MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED

MARCH 31, 2026

Prepared by:

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INTRODUCTION

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Squatex Energy and Ressources Inc ("Squatex" or the "Company") constitutes the management's review of factors that affected the Company's financial performance for the year ended on March 31, 2026 in comparison with data from the same period last year. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations and should be read in conjunction with the audited financial statements for the year ended on March 31, 2026. The Company's audited financial statements for the year ended on March 31, 2026 are prepared in accordance with International Financial Reporting Standards as published by the International Accounting Standards Board IFRS® including comparative figures. Results are reported in Canadian dollars.

FORWARD-LOOKING STATEMENTS

This report contains statements that are to be considered forward-looking statements. Such statements relate to future events or future economic performance of Squatex and involve risks, uncertainties and other known and unknown factors that may appreciably affect the results, performance or achievements against this or implications Squatex statements. Actual events or results could differ. Forward-looking statements include words or phrases such as "anticipates", "believes", "plans" or other words or phrases suggesting future outcomes of the infringement. Squatex disclaims any intention and undertakes no obligation to update such statements unless otherwise required by law.

DESCRIPTION OF BUSINESS

Squatex is incorporated under the Canada Business Corporations Act and its securities trade under the symbol "SQX" on the Canadian Securities Exchange (CSE). Until now, the exploration and development of oil and gas properties in Quebec have been the Company's main activities. Since the adoption in April 2022 of Bill 21 on the hydrocarbons, a law to put an end to the exploration and production of hydrocarbons over oil and gas exploration properties in Quebec, Squatex must redirect its activities towards other resources or energies. As part of the achievement of its objectives, the Company will be called upon to enter into partnership agreements to reduce the risks and costs of its projects. Squatex is currently considering alternative exploration activities in the energy sector.

HIGHLIGHTS

The Government of Quebec adopted, in April 2022, Bill 21 on hydrocarbons to prohibit all exploration and exploitation of oil and gas and to abolish all hydrocarbon exploration permits already issued on its territory.

The management of Ressources & Energy Squatex Inc, together with its partner Petrolympic Ltd ("Petrolympic"), had instituted in 2019, through its attorneys, a lawsuit against the Government of Quebec, which was filed in Superior Court, district judiciary of Quebec. This action is still ongoing.

During the year ended March 31, 2026, Squatex carried out the necessary follow-up on current files. In May 2025, it acquired mining claims allowing it to begin the exploration of natural hydrogen. In September 2025, the annual inspection visit of the Massé No.2 drilling site was completed.

On October 21, 2025, Squatex announced a strategic cooperation between the National Geological Service of Senegal, the Company, and Caron Technologies International Inc. This three-year renewable agreement aims to strengthen scientific, technical, and technological cooperation between Quebec and Senegal in the areas of geological mapping, mineral and energy exploration, and the development of innovative technologies for the sustainable management of natural resources.

SUMMARY OF EXPLORATION PROPERTIES

As of March 31, 2026, Squatex, like all other oil and gas license holders, had its 36 licenses revoked in April 2022 by the Government of Quebec. These were totaling an area of 6,560.93 km^2 (1,621,205 acres) to be explored in the Appalachian Basin of Quebec over territories of the St. Lawrence Lowlands and of the Lower St. Lawrence/Gaspé.

Squatex had as exploration partner Petrolympic Ltd (30% interest) on all its exploration permits. Canbriam Ltd had also won 60% interest in an area of 80.0 km^2 (19,768 acres), overlapping with two Squatex permits in the Lowlands.

In May 2025, Squatex acquired mining rights for the exploration of natural hydrogen, comprising 110 mining rights covering an area of 6,241.64 hectares located in the Bas Saint-Laurent region. These mining rights will expire in May 2028.

EXPLORATION ACTIVITIES

During the year ended March 31, 2026, Squatex has done the necessary follow-up on its files, but has not carried out any field exploration work, apart from an annual control verification of the Massé No.2 stratigraphic well.

