

Westgate Energy Inc.

MANAGEMENT DISCUSSION AND ANALYSIS **For the three and nine months ended September 30, 2024 and 2023**

November 25, 2024

This Management’s Discussion and Analysis (“MD&A”) of the financial condition and results of operations of Westgate Energy Inc. (“Westgate” or the “Company”) is dated November 25, 2024 and should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2024 (“Financial Statements”), the Grafton Ventures Energy Holdings Corp. audited financial statements (“Annual Financial Statements”) for the year ended December 31, 2023 and the Grafton Ventures Energy Holdings Corp. management’s discussion and analysis for the year ended December 31, 2023 (“Annual MD&A”). The Financial Statements, including the comparative figures, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” using accounting principles consistent with International Financial Reporting Standards (“IFRS”), representing generally accepted accounting principles (“GAAP”). This MD&A contains non-GAAP measures which are used to measure and analyze financial performance, financial position and cash flow and therefore may not be comparable to similar measures presented by other entities. This MD&A contains forward-looking information based on the Company’s current expectations and projections. Readers should refer to the “Advisories and Other Guidance” section within this MD&A for further information on the material factors and assumptions underlying disclosed forward-looking information, and for important information regarding the Company’s non-GAAP measures and abbreviations included in this MD&A. Unless otherwise stated herein all currency amounts indicated as “\$” in this MD&A are expressed in Canadian dollars.

Westgate Energy Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2024 and 2023

DESCRIPTION OF THE BUSINESS

Westgate is a Calgary based resources company engaged in the development and production of oil and natural gas in Western Canada with operations in the Killam and Richdale areas of Alberta. The Company was formed on May 23, 2024, following the completion of a reverse takeover transaction (the “RTO”) whereby Westgate (formerly 763997 Alberta Ltd.) and Grafton Ventures Energy Holdings Corp. (“Grafton”) combined their respective businesses. Westgate’s common shares (“Shares”) trade on the TSX Venture Exchange (the “TSXV”) under the symbol “WGT”.

Westgate is focused on the emerging Mannville Stack fairway located in East-Central Alberta and West-Central Saskatchewan. This fairway is characterized by known accumulations of medium and heavy oil and are being “unlocked” via the application of modern drilling techniques utilizing multi-lateral horizontal drilling. The application of these modernized multi-lateral drilling techniques has yielded some of the strongest oil economics throughout Western Canada.

Further information relating to Westgate is available on SEDAR+ at www.sedarplus.ca.

Q3 2024 HIGHLIGHTS

Highlights for the three months ended September 30, 2024 include:

- Drilled and completed two wells at Killam in Q3 2024, which drove higher revenue in Q3 2024 as compared to Q2 2024.
- Production in Q3 2024 averaged 213 boe/d compared to 193 boe/d in Q2 2024.
- Subsequent to the end of Q3 2024, October production averaged 290 boe/d as compared to 213 boe/d in Q3 2024.

As at (\$'s, unless otherwise stated)	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	
LIQUIDITY AND BALANCE SHEET					
Cash	2,729,012	7,095,671	1,321,040	3,675,427	
Working capital ⁽¹⁾	3,097,115	6,916,213	811,787	2,462,998	
Total assets	15,036,311	15,518,987	9,578,634	10,762,581	
Total non-current liabilities	3,105,424	2,704,101	2,713,638	2,841,307	
Total equity	11,177,761	11,637,626	5,450,681	6,235,505	
(\$'s, unless otherwise stated)	Q3-2024	Q2-2024	Q1-2024	Q4-2023	
OPERATIONAL HIGHLIGHTS					
Production	boe/d	213	193	178	110
Petroleum, natural gas and NGL sales		794,402	791,157	730,788	379,280
Realized Price ⁽¹⁾	\$/boe	40.47	45.06	45.06	37.43
Operating Income (loss) ⁽²⁾		336,370	388,761	276,596	(19,548)
Operating Netback ⁽²⁾	\$/boe	17.14	22.14	17.05	(1.93)
Expenditures on exploration and evaluation		(250,080)	-	-	-
Expenditures on property and equipment		(3,413,834)	(326,374)	(593,204)	(2,466,978)
CORPORATE HIGHLIGHTS					
Acquisition of property and equipment		-	-	-	(11,683)
Loss and comprehensive loss		(487,454)	(1,278,940)	(784,824)	(516,092)
Per Share - basic and diluted	\$/Share	(0.01)	(0.03)	(0.03)	(0.02)
Cash flow from (used in) financing activities		(5,998)	6,836,115	11,510	(2,122)
Weighted average Shares outstanding	#	50,328,051	39,049,889	30,963,659	24,178,023
Cash flow used in operating activities		(700,416)	(503,900)	(245,317)	(746,598)
Per Share - basic and diluted	\$/Share	(0.01)	(0.01)	(0.01)	(0.03)
Adjusted Funds Flow ⁽²⁾		(152,776)	(460,872)	(554,623)	(391,399)
Per Share - basic and diluted ⁽²⁾	\$/Share	0.00	(0.01)	(0.02)	(0.02)

(1) Supplementary financial measure. Refer to the “Supplementary Measures” section within this MD&A for additional information.

(2) Non-GAAP financial measure. Refer to the “Non-GAAP Measures” section within this MD&A for additional information.

