DECKLAR RESOURCES

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2021

Report Date: November 26, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

The following discussion of the operating results and financial position of Decklar Resources Inc. (the "Company" or "Decklar"), formerly Asian Mineral Resources Limited, should be read in conjunction with the Company's condensed consolidated interim financial statements and related notes for the three and nine months ended September 30, 2021 and 2020, and its audited consolidated financial statements for the years ended December 31, 2020 and 2019, which were prepared in accordance with International Financial Reporting Standards (IFRS) by management and are available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. All amounts are in Canadian dollars (CAD) unless otherwise stated. References to the "Company", "Decklar", "we", "our" and "us" means Decklar Resources Inc., its predecessors and consolidated subsidiaries, or any one or more of them as the context requires.

This management's discussion and analysis ("**MD&A**") has been prepared as of November 26, 2021, with reference to National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators.

Forward-Looking Information

This MD&A contains "forward-looking information," which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company, its projects, future oil prices, estimates of oil reserves and future net revenues, the realization of petroleum reserve and resource estimates, supply and demand for petroleum, the timing and amount of estimated future production, revenues, margins, costs of production, estimates of initial capital, sustaining capital, operating, and exploration expenditures, costs and timing of the development of reserves, projections of market prices and costs, costs and timing of future exploration, requirements for additional capital, foreign exchange risks, governmental regulation of petroleum operations and exploration operations, timing and receipt of approvals, consents and permits under applicable petroleum legislation, environmental risks, title disputes, or claims, limitations of insurance coverage and regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases, or may be identified by statements to the effect that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, uncertainties and a variety of material factors, many of which are beyond the Company's control which may cause the actual results, performance or achievements of Decklar, its subsidiaries and affiliated companies to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. There can be no assurance that the Company will obtain licenses or other approvals when needed, or at all, or that further exploration of the Oza Oil Field will lead to additional commercial discoveries or, if there are commercial discoveries, that the Company will be able to realize such resources as intended. Readers are cautioned that forward-looking statements may not be appropriate for other purposes than outlined in this document. Such factors include, among others, future oil and gas prices; general business, economic, competitive, political and social uncertainties; the actual results of current exploration and development activities; conclusions of economic evaluations and studies; fluctuations in the value of the United States dollar (USD) and Canadian dollar relative to the local currencies in the jurisdictions of the Company's key projects; changes in project parameters as plans continue to be refined; possible variations of petroleum grade or projected recovery rates; accidents, labour disputes or slow-downs and other risks of the oil and gas industry; climatic conditions; political instability; labour force availability and turnover; delays in obtaining financing or governmental approvals or in the completion of exploration and development activities; as well as those factors referred to in the section entitled "Risks and Uncertainties" section of the MD&A. The reader is also cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the Company's forward-looking statements.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this document and, except as required by applicable law, the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

In addition, please note that statements relating to "reserves" or "resources" are deemed to be forward-looking information as they involve the implied assessment, based on certain estimates and assumptions, that, the resources and reserves described can be profitably produced in the future.

Business

The Company was originally incorporated pursuant to the New Zealand Companies Act 1993. Effective December 31, 2004, it was continued as a British Columbia corporation under the British Columbia Business Corporations Act (BCBCA).

In July 2020, the Company closed its acquisition of Nigeria-based Decklar Petroleum Limited ("DPL"). DPL has a Risk Service Agreement ("RSA") with Millenium Oil and Gas Company Limited ("Millenium") on the Oza Oil Field. The Oza Oil Field is located onshore in the northern part of Oil Mining License 11 ("OML 11") in the Eastern Niger Delta of Nigeria. The concession covers a 20 square kilometre area carved out of OML 11 in 2003 as part of the Nigerian Government's Marginal Field Development Program. It is surrounded by other producing fields. Millenium has made significant investments in the Oza Oil Field, including acquisition and installation of production and transport infrastructure, pipelines, a metering system, and a production facility. Additional critical infrastructure is in place, including export pipeline access tied into the Trans Niger Pipeline, which flows from the southern part of OML 11 to the Bonny Export Terminal, the largest terminal on the African continent. In exchange for technical and financial support, Decklar will be entitled to an 80% economic interest (pre-cost recovery) in the Oza Oil Field, which reduces on a sliding scale, after cost recovery, to 40% once cumulative production exceeds 10 million barrels of oil. The DPL acquisition was fundamental to Decklar's entry into oil and gas exploration.

Q3 2021 Interim MD&A – Quarterly Highlights

Oza-1 Well Re-Entry and Testing and Completion

Operations to re-enter, test and complete the Oza-1 well moved forward throughout the quarter. Activities included pulling the existing tubing and the 5 ½ inch casing that was inside the 9 ⅝ inch casing. The 9 ⅝ inch casing was scraped and circulated clean. A cement bond log was run to confirm the integrity of the wellbore and the cement behind the casing. Cased hole reservoir logs were completed and analyzed and confirmed the characteristics of the zones targeted for testing. Surface testing facilities and equipment were installed and testing of the L2.6 zone commenced in mid-August immediately following perforating and running the testing string. Test results from the L2.6 sand yielded 2,463 barrels of oil per day ("bopd"). The Company then tested the remaining two targeted sands, the L2.4 and the L2.2. During the initial flow testing of the L2.2 sand, the zone produced at a flow rate of 1,361 bopd. The testing of the L2.4 sand yielded a flow rate of 10.3 mmscf per day of natural gas.