EXPLORATION EXPENSES INCURRED

For the year ended March 31, 2026, Squatex spent $10,718 ($2,000 for the year ended March 31, 2025) on its exploration permits, including the acquisition of mining rights for a value of $8,718 (nil for the year ended March 31, 2025).

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TECHNICAL DISCLOSURE

The technical disclosures appearing under the title "Highlights" and "Exploration Activities" were prepared by Paul Laroche, M. Sc. in geology, who is a qualified person under National Instrument 51-101.

EXEMPTIONS FROM OBLIGATIONS

On April 12, 2022, Bill 21 was adopted by the National Assembly of Quebec. This Act puts an end to all oil and gas research and exploration activities in Quebec. However, Squatex retains the obligation under the law to abandon the Massé No.2 stratigraphic drilling.

ENVIRONMENTAL RESPONSIBILITY

The Company is subject to government environmental protection laws and regulations. Environmental consequences are very difficult to identify in terms of results, time and impacts. To the best of its knowledge, Squatex conducts its operations in a manner that is consistent with government environmental legislation and regulations.

RISKS AND UNCERTAINTIES

Squatex's long-term commercial success depends on its ability to find, acquire, develop and commercially exploit new alternatives in the energy sector. Oil and gas exploration licenses having been revoked in April 2022. The future increase in Squatex's reserves will depend not only on its ability to prospect and develop new alternatives, but also on its ability to select and acquire the appropriate activities. In addition, even if such acquisition or equity opportunities are identified, Squatex may decide that, depending on current market conditions, acquisition and participation or pricing arrangements result in acquisitions or stakes are unprofitable.

REGULATORY IMPACT

The energy industry is subject to elaborate controls and regulations put in place by the various levels of government for prices, royalties, land holdings, production quotas, imports and export of oil and gas and environmental protection.

The energy industry is currently subject to environmental regulation pursuant to various federal and provincial laws. The laws include restrictions and prohibitions on the issue or the release of various substances produced or used for certain operations of the industry, which have impact on facilities location and the extent to which the exploration and development are allowed. In addition, the legislation requires the resignation and revaluation of wells and facilities to be carried out to the satisfaction of provincial authorities. Violation of these laws can result in fines and penalties, suspension or revocation of permits and authorizations necessary for the operation of a business and liability for damage caused by pollution. In Quebec, environmental compliance matters are governed, since September 21, 1972, by law, entitled Environmental Quality Act (the “Quebec Act Environmental Protection“). The Quebec law on environmental protection imposes requirements of environmental protection, information and surveillance. In addition, it sets up a process of impact assessment and wider public consultation on matters of environmental assessment and enforcement.

FUTURE FUNDING NEEDS AND GOING CONCERN

The Company will need additional financing in the future to continue its activities. If financing is obtained by issuing new shares, control of Squatex may be affected and shareholders may suffer additional dilution.

DEPENDENCE OF KEY PERSONNEL

The success of the Company depends largely on the quality of management. The loss of these people, or inability to interest equivalent qualified people could have a material adverse impact on operations and business prospects of the Company. The president of the Company has been providing services despite the cancellation of his contract since April 2021. The absence of free services might have an adverse impact on the Company.

MARKETING

The Company operates in a competitive environment where raw materials prices depends of many factors that are beyond control of the Company. The prices of the different types of energy have fluctuated greatly in the past. Oil prices are based on supply and demand at international level and political events, including the Middle East and in Russia, may have an important influence on oil prices and supply globally. The price of natural gas sold in interprovincial and international trade is determined by negotiation between buyers and sellers. The price received by a natural gas producer depends, partly, on the prices of competing fuels, like natural gas produced, the access to downstream transport, the length of contracts, the climatic conditions and the balance of supply and demand.Any decrease in the price of oil and natural gas could have a material adverse effect on future operations and financial position of the Company and the level of expenses incurred to continue operations. All these factors are beyond control of the Company.

GROWTH MANAGEMENT

The Company may be subject to risks associated to its growth, including restraints and pressure on its internal systems and controls. The ability of the Company to conduct an effective growth management will require to implement and continuously improve its operating systems and financial reporting and to enhance, develop and manage his basic labor.