Westgate Energy Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2024 and 2023

QUARTERLY RESULTS

(\$'s, unless otherwise stated)		Q3-2024	Q2-2024	Q1-2024	Q4-2023
Production					
Oil	bbl/d	97	86	88	33
Natural gas	mcf/d	661	618	511	437
NGLs	bbl/d	7	4	5	4
Total	boe/d(6:1)	213	193	178	110
Revenue:					
Crude oil		746,176	713,611	615,264	272,172
Natural gas		14,476	43,904	85,644	81,264
NGLs		33,750	33,642	29,880	25,844
Petroleum, natural gas and NGL sales		794,402	791,157	730,788	379,280
Processing revenue		3,783	3,789	364	13,404
Total Revenue ⁽¹⁾		798,185	794,946	731,152	392,684
Royalties		(98,551)	(87,026)	(71,888)	(66,866)
Operating expenses		(363,264)	(319,159)	(382,668)	(345,366)
Operating Income (loss) ⁽¹⁾		336,370	388,761	276,596	(19,548)
Expenditures on exploration and evaluation		(250,080)	-	-	-
Expenditures on property and equipment		(3,413,834)	(326,374)	(593,204)	(2,466,978)
Acquisition of property and equipment		-	-	-	(11,683)
REALIZED PRICES⁽²⁾					
Crude oil	\$/bbl	83.85	91.68	76.54	89.36
Natural gas	\$/mcf	0.24	0.78	1.84	2.02
NGLs	\$/bbl	56.18	83.17	68.81	66.31
Realized Prices	\$/boe	40.47	45.06	45.06	37.43
Processing revenue	\$/boe	0.19	0.22	0.02	1.32
Royalties	\$/boe	(5.02)	(4.96)	(4.43)	(6.60)
Royalties as a percentage of revenue ⁽²⁾	%	12%	11%	10%	18%
Operating expenses	\$/boe	(18.50)	(18.18)	(23.60)	(34.08)
Operating Netback ⁽¹⁾	\$/boe	17.14	22.14	17.05	(1.93)

(1) Non-GAAP financial measure. Refer to the "Non-GAAP Measures" section within this MD&A for additional information.

(2) Supplementary financial measure. Refer to the "Supplementary Measures" section within this MD&A for additional information.

Westgate's operating results have been improving quarterly since 2023:

- In Q4 2023, the Company drilled and completed its first well, which drove higher production and revenue in Q1 2024. Also, in Q4 2023, operating expenses increased as a result of increased costs to reactivate water injection in the Killam area.
- In Q1 2024, production volumes increased to 178 boe/d, which was mainly driven by the well drilled in Q4 2023. The higher production led to lower royalties and operating costs on a per boe basis.
- In Q2 2024, production volumes increased to 193 boe/d, with the slight increase driven by higher gas production as the Richdale wells produced flush production following a temporary offline period to abandon a deadleg of a pipeline.
- In Q3 2024, the Company drilled and completed two wells, which drove higher production and revenue in Q3 2024. Operating expenses in Q3 2024 were in-line with production increases and royalties, as a percentage of revenue, increased as the new wells had higher royalty rates of 13% and 15%, respectively.

Market Conditions

In Q3 2024, crude oil benchmark prices, Brent and WTI, decreased compared with Q2 2024 as OPEC+ continues to manage global oil markets and announced its intention to gradually reduce production cuts in anticipation of their expectations for growth in global demand for crude, which contradicts non-OPEC+ forecasts of slowing demand for crude.

In the three and nine months ended September 30, 2024, average NYMEX and AECO natural gas prices decreased compared with the comparable periods in 2023, due to high U.S. supply, a mild winter and high levels of inventory.

Westgate Energy Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2024 and 2023

OPERATING RESULTS

(\$'s, unless otherwise stated)	Three Months Ended September 30,		Nine Months Ended September 30,		
	2024	2023	2024	2023	
Production					
Oil	bbl/d	97	36	90	18
Natural gas	mcf/d	661	510	597	422
NGLs	bbl/d	7	5	5	5
Total	boe(6:1)	213	126	195	92
Revenue:					
Crude Oil		746,176	322,601	2,075,051	439,337
Natural Gas		14,476	106,044	144,024	275,372
NGLs		33,750	31,636	97,272	92,455
Petroleum, natural gas and NGL sales		794,402	460,281	2,316,347	807,164
Processing income		3,783	-	7,936	-
Total Revenue ⁽²⁾		798,185	460,281	2,324,283	807,164
Royalties		(98,551)	(60,554)	(257,465)	(109,261)
Operating expenses		(363,264)	(281,235)	(1,065,091)	(536,842)
Operating Income (loss) ⁽¹⁾		336,370	118,492	1,001,727	161,061
Expenditures on exploration and evaluation		250,080	-	250,080	-
Expenditures on property and equipment		3,413,834	93,800	4,333,412	93,800
Acquisition of property and equipment		-	-	-	1,526,114
REALIZED PRICES⁽²⁾					
Crude oil	\$/bbl	83.85	97.91	83.94	77.17
Natural gas	\$/mcf	0.24	2.26	0.88	2.38
NGLs	\$/bbl	56.18	70.29	67.62	65.81
Realized Price ⁽²⁾	\$/boe	40.47	39.82	43.37	31.68
Processing revenue	\$/boe	0.19	-	0.15	-
Royalties	\$/boe	(5.02)	(5.24)	(4.82)	(4.29)
Royalties as a percentage of revenue ⁽²⁾	%	12%	13%	11%	14%
Operating expenses	\$/boe	(18.50)	(24.33)	(19.94)	(21.07)
Operating Netback ⁽¹⁾	\$/boe	17.14	10.25	18.76	6.32

(1) Non-GAAP financial measure. Refer to the "Non-GAAP Measures" section within this MD&A for additional information.

