



MANAGEMENT'S DISCUSSION AND ANALYSIS For the three months ended September 30, 2025

ABOUT CSRI

Canadian Spirit Resources Inc. ("CSRI" or the "Corporation") is a natural resources company whose shares are listed under the trading symbol "SPI" on the TSX Venture Exchange (the "Exchange"). The Corporation's principal activity is exploring for and developing the productive capability of the Montney Formation natural gas and natural gas liquids resource play in the Farrell Creek/Altares area of northeastern British Columbia.

READER ADVISORIES

The following management's discussion and analysis ("MD&A") of the financial conditions and results of operations of the Corporation for the three months ended September 30, 2025 should be read in conjunction with the unaudited condensed interim financial statements for the three months ended September 30, 2025 and the audited financial statements for the year ended June 30, 2025 and the accompanying notes thereto, prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. The financial data presented herein is in accordance with IFRS and all amounts are presented in Canadian dollars. This MD&A has been prepared by management and includes information up to November 26, 2025, the date of review and approval by the Corporation's Board of Directors. Additional information relating to Constellation, including financial statements, news releases and other required

Forward-looking Statements

The information provided herein contains estimates and assumptions which management is required to make regarding future events and may constitute forward-looking statements within the meaning of applicable securities laws. Management's assessment of future plans and operations, capital expenditures, methods of financing capital expenditures and the ability to fund financial liabilities, expected commodity prices and their impact on the Corporation, expected increase in royalty rates, and the timing of and impact of adoption of new accounting policies under GAAP may constitute forward-looking statements under applicable securities laws and necessarily involve risks including, without limitation, risks associated with natural gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risk, competition from other producers, inability to retain drilling rigs and other services, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, the inability to fully realize the benefits of the acquisitions, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources.

Although management believes the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will be realized. The use of any of the words "anticipate", "believe", "continue", "estimate", "expect", "forecast", "may", "intend", "likely", "will", "project", "plan", "should", "possible", "probable", "schedule", "position", "goal", "objective", and similar expressions are intended to identify forward-looking information. Forward-looking statements or information are based on several factors and assumptions which have been used to develop such statements and information, but which may prove to be incorrect. Although the Corporation believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on these statements because the Corporation can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in the document and other documents filed by the Corporation, assumptions have been made regarding, among other things: the timing of resuming production of shut-in natural gas wells; the general stability of the economic and political environment in which the Corporation operates; the ability of the operator of the projects, in which the Corporation has an interest, to operate the field in a safe, efficient and effective manner; the Corporation's ability to obtain financing on acceptable terms; field production rates and decline rates; future natural gas prices; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Corporation operates; and the Corporation's ability to successfully market its natural gas products. Readers are cautioned that the foregoing list of factors is not exhaustive.

The forward-looking statements contained in this document are made at the date of this document and the Corporation does not undertake any obligation to update publicly or to revise any of the included forward looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

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Non-GAAP Measures

This MD&A contains important, comparable industry benchmarks such as net working capital and operating netback which are not recognized measures under IFRS, referred to as Generally Accepted Accounting Principles ("GAAP"). Management believes these measures are useful for reporting purposes but cautions readers that these measures not be considered as alternatives in accordance with GAAP.

Working capital is defined as total current assets less total current liabilities, which management feels is a useful supplementary measure of the liquidity of the Corporation. Operating netback is calculated by taking petroleum and natural gas sales, less royalties and operating costs as reported in the statements of loss and comprehensive loss and adding back the royalty credits applied. Per unit operating netback is the result of dividing operating netback by production for the period. Management feels that operating netback is a key industry benchmark and a measure of performance of the Corporation that provides investors/readers with information that is commonly used by other petroleum and natural gas producers. The calculation of operating netback is consistent with the definition found in the Canadian Oil and Gas Evaluation Handbook.

Conversion

The oil and gas industry commonly reports production volumes and reserves on a "barrel of oil equivalent" basis ("boe"), whereby natural gas volumes are converted at the ratio of six thousand cubic feet to one barrel of oil. The intention is to sum oil and natural gas measurement units into one basis for improved analysis of results and comparison with other industry participants.

Throughout this MD&A, the Corporation has used the 6:1 boe measure which is the approximate energy equivalency of the two commodities at the burner tip. Boe does not represent a value equivalency at the wellhead nor at the plant gate which is where the Corporation sells its production volumes and therefore may be a misleading measure, particularly if used in isolation. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a 6:1 conversion may be misleading as an indication of value.