SELECTED FINANCIAL INFORMATION

FOR THE YEAR ENDED MARCH 31, 2026, 2025 AND 2024

	2026	2025	2024
EXPLOITATION	**$**	**$**	**$**
Exploration and evaluation expenses	10,718	2,000	6,192
Net loss and total comprehensive loss	- 584,612	- 511,671	- 337,919
Net and comprehensive loss per basic and diluted share	- 0.0047	-0.0041	-0.0027

ANALYSIS OF OPERATING RESULTS

REVENUE

During the year ended March 31, 2026, no activity generated by Squatex has produced income.

NET LOSS

The net and comprehensive loss increased from $511,671 for the year period March 31, 2025, to $584,612 for the same period ended March 31, 2026. This increase in loss of $72,941 is due to a $10,746 rise in professional services costs, resulting from legal fees incurred for the lawsuit against the government and efforts to develop relations with Senegal. The acquisition of mining rights valued at $8,718 also increased the loss. Registration, filing, and publication fees also increased by $9,817 as Squatex issued press releases explaining its new direction. New promotional and travel expenses were incurred to promote the new direction and Squatex's partnership with Senegal. Furthermore, the $40,760 increase in interest on the amount owed to a jointly controlled company, due to the increased sums owed to that jointly controlled company, also contributes to the increased loss.

QUARTERLY INFORMATIONS

	Year ended on March 31, 2026				Year ended on March 31, 2025			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	$	$	$	$	$	$	$	$
Revenue	—	—	—	—	—	—	—	—
Net results	($110 092)	($207 683)	($167 124)	($99 713)	($175 649)	($102 109)	($90 231)	($143 682)
Total assets	$19 053	$31 149	$55 310	$31 447	$17 398	$13 309	$63 020	$29 027
Total liabilities	$3 715 951	$3 621 705	$3 434 433	$3 243 446	$3 129 684	$2 949 946	$2 897 548	$2 773 324
Basic and diluted earnings per share	($0,0009)	($0,0017)	($0,0013)	($0,0008)	($0,0014)	($0,0008)	($0,0007)	($0,0012)

The net loss was greater in the third quarter, as professional services were more prevalent during that period. Furthermore, interest payments to the jointly controlled company continue to rise, as the amount owed also increases over time, to allow Squatex to pay suppliers for ongoing expenses and legal proceedings.

	ON MARCH 31, 2026	ON MARCH 31, 2025	ON MARCH 31, 2024
STATEMENT OF FINANCIAL POSITION			
Working capital (negative)	- 3,702,295	- 3,112,286	- 2,600,615
Total assets	19,053	17,398	27,599
Total liabilities	- 3,715,951	- 3,129,684	- 2,628,214
Shareholder’s deficiency	- 3,696,898	- 3,112,286	- 2,600,615

STATEMENT OF FINANCIAL POSITION

The Company's working capital deteriorated by $590,009 between March 31, 2025, and March 31, 2026. This is explained by the increase in due to a company under common control and due to a director for a total amount of $214,233 (for Squatex to be able to pay current expenses, acquire mining rights, furniture and equipment), increase in the accumulated accrued interest on the amount due to a company under common control of $194,947 in addition to the increase in accounts payable related to the significant legal services for the lawsuit.

FOR THE YEAR ENDED	MARCH 31, 2026	MARCH 31, 2025	MARCH 31, 2024
CASH FLOW			
Cash outflows used by operating activities	- 205,120	- 236,623	- 114,393
Cash flows from investing activities	-6,053	-	-
Cash flows from financing activities	214,233	227,000	126,000

LIQUIDITY

As of March 31, 2025, the Company had $ 7,164 in cash. As of March 31, 2026, the Company had $ 10,224 in cash, an increase of $ 3,060. Cash is therefore stable since the company under common control injects cash to allow Squatex to maintain a similar level of cash while paying suppliers for current and the strict minimum expenses. During the year ended March 31, 2026, the injection of cash by a director and by the company under common control enabled the acquisition of mining rights and furniture and equipment.

