivable is minimal.

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and prices of commodities and equities.

In regard to interest rate risk, the Company has cash and cash equivalents balances and interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banks with which it keeps its bank accounts. The credit facility and certain loans payable and the debentures are at fixed rates and not subject to rate fluctuations. There are two related party loans that bear interest at a floating rate of interest. The Company regularly monitors compliance to its cash management policy.

In regard to currency risk, the Company's functional and reporting currency is the US dollar and major purchases are transacted in both Canadian and US dollars. The Company operates its Canadian assets through the Canadian parent company. As a result, the Company is subject to gains and losses from fluctuations in the Canadian dollar.

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices of securities held by the Company or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as they relate to oil and gas, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

The Company's future profitability and viability from oil and gas exploration depends upon the world market price of oil and gas. Commodity prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities oil and gas may be produced in the future, a profitable market will exist for them. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Other Risks and Uncertainties

On March 11, 2020, the World Health Organization characterized the global outbreak of the novel strain of coronavirus, COVID-19, as a "pandemic." To limit the spread of COVID-19, governments have taken various actions including the issuance of stay-at-home orders and social distancing guidelines, causing some businesses to suspend operations and a reduction in demand for many products from direct or ultimate customers. Such actions have resulted in a swift and unprecedented reduction in international and U.S. economic activity which, in turn, adversely affected the demand for oil and natural gas and caused significant volatility and disruption of the financial markets.

The Company is unable to predict the impact that the COVID-19 pandemic will have on us, including our financial position, operating results, liquidity and ability to obtain financing in future reporting periods, due to numerous uncertainties. Additionally, the COVID-19 pandemic has caused widespread shortages of goods and services used and needed by the Corporation and its subsidiaries involved in oil and gas operations, as well as significant price increases in such goods and services.

Oil and gas exploration are speculative ventures. There is no certainty that expenditure on exploration and development will result in the discovery of economic oil and gas reserves. The Company's viability and potential success lie in its ability to develop, permit, exploit and generate revenue out of oil and gas reservoirs. Revenues, profitability and cash flow from Fintech operations will be influenced by petroleum and natural gas prices and by its relationship to attract potential investors interested in energy investments. Such prices have fluctuated widely and are affected by numerous factors beyond the Company's control.

The Company's ability to raise additional funds and its future performance is largely tied to the financial markets related to exploration companies. In the first quarter of 2020, economic conditions in Canada, the US and worldwide deteriorated as a result of COVID-19 as detailed above. Various factors impact the oil and gas industry. These factors include uncertainty regarding the price of petroleum and natural gas, the availability of equity financing for the purposes of mineral exploration and development, and the availability and price of goods and services used and needed by the Corporation and its subsidiaries involved in oil and gas operations. The price of crude oil and natural gas have been volatile in recent periods and financial markets have become unpredictable to the point where it has become difficult for companies, particularly junior exploration companies, to raise new capital. The Company's future performance is largely tied to the development of its current oil and gas interests and the overall financial markets. Financial markets could be volatile, reflecting ongoing concerns about the global economy. Some companies worldwide have been affected negatively by these trends. As a result, the Company may have difficulties raising equity financing for the purposes of oil and gas and mineral exploration and development, particularly without excessively diluting the interests of its current shareholders. With continued market volatility expected, the Company's current strategy is to spend its funds in a prudent manner, continue drilling its Polk County Yegua and Joffre wells, review multiple low-cost oil and gas ventures, evaluate opportunities for the acquisition of non-conventional oil and gas plays and grow and expand its Fintech business segment. The Company believes that this focused strategy will enable it to meet the near-term challenges presented by the capital markets. These trends may limit the Company's ability to develop and/or further explore its oil and gas assets, and/or other property interests that could be acquired in the future. Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in short-term operating and longer-term strategic decisions.

Disclosure and Internal Financial Controls

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited financial statements, and (ii) the audited financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Cautionary Note Regarding Forward Looking Statements

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein are forward-looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "proposed", "is expected", "budgets", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. In particular, this MD&A contains forward-looking information regarding: the business of the Company; future opportunities; business strategies, goals and plans of the Company. There can be no assurance that such forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such forward-looking information. This forward-looking information reflects the Company's current beliefs and is based on information currently available to the Company and on assumptions the Company believes are reasonable. These assumptions include, but are not limited to: market acceptance and approvals, and future costs and expenses being based on historical costs and expenses.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: volatility in market prices for oil and natural gas; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; geological, technical, drilling and processing problems; general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; delay or failure to receive board or regulatory approvals; the actual results of future operations; competition; changes in legislation, including environmental legislation, affecting the Company; the timing and availability of external financing on acceptable terms; and lack of qualified, skilled labour or loss of key individuals. A description of additional assumptions used to develop such forward-looking information and a description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in Company's disclosure documents on the SEDAR website at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. The forward-looking information contained in this MD&A represents the expectations of the Company as of the date of this MD&A and, accordingly, is subject to change after such date. However, the Company expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

BOE Presentation. References herein to "boe" mean barrels of oil equivalent derived by converting gas to oil in the ratio of nine thousand cubic feet (Mcf) of gas to one barrel (bbl) of oil. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 bbl is based on an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

On behalf of the board of directors

Roger S. Braugh, Jr.
Chairman of the Board
EF EnergyFunders Ventures, Inc.

May 3, 2022