(2) Supplementary financial measure. Refer to the "Supplementary Measures" section within this MD&A for additional information on supplementary financial measures..

Westgate's Q3 2024 operating results improved significantly compared to the same period of the previous year. These improvements were mainly driven by the Killam wells drilled in Q4 2023 and Q3 2024.

- Operating income during the three and nine months ended September 30, 2024 increased to \$336,370 and \$1,001,727, respectively compared to \$118,492 and \$161,061 for the same periods of 2023 due to higher production driving higher revenue, royalties and operating expenses. Specifically, production in Q3 2024 increased to 213 boe/d from 126 boe/d in Q3 2023 due to the Killam wells drilled that came online in late Q4 2023 and Q3 2024.
- Operating Netbacks increased to \$17.14/boe and \$18.76/boe for the three and nine months ended September 30, 2024, respectively, compared to \$10.25/boe and \$6.32/boe for the same periods of 2023 mainly due to lower operating expense per barrel and higher realized prices.
 - Overall, realized prices on a \$/boe basis increased in the Q3 2024 due to a higher oil and NGL ("Liquids") ratio of production which sells at higher prices than natural gas. At a product level, both Liquids and natural gas realized prices decreased on a \$/bbl and \$/mcf level, respectively, due to lower benchmark WTI prices for oil and AECO prices for gas.
 - Royalties, as a percentage of revenue, decreased to 12% and 11% for the three and nine months ended September 30, 2024, respectively, compared to 13% and 14% for the comparable periods in 2023 mainly due to the mix of production, whereby more sales came from the Killam Liquids properties that have a lower royalty rate than the Richdale gas properties.
 - Operating expenses decreased on a boe basis mainly due to the higher production, which spread out certain fixed costs on a per barrel basis, and the effect of lower water handling costs as a result of a new water injector being brought online at Killam.

Westgate Energy Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2024 and 2023

General and administrative expenses (“G&A”)

(\$'s, unless otherwise stated)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Salary and consulting fees	357,553	352,629	1,134,210	701,434
Rent	31,694	30,876	96,457	61,503
Software and I.T.	46,592	36,825	127,129	72,407
Professional Fees	76,805	15,246	298,478	175,771
Office and other expense	38,608	8,482	88,284	13,344
Gross G&A	551,252	444,058	1,744,648	1,024,459
Capitalized G&A	(57,200)	-	(175,000)	-
Net G&A	494,052	444,058	1,569,648	1,024,459
<i>Total</i>	<i>(\$/boe)</i>	25.17	<i>38.42</i>	29.39

(\$'s, unless otherwise stated)	Q3-2024	Q2-2024	Q1-2024	Q4-2023
Salary and consulting fees	357,553	360,711	415,946	341,663
Rent	31,694	33,159	31,694	31,376
Software and I.T.	46,592	40,411	40,126	32,373
Professional fees	76,805	158,065	63,608	13,409
Office and other expense	38,608	22,587	27,089	13,318
Gross G&A	551,252	614,933	578,463	432,139
Capitalized G&A	(57,200)	(70,300)	(47,500)	-
Net G&A	494,052	544,633	530,963	432,139
<i>Total</i>	<i>(\$/boe)</i>	25.17	<i>31.02</i>	<i>32.74</i>

Gross G&A increased to \$551,252 and \$1,744,648 for the three and nine months ended September 30, 2024 compared to \$444,058 and \$1,024,459 for the three and nine months ended September 30, 2023 as Westgate continued to execute its strategic initiatives. Moreover, the executive team was expanded to carry out those initiatives. Professional fees were higher for the three and nine months ended September 30, 2024 as compared to the same periods in 2023 due to audit and legal fees incurred as part of the RTO and due to public company costs starting in Q2 2024 such as investor relation costs, transfer agent fees and TSXV fees.

Depletion and Depreciation

(\$'s, unless otherwise stated)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Depletion and Depreciation	268,960	127,148	726,598	202,770
<i>Total</i>	<i>(\$/boe)</i>	13.70	<i>10.97</i>	13.61

(\$'s, unless otherwise stated)	Q3-2024	Q2-2024	Q1-2024	Q4-2023
Depletion and Depreciation	268,960	249,397	208,241	97,122
<i>Total</i>	<i>(\$/boe)</i>	13.70	<i>14.20</i>	<i>12.84</i>

The carrying costs for property and equipment directly associated with crude oil and natural gas operations, including estimated future development costs, are recognized as depletion expense in the statements of loss and comprehensive loss on a unit of production basis over proved plus probable reserves. The carrying costs of office and computer equipment are recognized as depreciation expense in the statements of loss and comprehensive loss on a straight-line or declining-balance basis. Depletion increased due to the wells drilled in Q4 2023 and Q3 2024 resulting in higher production. Depletion per boe increased for the three and nine months ended September 30, 2024, as compared to the comparable periods of 2023, as a result of well and facility optimization spending in 2024.

Westgate Energy Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2024 and 2023

Impairment

For the Company's property and equipment assets, the Company identified two Cash Generating Units ("CGUs") as of September 30, 2024, one for oil and another for gas, based on the lowest level at which properties generate cash inflows while applying judgment to consider factors such as similar reserve characteristics, geographical location, and shared infrastructure. The Company determined that there were no impairment indicators on the Company's CGUs, nor its exploration and evaluation assets, as at September 30, 2024.