GOING CONCERN

The financial statements have been prepared in accordance with IFRS® and on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. To determine whether the principle of going concern is valid, management takes into account all the information at its disposal concerning the Company's prospects for at least the next 12 months following the end of the period of its financial information presentation.

The Company has not yet found an oil and gas property containing deposits that are economically recoverable, the Company has not yet generated any income or cash flows from its operations. As at March 31, 2026, the Company had a negative working capital of $3,702,295 and an accumulated deficit of $11,553,951.

Furthermore, there is uncertainty about the future of oil and gas exploration in Quebec. Since 2011, a moratorium on shale gas exploration has been imposed in Quebec. This moratorium could have been lifted with the implementation of the new Hydrocarbons Act (the "Act") in September 2018. However, certain regulations under this new Act created additional challenges for oil and gas operations. On April 12, 2022, Bill 21 was passed by the National Assembly of Quebec. This law ends all hydrocarbon exploration and exploitation activities in Quebec, and the Government of Quebec will compensate companies holding permits, such as Squatex. Squatex is currently considering a shift toward other areas of energy resource research. In May 2025, the Company acquired mining claims to enable it to explore natural hydrogen.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing for the pursuit of other activities, on the compensation by the Government of Quebec and the continued support from its suppliers and the company under common control. While management has been successful in securing financing in the past, there can be no assurance that such sources of funding or initiatives will be available to the Company. These material uncertainties cast a significant doubt regarding the Company's ability to continue its operations, and accordingly, the appropriateness of the use of IFRS® applicable to a going concern.

The carrying amounts and classification of assets, liabilities, revenues and expenses presented in the financial statements and the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate. These adjustments could be material.

FUNDING SOURCES

The main source of funding comes from the investment of the equity holders,the due to a company under common control, the waiver, by a company under common control,of its fees for a total period of 8 years as of March 31, 2021, and the cancellation of the contract for the president's services as of April 1st, 2021.

OFF-STATEMENT ARRANGEMENT

As of March 31, 2026, the Company does not have any off-balance sheet settlement other than significant commitments related to statutory obligations for exploration licences it holds, which are being contested by the Company.

TRANSACTIONS WITH RELATED PARTY

The related parties of the Company include key executives and companies controlled by them, as explained below.

Unless otherwise specified, none of the transactions include special characteristics or conditions and no guarantees were given or received.

Transactions with key management

Key management includes directors (members of the management committee or not) and senior executives. There is no compensation paid or payable to key management, except for fees charged by them or to a company controlled by them, for their professional and other services which are presented below:

FOR THE YEAR ENDED	MARCH 31, 2026	MARCH 31, 2025
	$	**$**
Professional services	44,227	52,798
Financial expenses	194,947	154,187

As of March 31, 2026, there is an outstanding balance of $10,396 ($2,379 as at March 31, 2025) resulting from these operations plus interest payable of $830,953 ($636,006 as at March 31, 2025). The due to a company under common control of $1,381,116 ($1,175,600 as at March 31, 2025) and the due to a director of $8,717 (nil as of March 31, 2025) are also considered as related party transaction.

PROVISIONS

Annual fees of 2019-2020, 2020-2021 and 2021-2022

The recognition of 2019-2020, 2020-2021 and 2021-2022 annual fees as a provision involves a certain degree of judgment with regard to a lawsuit brought by the Company against the Ministry of Energy and Natural Resources (MENR), concerning these fees.