DIRECTORS AND OFFICERS

William C. McDonald, President & CEO, Director (Chairperson)
Marc-André Liberatore, Director
Roy Bonnell, Director
Gaetan Liberatore, Director
Roger Jewett, CFO

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SELECTED FINANCIAL INFORMATION

(expressed in \$, except shares)	September 30 2025	June 30 2025	June 30 2024
Current assets	4,409,945	4,178,703	5,673,355
Current liabilities	(133,049)	(265,552)	(459,442)
Working capital ⁽¹⁾	4,276,896	3,913,151	5,213,913
Total assets	11,363,690	11,689,165	29,922,341
Non-current financial liabilities	–	–	–
Share capital	124,027,558	124,027,558	124,027,558
Total common shares outstanding	288,177,583	288,177,583	288,177,583

(expressed in \$, except shares)	For the three months ended September 30	
	2025	2024
Revenue	29,162	64,240
Loss for the period	(214,638)	(477,800)
Loss per share – basic ⁽²⁾	(0.00)	(0.00)
Weighted average number of shares ⁽³⁾	288,177,583	288,177,583
Distributions or cash dividends	Nil	Nil

(1) "Working capital" is a capital management measure. See "Non-GAAP Measures".

(2) All per share figures are based on the basic weighted average number of shares outstanding in the period. The Corporation did not have any dilutive instruments outstanding during the periods presented. Per share amounts may not add due to rounding.

Overview

As a result of the continued deterioration of Station 2 natural gas prices accompanied by the further discounted price experienced by producers in northeastern British Columbia producing into the Spectra main pipeline, the Corporation's natural gas production at Farrell Creek/Altare was shut-in for the three months ended September 30, 2025 and 2024.

Gas prices at Station 2 continue to be extremely low, but the Corporation continues to monitor prices. The natural gas processing facility and associated wells may be reactivated once natural gas prices return to a profitable situation.

The board of directors of the Corporation determined that it is in the best interest of shareholders to seek strategic alternatives and engaged Sayer Energy Advisors to assist in developing opportunities to maximize the value of its Montney assets while maintaining and extending the life of its mineral leases on prospective Montney lands.

Throughout the three months ended September 30, 2025, the Corporation maintained its disciplined approach to streamline its operations and reduce expenses while meeting and exceeding regulatory requirements to minimize its environmental footprint. The Corporation's 13 operated wells have all been abandoned and require only surface remediation which commenced in 2024 and continues through 2025.

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RESULTS OF OPERATIONS

(expressed in \$)	For the three months ended	
	September 30	
	2025	2024
Natural gas revenues, net of royalties	–	45,356
Operating costs (recoveries)	(37,573)	18,404
Operating netback	(37,573)	63,760
Interest and other income	29,162	18,884
General and administrative expenses	(112,029)	(174,048)
Other expenses *	(94,198)	(386,396)
Net loss for the period	(214,638)	(477,800)

* Other expenses are comprised of depletion and depreciation, decommissioning accretion and revisions and share-based compensation.

Operating Netback

Operating costs, which have fixed and variable rate components, relate to the Corporation's share of plant maintenance, supervision and other production expenses in conjunction with the five producing Montney Formation wells at Farrell Creek/Altares. Operating costs also include transportation costs to transfer the natural gas from the pipeline system at Farrell Creek/Altares to the sales point at Enbridge Westcoast Energy Station 2 and the British Columbia provincial carbon taxes.

The Corporation's gas wells were shut in for the three months ended September 30, 2025 and 2024. Therefore, operating costs are primarily fixed costs, and as such, unit operating cost measurements are not meaningful.

Interest and Other Income

Interest and other income is comprised of interest earned on cash balances and restricted deposits.

General and Administrative Expenses

(expressed in \$)	For the three months ended	
	September 30	
	2025	2024
Consulting fees	76,870	92,327
Professional fees	–	43,766
Director's and officer's fees and expenses	–	4,000
Investor relations and filing fees	269	7,971
Insurance	24,933	15,273
Office, software and other expenses	9,957	10,711
	112,029	174,048

Consulting fees are lower in the current period due to the resignation of the former President & CEO in January 2025. Other general and administrative expenses are lower in the current period due to cost-savings efforts.

Other Expenses

Included in other expenses for the three months ended September 30, 2025, is \$1,123 (September 30, 2024 – \$277,542) of revisions which have been expensed in the statement of loss and comprehensive loss as they relate to fully-impaired petroleum and natural gas assets which have a carrying value of \$nil.

The Corporation did not recognize any depletion expense during the three months ended September 30, 2025 and 2024 as the natural gas wells were shut in due to low natural gas prices.

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CAPITAL EXPENDITURES

The following table summarizes the Corporation's capital expenditures:

(expressed in \$)	For the three months ended September 30	
	2025	2024
Exploration and evaluation assets	8,009	8,768
Property, plant and equipment	4,646	–
	12,655	8,768

The Corporation incurred minor capital expenditures during the three months ended September 30, 2025 and 2024.