Capital Expenditures

Capital expenditures for the three and nine months ended September 30, 2024 and year ended December 31, 2023 were approximately \$3.7 million, \$4.6 million and \$4.1 million, respectively. The breakdown of capital expenditures is shown below:

(\$'s, unless otherwise stated)	3 months ended September 30, 2024	9 months ended September 30, 2024	Year ended December 31, 2023
Land and lease	1,460	63,435	12,416
Drilling & completions	2,680,091	2,812,867	1,942,246
Recompletions and workovers	37,793	89,605	-
Facilities, optimization & equipping costs	622,620	1,099,415	509,428
Geological and geophysical	14,670	93,090	90,300
Office equipment	-	-	6,388
Capitalized G&A	57,200	175,000	-
Expenditures on property and equipment	3,413,834	4,333,412	2,560,778
Acquisitions	-	-	1,537,797
Exploration and evaluation expenditures	250,080	250,080	-
Total capital expenditures	3,663,914	4,583,492	4,098,575

CORPORATE REVIEW

Acquisitions

On May 23, 2024, the Company completed the RTO, whereby former Grafton shareholders received 94% of the resulting total Shares of Westgate. On June 7, 2024, the Company received final acceptance from the TSXV that the Shares would resume trading under the symbol "WGT" on June 11, 2024.

In connection with the RTO:

Net assets acquired:	
Cash	324,476
Secured note receivable	340,000
Investments	75,000
Accounts payable and accrued liabilities	(575,059)
Net assets acquired	164,417
Consideration:	
Fair value of 2,677,797 Shares	775,440
Excess consideration:	
Consider as a listing expense	611,023

Total listing expenses for the RTO were \$1,341,624, including the excess consideration of \$611,023 and \$730,641 for professional fees, including legal and financial advisory and TSXV fees.

Subsequent to the end of the quarter, on October 28, 2024, the Company announced the acquisition of a 100% working interest in six sections (1,536 hectares) of mineral rights in the Cold Lake Oil Sands Area of Alberta (the "New Core Area") as part of a partnership agreement with Elizabeth Metis Settlement ("EMS") that grants access to the EMS lands for the purposes of developing oil and gas resources. Westgate has identified the potential for up to 40 horizontal drilling locations across multiple horizons within the Mannville Stack group of formations in the New Core Area. The land has year-round road access and is proximal to other successful Mannville Stack developments.

Westgate Energy Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2024 and 2023

Liquidity and Capital Resources

Funding

For the remainder of 2024 and into the start of 2025, Westgate's capital and operating activities will be funded through cash flow from operating activities, existing cash and cash equivalents and, if needed, funding through potential issuances of equity and/or debt. Depending on the Company's level of capital spend and the commodity price environment, the Company may require additional funding which could include debt, equity, joint ventures, asset sales or other external financing. The availability of any additional future funding will depend on, among other things, the current commodity price environment, the Company's operating performance, the Company's credit rating and the current availability of the equity and debt capital markets. As at September 30, 2024, the Company had a working capital balance of approximately \$3.1 million. For the nine months ended September 30, 2024, the Company incurred a net loss and comprehensive loss of \$2,551,218 (September 30, 2023 - \$1,206,036), and used cash flows in operating activities of \$1,449,633 (September 30, 2023 - \$518,161). Subsequent to September 30, 2024, the Company entered in a master development agreement with Elizabeth Metis Settlement ("EMS") and committed to commence drilling two wells by June 30, 2024. The company will require additional funding to drill on EMS which could include debt, equity, joint ventures, asset sales or other external financing, otherwise it risks being in default of the agreement.

Issued and outstanding shares

The Company's authorized share capital consists of an unlimited number of Shares and an unlimited number of preferred shares. The following table summarizes the Company's issued and outstanding Shares, being the only class of shares issued and outstanding, during the nine months ended September 30, 2024.

	Nine Months Ended September 30, 2024	
	Shares	Amount
Balance, December 31, 2023 (pre-consolidation)	89,923,120	7,974,208
Share cancellation - Grafton	(89,923,120)	-
Issuance of Shares - Grafton conversion	30,963,659	-
Issuance of Shares - non-brokered	7,770,496	2,564,522
Issuance of Shares - brokered	8,379,009	3,411,222
Shares - pre-RTO	2,667,797	775,440
Issuance of shares - compensation settlement	547,090	159,021
Share issue costs	-	(453,936)
Balance, September 30, 2024	50,328,051	14,430,477

In connection with the RTO:

- Grafton's outstanding 89,923,120 shares were exchanged for 30,963,659 Shares.
- Grafton completed a non-brokered private placement of units, resulting in 7,770,496 Shares and 7,770,496 Share purchase warrants being issued on May 23, 2024 for aggregate gross proceeds of \$3,385,005. The aggregate proceeds were allocated to Shares of \$2,564,522 and warrants of \$820,483.
- Grafton completed a brokered private placement of units, resulting in 8,379,009 Shares, and 8,379,009 Share purchase warrants being issued May 23, 2024 for aggregate gross proceeds of \$3,650,085. The aggregate proceeds were allocated to Shares of \$3,411,222 and warrants of \$238,863.
- 2,667,797 Shares, with an estimated fair value of \$775,440, continued to be held by pre-RTO shareholders of the Company.
- Westgate issued 547,090 Shares with a fair value of \$159,021 and made a cash payment of \$43,274, to a former director and executive officer to settle \$300,000 of accounts payable pursuant to compensation settlement agreements, with \$97,705 recognized as a gain on settlement of accounts payable.
- Unit issuance costs incurred of \$534,408 included \$517,940 of cash expenses incurred and \$16,468 related to the estimated fair value of broker commission warrants issued. The costs were allocated to shares of \$453,936 and warrants of \$80,472.