On July 26, 2019, the Company received a notice of payment of the annual fees from the Ministry of Energy and Natural Resources (“MENR”). These fees would amount to a total amount of $ 339,305 for the period from September 1st, 2019, to August 31, 2020, and would be shared with the partner Petrolympic Ltd. On October 31, 2020, the Company received a notice of payment of the 2020-2021 annual fees from the MENR. These annual fees would amount to a total of $ 342,599 and would also be shared with the partner Petrolympic Ltd. In November 2020, the Company paid a part of the 2020-2021 annual fees to the MENR. In August 2021, the Company received a statement of account showing the 2021-2022 annual fees from the MENR. These annual fees would amount to a total of $349,187 and would also be shared with the partner Petrolympic Ltd. On March 31, 2022, the Company received a statement of account showing the annual fees for 2019-2020, for 2020-2021 and for 2021-2022 and interests relating to the late payment of these fees. The Company is contesting this MENR payment notice and the statements of account and has filed legal proceedings to enforce its rights.

Without prejudice to this legal procedure, the Company has recorded, as a provision in the statement of financial position, the annual fees claimed by the MENR for the years 2019-2020, 2020-2021 and 2021-2022 (net of the payment made in November 2020) as well as the interest related thereto. As at March 31, 2026, the Company recorded a specific provision of $ 1,075,234 ($ 1,075,234 as at March 31, 2025) of which $ 322,570 ($ 322,570 as of March 31, 2025) would be receivable from its partner if the Company paid these amounts.

SUBSEQUENT EVENTS

On April 2, 2026, April 23, 2026 and April 28, 2026, a company under common control has made additional advances of $25,000 each and on May 4, 2026, the company made a new advance of $20,000 and on June 5, 2026, the company made a new advance of $40,000. This brings the due to a company under common control (bearing interest at 15% and repayable on demand) to a balance of $ 1,516,116.

APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS®) NEW AND MODIFIED

Standard adopted during the year

The Company did not adopt any new or amended standards or and interpretations effective January 1, 2025.

Existing standards not yet effective

At the date of the approval of these financial statements, new standards and interpretations of the existing standards and new amendments have been published but are not yet effective and the Company has not adopted them in advance. Management anticipates that all positions will be adopted in the Company's accounting policies for the first fiscal year beginning after the effective date of the Company's accounting policies. Management will continue to assess the potential impact of the new standards and interpretations published which are not expected to have a material impact on the financial statements of the Company.

Amendments to IFRS 9 Financial instruments and IFRS 7 Financial instruments: Disclosures

In May 2024, the IASB issued amendments to the classification and measurement requirements in IFRS 9. The amendments will address diversity in accounting practice by making the requirements more understandable and consistent. These include:

Clarifying the classification and assessment of contractual cash flows of financial assets with environmental, social and corporate governance (“ESG”). Settlement of liabilities through electronic payment systems - the amendments clarify the date on which a financial asset or financial liability is derecognized. The IASB also decided to develop an accounting policy option to allow a company to derecognize a financial liability before it delivers cash on the settlement date if specified criteria are met.

With these amendments, the IASB has also introduced additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example features tied to ESG-linked targets. The amendments are effective for annual reporting periods beginning on or after January 1, 2026.

IFRS 18 Presentation and disclosure in financial statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18") which introduces:

(i) new requirements on presentation within the statement of profit or loss;
(ii) disclosure standards regarding management defined performance measures; and
(iii) principles for aggregation and disaggregation of financial information in the financial statements and the notes.

IFRS 18 will be effective for annual reporting periods beginning on or after January 1, 2027, but companies can apply it earlier. IFRS 18 replaces IAS 1. It carries forward many requirements from IAS 1 unchanged.

CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

Refer to note 5 to the audited financial statements for the year ended March 31, 2026.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Refer to note 18 to the audited financial statements for the year ended March 31, 2026.

OUTSTANDING SHARES AND SECURITIES

The following table shows the number of outstanding shares as of July 27, 2026 and the total number of outstanding securities:

Common shares	123,850,656

ADDITION REQUIREMENTS FOR EMERGING ISSUERS WITHOUT SIGNIFICANT OPERATING PRODUCTS

The principal activity of the Company is oil and mineral exploration.

ADDITIONAL INFORMATION

This Management Discussion and Analysis (MD&A) was prepared as of July 27, 2026. This MD&A, along with additional information about the Company, is available on the SEDAR+ website at ***www.sedarplus.ca***.