LIQUIDITY AND CAPITAL RESOURCES

Going Concern

The Corporation's unaudited condensed interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of operations as they come due. As at September 30, 2025 the Corporation had a working capital balance of \$4,276,896 (June 30, 2025: \$3,913,151) and an accumulated deficit of \$125,802,434 (June 30, 2025: \$125,587,796). During the three months ended September 30, 2025, the Corporation reported a net loss and comprehensive loss of \$214,638 and generated cash flows from operating activities of \$282,045.

In addition to covering on-going working capital requirements and recurring negative cash flows used in operating activities, the Corporation will need to secure additional funding for any future exploration and development programs. Natural gas prices in the Corporation's operating area do not generate revenues sufficient to cover ongoing operating and general and administrative expenses and the Corporation's working interest wells are shut in. There is no guarantee that natural gas prices will improve to levels required for the Corporation's wells to be placed back on production. The Corporation's ability to continue as a going concern is dependent upon its ability to fund any future exploration and development programs as well as generate positive cash flows from operating activities. Significant additional financing is required in order for the Corporation to be able to further develop its oil and gas properties and exploration and evaluation assets and meet both its existing and future obligations. There is no guarantee that the Corporation will be successful in this regard. As such a material uncertainty exists that casts significant doubt on the Corporation's ability to continue as a going concern.

Management believes that the use of the going concern assumption is appropriate in the preparation of the unaudited condensed interim financial statements. The Corporation's financial statements do not reflect any adjustments to the carrying values and classifications of assets and liabilities, or to the reported revenues and expenses that would be necessary if the Corporation were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The Corporation previously abandoned 12 shallow (non-Montney) idle wells, which represented approximately 70% of the Corporation's operated idle wells.

The Corporation continues to actively seek strategic alternatives to maximize the value of its Montney assets while maintaining and extending the life of its mineral leases on prospective Montney lands.

Volatile Market Conditions

Worldwide events and conditions may impact, directly or indirectly, the business and future operations of the Corporation: implications of the existing conflicts between Russia and Ukraine; the armed conflicts in the Middle East; or the sanctions, actions or inactions taken by major organizations such as the Organization of the Petroleum Exporting Countries Plus, or major countries such as the U.S., may negatively impact other regional and global economic markets, sectors, industries and markets for securities and commodities globally.

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Other events that may impact the Corporation's business, but not limited to, the uncertainty facing the global economy and increased costs associated with additional government regulations, policies and supply chain issues. The duration of these events may create additional layers of uncertainties within the business of the Corporation, and the impact these may have on the Corporation's future operations cannot be reasonably estimated at this time.

Subsequent to Q2 2022, Western Canadian natural gas prices began to drastically decline as a result of gas production surges, limited pipeline capacity, and maintenance and construction work done on export pipelines. Station 2 prices have been extremely volatile, often below the \$2.50 per mcf benchmark the Corporation needs to show positive operating cash flow.

In addition, the lack of capital investment for Micro-oil and gas companies over the last five years contributed to the difficulty in developing the Corporation's Montney natural gas resource play.

The ability to produce the Corporation's wells is dependent on Station 2 prices.

SHARE CAPITAL

Common Shares

The Corporation has authorized share capital of an unlimited number of common shares with no par value. As at September 30, 2025, the Corporation had 288,177,583 common shares outstanding (June 30, 2025: 288,177,583).

Stock Options

At September 30, 2025, the Corporation had Nil (June 30, 2025: 1,550,000) stock options outstanding and exercisable with a weighted average exercise price Nil (June 30, 2025: \$0.08).

There were no changes to the number of common shares or stock options outstanding as of the date of this MD&A.

RELATED PARTY TRANSACTIONS

Transactions with related parties are recorded at exchange amounts for services provided. During the three months ended September 30, 2025 and 2024, the transactions the Corporation had with its directors, related persons or controlled entities in the normal course of business are as follows:

Executive Compensation

Executive compensation consists of consulting fees paid to or earned by executive officers, which include the CEO and CFO, directors' fees paid and/or accrued to non-executive directors, and share-based compensation as follows:

(expressed in \$)	For the three months ended	
	September 30	
	2025	2024
Included in general and administrative expenses:		
Consulting fees (executive)	27,500	29,010
Directors' fees	–	4,000
Share-based compensation	–	6,741
	27,500	39,751

OFF-BALANCE SHEET TRANSACTIONS

As at September 30, 2025 and the date of this report, the Corporation had no off-balance sheet arrangements.

SUBSEQUENT EVENTS

There were no reportable events subsequent to September 30, 2025.

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COMMITMENTS

The Corporation has engaged Sayer Energy Advisors ("Sayer") to review strategic alternatives and provide financial advice. In the event of a successful sale transaction of either the Corporation's shares or its assets, Sayer would be entitled to receive a success fee based on the transaction value upon closing of the transaction. As well, following the term of the engagement agreement, for a period mutually agreed upon, Sayer may also be entitled to a success fee as a result of a successful transaction.