Westgate Energy Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2024 and 2023

Warrants

	Nine Months Ended September 30, 2024	
	Units	Amount
Balance, beginning of year	-	-
Issuance of warrants – non-brokered	7,770,496	820,483
Issuance of warrants - brokered	8,379,009	238,863
Issuance of warrants - commission	335,563	16,468
Warrant issue costs	-	(80,472)
Balance, end of year	16,485,068	995,342

In conjunction with the issuance of the Shares, on May 23, 2024, Westgate issued 16,485,068 warrants:

- 7,770,496 warrants in conjunction with the non-brokered private placement with an exercise price of \$0.44 per warrant and estimated fair value of \$0.11 per warrant, expiring May 23, 2029,
- 8,379,009 warrants in conjunction with the brokered private placement with an exercise price of \$0.58 per warrant and estimated fair value of \$0.03 per warrant, expiring May 23, 2026, and
- 335,563 warrants in conjunction with the broker commissions with an exercise price of \$0.44 per warrant and estimated fair value of \$0.05 per warrant, expiring March 15, 2026.

The fair value of the warrants was determined using the Black-Scholes option valuation model. The fair value of the warrants on the grant date was estimated using the RTO Share price of \$0.29 per Share, a risk-free interest rate of 3.88%, and expected volatility of 50%. The expected life was based on the expiry dates.

Stock-based compensation

On June 17, 2024, an Omnibus Equity Incentive Plan (“Plan”) was approved by the board of directors the Company and subsequently approved by shareholders on July 17, 2024. The Plan is a long-term incentive plan that permits the grant of stock options (“Options”), restricted share units (“RSUs”), performance share units (“PSUs”), and deferred share units (“DSUs”) to eligible individuals. The Plan is a “rolling up to 10% and fixed up to 10% security-based compensation plan in accordance with section 3.1(c) of Policy 4.4 of the TSXV Corporate Finance Manual. The Plan is a “rolling plan” with respect to the Options and a “fixed plan” with respect to the RSUs, PSUs and DSUs. This means that the aggregate maximum number of Shares available for issuance pursuant to the exercise of Options under the Plan is 10% of the total issued and outstanding Shares from time to time, while the aggregate maximum number of Shares available for issuance on the settlement of RSUs, PSUs and DSUs is limited to a set number determined as at the effective date of the plan (being 5,032,805 Shares). The stock options have been accounted for as equity-based stock-based compensation plans. The RSUs and DSUs have been accounted for as cash-settled stock-based compensation plans.

The following table summarizes the Company's outstanding stock-based compensation units:

	As at September 30, 2024	
	Outstanding	Exercisable
RSUs	1,674,000	-
DSUs	126,000	-
Cash-settled units	1,800,000	-
Options - equity-based units	3,600,000	-
Total stock-based compensation units	5,400,000	-

On August 16, 2024, the Company issued 1,674,000 RSUs to officers and employees of the Company. The RSU’s vest over a two-year period with 50% vesting on the 12-month anniversary and 25% vesting every six months thereafter. The Company also issued 126,000 DSUs to directors of the Company. The DSUs vest over a two-year period with 50% vesting on the 12-month anniversary and 25% vesting every six months thereafter.

On August 16, 2024, the Company issued 3,600,000 Options to certain officers, directors, employees and consultants of the Company exercisable into one Share of the Company at a price of \$0.30 per Option. The Options vest over a three-year period in increments of 33% every 12 months and have a term of five years with expiry on August 14, 2029.

Westgate Energy Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2024 and 2023

The following table summarizes the Company's stock-based compensation expense:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
RSU – cash-settled expense	37,586	-	37,586	-
DSU – cash-settled expense	2,829	-	2,829	-
Total – cash-settled expense	40,415	-	40,415	-
Options – equity-based expense	41,863	-	41,863	-
Stock-based compensation expense	82,278	-	82,278	-

The fair value of the stock options was determined using the Black-Scholes option valuation model. The fair value of the Options on the grant date was using the Westgate closing price on the grant date of \$0.28 per Share, a risk-free interest rate of 2.98%, an expected volatility of 65%, a 5-year expected life and 0% forfeiture rate.

The liabilities under the cash-settled plans are revalued at each reporting date based on the Company's closing share price.

The following table reconciles the Company's cash-settled stock-based liability:

Balance at January 1, 2024 and July 1, 2024	-
RSU – cash-settled expense	37,586
DSU – cash-settled expense	2,829
Liabilities settled	-
Balance at September 30, 2024	40,415
Presented	
Current	25,520
Long-term	14,895

Finance Income (Expenses)

(\$'s, unless otherwise stated)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Interest income	59,721	61,819	153,054	103,947
Promissory note issue costs	-	(169,845)	-	(169,845)
Unwinding of promissory note discount	-	(39,195)	-	(39,195)
Accretion of decommissioning obligation	(23,855)	(22,629)	(69,156)	(34,775)
Total finance income (expense)	35,866	(169,850)	83,898	(139,868)

(\$'s, unless otherwise stated)	Q3-2024	Q2-2024	Q1-2024	Q4-2023
Interest income	59,721	69,330	24,003	60,288
Unwinding of promissory note discount	-	-	-	(21,080)
Accretion of decommissioning obligation	(23,855)	(23,341)	(21,960)	(24,454)
Promissory note interest	-	-	-	(42,312)
Change in fair value of derivatives	-	-	-	60,275
Total finance income	35,866	45,989	2,043	32,717

Interest income increased in Q3 2024 as a result of the increased cash and cash equivalents on hand due to the gross proceeds from Share and warrant issuances.