FINANCIAL INSTRUMENTS

The Corporation, as part of its operations, carries financial instruments consisting of cash and accounts payable and accruals. It is management's opinion that the Corporation is not exposed to significant credit, interest, or currency risks arising from these financial instruments.

USE OF JUDGMENTS AND ESTIMATES IN FINANCIAL STATEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ materially from estimated amounts. Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and for any future years affected. The Corporation's significant judgments and estimates are disclosed in Note 3 of the audited June 30, 2025 financial statements.

BUSINESS RISKS

The Corporation's production and exploration and development activities are concentrated in Western Canada, where activity is highly competitive and includes a variety of companies ranging from smaller junior producers to the much larger integrated producers.

The Corporation is subject to various types of business risks and uncertainties, including but not limited to:

- production of natural gas in commercial quantities;
- finding and developing petroleum and natural gas reserves at economic costs;
- volatility of natural gas prices;
- marketability of natural gas production; and
- access to capital markets.

In order to reduce exploration risk, the Corporation strives to employ highly qualified professional employees and consultants with demonstrated ability to generate quality proprietary geological and geophysical prospects. In addition, the Corporation has a joint venture partner for a significant portion of its producing and prospective Montney lands which maximizes access to knowledge, experience and technology while sharing the financial risks.

The Corporation's ability to continue its operations is highly dependent upon capital markets. Its ability to develop its assets and realize their carrying values is dependent upon the continued support of its shareholders and joint venture partner, favorable capital market conditions and commodity prices, obtaining additional equity financing, converting undiscovered and discovered resources into economically recoverable reserves, and ultimately, generating revenues sufficient to cover operating costs and capital requirements. Without the support of any one of these factors, or a number of them together, the Corporation's ability to continue its operations could be compromised. To minimize financial risk, the Corporation pre-funds all capital commitments.

Impairment indicators for the Corporation's oil and gas assets could exist subsequent to September 30, 2025 if significant pipeline outages, surplus natural gas available for delivery to Station 2 and continuing volatility of Station 2 natural gas prices continue through 2025 and 2026.

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ENVIRONMENTAL RISKS

Oil and gas exploration and production can involve environmental risks such as litigation, physical and regulatory risks. Physical risks include the pollution of the environment, climate change and destruction of natural habitat, as well as safety risks such as personal injury. The Corporation works hard to understand the sensitivities of the environments in which it operates and its responsibilities from the beginning to the end. It also strives to identify the potential environmental impacts of its new projects in the planning stage and during operations. The Corporation conducts its operations with high standards in order to protect the environment, its employees and consultants, and the general public. The Corporation maintains current insurance coverage for comprehensive and general liability as well as limited pollution liability.

The amount and terms of this insurance are reviewed on an ongoing basis and adjusted as necessary to reflect current corporate requirements, as well as industry standards and government regulations. Without such insurance, and if the Corporation becomes subject to environmental liabilities, the payment of such liabilities could reduce or eliminate its available funds or could exceed the funds the Corporation has available and result in financial distress.

SELECTED QUARTERLY INFORMATION ⁽¹⁾

The following is a summary of the results of the Corporation for the eight most recently completed quarters:

(expressed in thousands of \$, except per share amounts)	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024
Petroleum and natural gas sales, net of royalties (\$)	-	65	-	-
Operating netback (\$)	(38)	(50)	(88)	(64)
Cashflow generated (used) in operating activities (\$)	282	(612)	(33)	(640)
Net loss (\$)	(215)	(17,356)	(772)	(324)
Net loss per share - basic and diluted (\$)	(0.00)	(0.06)	(0.00)	(0.00)
Working capital (\$)	4,277	3,913	4,219	4,600
Total assets (\$)	11,364	11,689	28,887	29,181
Shareholders' equity (\$)	8,820	9,035	26,390	26,862
Common shares outstanding	288,178	288,178	288,178	288,178

	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
Petroleum and natural gas sales, net of royalties (\$)	45	22	153	119
Operating netback (\$)	64	(91)	(62)	13
Cashflow generated (used) in operating activities (\$)	(176)	(380)	(222)	(322)
Net loss (\$)	(478)	(3,762)	(5,257)	(459)
Net loss per share - basic and diluted (\$)	(0.00)	(0.01)	(0.02)	0.00
Working capital (deficit) (\$)	4,976	5,214	161	(445)
Total assets (\$)	29,883	29,922	34,119	38,649
Shareholders' equity (\$)	27,180	27,651	31,389	37,006
Common shares outstanding	288,178	288,178	288,178	278,178

(1) Quarterly amounts may not total or calculate to year-to-date amounts due to rounding.

CORPORATE INFORMATION

Additional information regarding the Corporation is available on SEDAR+ at www.sedarplus.ca or the Corporation's website at www.csri.ca.