COMMITMENTS

The Company had no commitments as at September 30, 2024 (December 31, 2023 – Nil).

RELATED PARTY TRANSACTIONS

Transactions with related parties are recorded at negotiated and agreed amounts for services provided. During the period ended September 30, 2024, the transactions the Company had with its directors, related persons or controlled entities were in the normal course of business including consulting fees.

Westgate Energy Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2024 and 2023

OFF-BALANCE SHEET TRANSACTIONS

The Company had no material off-balance sheet transactions during the period ended September 30, 2024.

FINANCIAL INSTRUMENTS

The Company's financial instruments at September 30, 2024 consisted of:

- Financial assets carried at amortized cost:
 - Cash \$2,729,012,
 - Accounts receivable \$560,306,
 - Secured note receivable \$340,000, and
 - Restricted cash equivalents \$499,950,
- Financial assets carried at fair value through profit or loss:
 - Investments \$60,000,
- Financial liabilities carried at amortized cost:
 - Accounts payable and accrued liabilities \$727,606,
- Financial liabilities carried at fair value through profit or loss:
 - Other liabilities \$40,415.

CRITICAL ACCOUNTING ESTIMATES

There have been no changes in Westgate's critical accounting estimates in the three and nine months ended September 30, 2024. Further information on the Company's critical accounting policies and estimates can be found in the notes to the Annual Financial Statements and Annual MD&A attached to the Company's Filing Statement filed in connection with the RTO, a copy of which is available on Westgate's SEDAR+ profile at www.sedarplus.ca.

CHANGES IN ACCOUNTING POLICIES

Stock-based compensation

The Company's stock-based compensation plans for employees, directors and consultants consist of stock options, restricted share units ("RSUs"), performance share units ("PSUs") and deferred share units ("DSUs"). The stock options are accounted for as equity-based stock-based compensation plans, while the RSUs and DSUs are accounted for as cash-settled stock-based compensation plans.

The fair values of the equity settled awards are initially measured using the Black-Scholes model using an estimated forfeiture rate, volatility, risk-free rate and expected life. The fair value is recorded as stock-based compensation over the vesting period with a corresponding amount reflected in contributed surplus. When stock options are exercised, the cash proceeds along with the amount previously recorded as contributed surplus are recorded as share capital. If the Company elects to pay the equity-based awards in cash, the amount previously recorded as contributed surplus is reversed up to the cash payment amount, with any additional amount being expensed immediately.

The RSUs and DSUs are cash-settled stock-based compensation plans. RSUs and DSUs fair values are expensed over the vesting period with a corresponding liability recognized. The liability under the plan is revalued at each reporting date based on the Company's closing share price.

For employees who are working on capital projects, a portion of stock-based compensation may be capitalized to Property and Equipment ("P&E") or Exploration and Evaluation ("E&E") assets. For the remainder of employees, the compensation is expensed.

IAS 1 –Presentation of Financial Statements

Effective January 1, 2024, amendments to the classification of liabilities as non-current include the requirement that a right to defer settlement must have substance and exist at the end of the reporting period. This accounting pronouncement does not have a material impact on the Financial Statements.

CONTROLS AND PROCEDURES

Westgate is required to comply with National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings. The certificate requires that Westgate disclose in the interim MD&A any change in the Company's internal control over financial reporting ("ICOFR") that occurred during the period that has materially affected or is reasonably likely to materially affect Westgate's ICOFR. As of the date of this MD&A Westgate confirms that there have been no such changes in Westgate's ICOFR during the nine months ended September 30, 2024.

Westgate Energy Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2024 and 2023

It should be noted that a control system, including the Company's disclosure and internal controls and procedures, no matter how well conceived, can provide only reasonable, but not absolute assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

CREDIT RISK

Credit risk is the risk of financial loss to Westgate if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from Westgate's cash balances and accounts receivables from petroleum and natural gas marketers. The Company's cash is held with two counterparties, which are large reputable financial institutions, and management concluded that credit risk associated with the investments is low. Management concluded that collection risk of the outstanding accounts receivables is low given the high credit quality of the Company's material counterparties.

INTEREST RATE RISK

The Company's exposure to interest rate fluctuations on interest earned on its floating rate cash balances at September 30, 2024 of \$2.7 million (December 31, 2023 - \$3.7 million) from a 1.0% change in interest rates, would have an annualized impact of approximately \$27,200 (December 31, 2023 - \$36,700). The Company's restricted cash equivalent balances are not exposed to interest rate fluctuations as they are held in fixed rate investments.

BUSINESS RISKS

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

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

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

In order to reduce development risk, the Company strives to employ highly qualified professional employees and consultants with demonstrated ability to generate quality proprietary geological and geophysical prospects.

The Company'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, favorable capital market conditions and commodity prices, obtaining additional equity financing, discovered resources developing 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 Company's ability to continue its operations could be compromised. To minimize financial risk, the Company pre-funds all capital commitments.

ENVIRONMENTAL RISKS

Westgate operates in jurisdictions that have regulated greenhouse gas emissions and other air pollutants. While some regulations are in effect, further changes and amendments are at various stages of review, discussion and implementation. There is uncertainty around how any future federal legislation will harmonize with provincial regulation, as well as the timing and effects of regulations. Climate change regulation at both the federal and provincial level has the potential to significantly affect the regulatory environment of the crude oil and natural gas industry in Canada. Such regulations impose certain costs and risks on the industry, and there remains some uncertainty with regard to the impacts of federal or provincial climate change and environmental laws and regulations, as Westgate is unable to predict additional legislation or amendments that governments may enact in the future. Any new laws and regulations, or additional requirements to existing laws and regulations, could have a material impact on the Company's assets, operations and cash flow.

ADVISORIES AND OTHER GUIDANCE

Non-GAAP Measures and Ratios

The Financial Statements have been prepared in accordance with IFRS. This MD&A contains non-GAAP financial measures and ratios, as well as supplementary financial measures, including operating income (loss), operating netback, adjusted funds flow, working capital, realized price, and royalties as a percentage of revenue which are not recognized measures under GAAP. Management believes these measures are useful for reporting purposes and for evaluating the

Westgate Energy Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2024 and 2023

financial position of the Company but cautions readers that these measures should not be considered as alternatives to measures calculated in accordance with GAAP. Non-GAAP financial measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers for these non-GAAP measures.

Operating Income (Loss)

Operating income (loss) is a non-GAAP financial measure calculated by subtracting the cost of royalties and operating expenses from total revenue which is the most directly comparable GAAP measure. Operating income (loss) is a component of operating netback, a non-GAAP financial ratio that management believes is a key industry benchmark and a measure of performance of the Company that provides investors/readers with information that is commonly used by other petroleum and natural gas producers. For a reconciliation of operating income (loss) to total revenue see the “Operating Results” table on page 4 of this MD&A

Operating Netback

Operating Netback is a non-GAAP financial ratio calculated by dividing operating income (loss) by production volumes. Operating Netback allows management and others to evaluate the production results from the Company’s assets. Management feels that operating netback is a key industry benchmark and a measure of performance of the Company that provides investors/readers with information that is commonly used by other petroleum and natural gas producers.

Adjusted Funds Flow

Adjusted funds flow is a non-GAAP financial measure and is not intended to represent cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS. Adjusted funds flow is calculated as cash used in operating activities plus net change in non-working capital and settlements of decommissioning provisions. The adjusted funds flow measure allows management and others to evaluate the Company’s ability to fund its capital programs and meet its ongoing financial obligations using cash flow internally generated from ongoing operating related activities. Adjusted funds flow per Share is a non-GAAP financial ratio calculated as adjusted funds flow divided by the applicable number of weighted average Shares outstanding. Adjusted funds flow is calculated as follows:

(\$'s, unless otherwise stated)	Three Month Ended September 30,		Nine Month Ended September 30,	
	2024	2023	2024	2023
Cash used in operating activities	(700,416)	(18,375)	(1,449,633)	(518,161)
Net change in non-cash working capital ⁽¹⁾	544,611	(245,012)	214,004	(241,290)
Settlements of decommissioning provision ⁽¹⁾	3,029	-	35,346	-
Adjusted Funds Flow	(152,776)	(263,387)	(1,200,283)	(759,451)

(1) Refer to the statements of cash flow in the Financial Statements as at and for the three and nine months ended September 30, 2024 and 2023

(\$'s, unless otherwise stated)	Q3-2024	Q2-2024	Q1-2024	Q4-2023
Cash used in operating activities	(700,416)	(503,900)	(245,317)	(746,598)
Net change in non-cash working capital ⁽¹⁾	544,611	14,145	(312,740)	355,199
Settlements of decommissioning provisions ⁽¹⁾	3,029	28,883	3,434	-
Adjusted Funds Flow	(152,776)	(460,872)	(554,623)	(391,399)

(1) Refer to the statements of cash flow in the Financial Statements as at and for the three and nine months ended September 30, 2024 and 2023

Supplementary Financial Measures

Working Capital

Working capital is defined as total current assets less total current liabilities, which management feels is a useful supplementary financial measure of the liquidity of the Company.

Realized Price

Realized price is a supplementary financial measure calculated as the revenue by product divided by the production by product and is a key industry benchmark and a measure of performance of the Company that provides investors/readers with information that is commonly used by other petroleum and natural gas producers.

Other Supplementary Measures

Per boe, per mcf or per bbl disclosures for realized prices, royalties, operating expenses, G&A and depletion are supplementary financial measures that are calculated by dividing the respective GAAP measure by its respective sales volumes. Royalties as a percentage of revenue is a supplementary financial measure that is calculated by dividing royalties by revenue, expressed as a percentage.

Westgate Energy Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2024 and 2023

Production

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2024	2023	2024	2023
Production					
Oil ⁽¹⁾	bbl/d	97	36	90	18
Natural gas ⁽²⁾	mcf/d	661	510	597	422
NGLs	bbl/d	7	5	5	5
Total	boe(6:1)	213	126	195	92
		Q3-2024	Q2-2024	Q1-2024	Q4-2023
Production					
Oil ⁽¹⁾	bbl/d	97	86	88	33
Natural gas ⁽²⁾	mcf/d	661	618	511	437
NGLs	bbl/d	7	4	5	4
Total	boe/d(6:1)	213	193	178	110

(1) Comprised of 99% or greater of light and medium crude oil, with the remaining being tight oil.

(2) Comprised of 99% or greater of conventional natural gas, with the remaining being shale gas.

Risk Factors

Factors currently influencing the Company's ability to succeed include, but are not limited to, the following:

Operational risks

- the performance of the Company's assets;
- reservoir impairment when shutting in or curtailing production from oil and gas assets;
- Westgate's exploration and development budget and Westgate's capital expenditure programs;
- failure to realize anticipated benefits of acquisitions or divestments;
- uncertainties inherent in estimating quantities of proved reserves and probable reserves;
- the timing of certain of Westgate's operations and projects, including the commencement of its planned exploration and development of Richdale and Killam and the levels and timing of anticipated production;
- risks and uncertainties inherent in Westgate's operations, including those related to exploration, development and production of reserves;
- risks related to gathering and processing facilities and pipeline systems;
- reliance on third party infrastructure;
- supply chain disruption;
- seasonality and weather conditions, which may be impacted by climate change;
- risks associated with events of force majeure; and,
- expiration of leases and permits or the failure of Westgate or the holder of certain licenses, leases or permits to meet specific requirements of such licenses, leases or permits.

Planning risks

- the business strategy, objectives and business strengths of Westgate;
- Westgate's growth strategy and opportunities;
- Westgate's plans to submit additional regulatory applications;
- Westgate's drilling plans and plans and results regarding the completion of wells that have been drilled and other exploration and development activities;
- Westgate's environment, social and governance goals;
- failure to accurately estimate abandonment and reclamation costs; and,
- the potential for management estimates and assumptions to be inaccurate.

Financial and market risks

- general economic, market and business conditions in Canada, the United States and globally;
- future commodity market prices;
- Canadian heavy and light oil export capacity constraints and the resulting impact on realized pricing;
- Westgate's projections of commodity prices, costs and netbacks;
- the capital requirements of Westgate's projects and the Company's continuing ability to raise capital;
- risk of reduced capital availability due to environmental and climate related reputational issues for the oil and gas industry;

Westgate Energy Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2024 and 2023

- the potential for future joint venture arrangements;
- insurance risks;
- hedging risks;
- variations in foreign exchange and interest rates;
- risks related to the Company's indebtedness;
- risks related to the Shares; and,
- risks of cybersecurity threats including the possibility of potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of our information technology systems.

Legal and compliance risks

- the regulatory framework governing royalties, taxes, environmental matters and foreign investment in the jurisdictions in which Westgate conducts and will conduct its business;
- risks related to Westgate's filings with taxation authorities, including the risk of tax related reviews and reassessments;
- risks related to climate change and carbon pricing;
- actions taken by the American administration on the imposition of taxes on the importation of goods into the United States;
- aboriginal claims;
- risks associated with establishing and maintaining systems of internal controls; and
- inaccuracy of forward-looking information.

For additional information regarding the risks and uncertainties to which the Company and its business are subject, please see the information under the heading "Forward-looking Statements" and the Company's Filing Statement filed in connection with the RTO, an electronic copy of which is available on Westgate's SEDAR+ profile at www.sedarplus.ca.

Oil and Gas Advisories

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 nine 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 Company 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 Company 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.

Drilling Locations

Unbooked drilling locations are the internal estimates of Westgate based on the acquired assets prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources (including contingent and prospective). Unbooked locations have been identified by the Company's management as an estimation of the Company's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that Westgate will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and natural gas reserves, resources or production. The drilling locations on which the Company will actually drill wells, including the number and timing thereof is ultimately dependent upon the availability of funding, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While a certain number of the unbooked drilling locations have been de-risked by Westgate drilling existing wells in relatively close proximity to such unbooked drilling locations, the majority of other unbooked drilling locations are farther away from existing wells where management of Westgate has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

Forward-looking Statements

Information provided herein contains estimates and assumptions which management is required to make regarding future events and may constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws. Management's assessment of future plans and operations, future capital expenditures, future operating

Westgate Energy Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2024 and 2023

expenses, working capital requirements, market conditions, geopolitical developments, methods of financing capital and operating expenditures and the ability to fund financial liabilities, the availability of future funding, expected commodity prices and their impact on the Company, the Company's exposure to interest rate fluctuations, regulatory developments and their potential impact on the Company, and future risks, in addition to other forward-looking information and statements provided in this MD&A, may constitute forward-looking statements or information under applicable securities laws and necessarily involve risks including, without limitation, risks associated with oil and natural gas 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 or information 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 statements or 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 Company 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 Company 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 Company, assumptions have been made regarding, among other things: the timing of drilling oil and natural gas wells; the general stability of the economic and political environment in which the Company operates; the ability of the operator of the projects in which the Company has an interest to operate the field in a safe, efficient and effective manner; the Company's ability to obtain financing on acceptable terms; field production rates and decline rates; future oil and natural gas prices; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Company operates; and the Company's ability to successfully market its oil and natural gas products. Readers are cautioned the foregoing lists of forward-looking statements or information; risks and factors are not exhaustive.

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

Abbreviations

AECO	physical storage and trading hub for natural gas on the TC Alberta transmission system which is the delivery point for various benchmark Alberta index prices
bbbl	barrels of oil
bbbl/d	barrels of oil per day
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
CGU	Cash generating unit
GAAP	Generally Accepted Accounting Principles
IASB	International Accounting Standards Board
mcf	thousand cubic feet
mcf/d	thousand cubic feet per day
NGLs	Natural gas liquids
OPEC+	Organization of the Petroleum Exporting Countries (OPEC) and a group of 11 non-OPEC members
WTI	West Texas Intermediate