In October the Company commenced completion activities at the Oza-1 well. The well was initially configured for production from the L2.6 zone. Logistics and export activities for the Oza-1 well are being finalized, at which point, the well will commence commercial oil production.

Asaramatoru Oil Field

On July 14, 2021, Decklar announced the completion of a Share Purchase Agreement ("SPA") to purchase all of the issued and outstanding shares of Purion Energy Limited ("Purion"). Purion is a Nigerian entity that has entered into a Risk Finance and Technical Services Agreement with Prime Exploration and Production Limited ("Prime") with respect to the 51% equity interest that was awarded to Prime in the Asaramatoru Oil Field. Prime is the operator of the Asaramatoru Oil Field, and Decklar will participate in the continued development of the oil resources in the field. The Asaramatoru Oil Field is located in OML 11, the same block where Decklar is also currently developing the Oza Oil Field. Purion is also seeking to enter into a RFTSA with Suffolk Petroleum ("Suffolk") in respect of Suffolk's 49% interest in the Asaramatoru Oil Field.

The SPA terms are based on the issuance of up to 5,500,000 common shares of Decklar. Purion will be entitled to an initial issuance of 3,750,000 shares. In the event that Purion enters into an RFTSA in respect of the Suffolk interest, an additional 1,750,000 Decklar shares will be issued to the shareholders of Purion

On November 5, 2021, the Company announced that the SPA had closed, and the initial 3,750,000 shares had been issued to Purion.

Decklar also continues to pursue and advance evaluations and negotiations for additional proven undeveloped oil and gas fields in Nigeria that have significant reserves and near-term production potential.

Private Placements

On March 8, 2021, the Company announced that it had completed a private placement, issuing 16,865,714 common shares at a price of $0.28 per share for total gross proceeds of $4,722,400. All common shares issued pursuant to the placement were subject to a four-month hold. Brokers fees included cash of $8,400 and 430,000 common shares.

In May 2021, the Company completed an unbrokered unit offering, issuing 10,075,000 units, with each unit consisting of one common share and one-half common share purchase warrant, at a price of $1.00 per unit for net proceeds of $9,649,179. Each whole warrant entitles the holder to acquire one common share at a price of $1.50 per common share for 12 months. All common shares issued pursuant to the offering were subject to a four-month hold. Finders' fees included cash of $559,200 and 280,000 common share purchase warrants entitling the holder to acquire one common share at a price of $1.50 per common share for 12 months.

On August 27, 2021, Decklar announced the closing of a financing consisting of 5,000,000 units at a price of $1.00 per unit. Each unit consists of one common share of Decklar and one-half common share purchase warrant. Each whole warrant will entitle the holder thereof to acquire one common share of the Company at an exercise price of $1.50 per common share for a period of 12 months from the closing date of the offering. Net proceeds were $4,951,498, net of share issuance costs of $112,500.

Subsequent Events

Letter of Intent – Emohua Field

On October 6, 2021, Decklar announced it was entering into a non-binding Letter of Intent to purchase all of the issued and outstanding shares of Westfield Exploration and Production Limited ("Westfield"), a Nigerian entity that has entered into a RFTSA with Erebiina Energy Resources Limited ("Erebiina") to participate in the Emohua Field in Nigeria, located in OML 22. The Emohua Field, which was recently awarded to Erebiina (60%) and the balance (40%) to other local Nigerian entities in the 2020/2021 Marginal Field Bid Round, is situated onshore in the southeastern section of OML 22 in the Eastern Niger Delta. The Emohua Field is situated approximately 6 km west of the city of Port Harcourt in Rivers State and approximately 30 km west of the Oza Field, which Decklar is currently developing. The Bonny Oil Export Terminal and Bonny LNG plant are located approximately 50 km south of the Emohua Field.

The transaction terms include a cash payment of US$7 million, as a deposit to be credited against the final purchase price, and the issuance of up to 6,000,000 common shares of Decklar as consideration for the acquisition of all the issued and outstanding shares of Westfield. In the event Westfield enters into additional RFTSAs in respect of the remaining 40% interest, up to an additional 2,500,000 Decklar shares will be issued to the shareholders of Westfield. The US$7 million deposit was paid in Q3.

The specific terms of the transaction remain under negotiation. The Letter of Intent shall terminate with Decklar and Westfield having no further obligations to each other under the agreement upon mutual written agreement to terminate, or by either party if definitive agreements have not been entered into by November 30, 2021.

Decklar Petroleum Limited

In 2020, the Company acquired DPL as a wholly owned subsidiary, whose sole asset is an RSA with Millenium, a JV partner and operator of the Oza Oil Field. The RSA entitles DPL to cost recovery and a share of distributable funds from the development of oil and gas resources at the Oza Oil Field in exchange for technical and financial support.

The aggregate purchase price was $7,105,454, payable through the issuance of 30,000,000 common shares of the Company based on the fair value of the net assets acquired. Of the aggregate purchase price, 22,000,000 shares were paid on closing of the acquisition with the balance of 8,000,000 shares being payable if the Oza Oil Field achieves production net to Millenium of 1,000 bopd for a period of ten consecutive days in any thirty day period prior to March 31, 2022.

The 22,000,000 shares paid were allocated (i) 14,000,000 shares to the shareholders of DPL; and (ii) 8,000,000 shares to extinguish outstanding debt owed by DPL to certain arm's length third parties. None of the DPL shareholders nor third-party debt providers are related to the Company and the acquisition is not a Non-Arm's Length transaction within the meaning of the policies of the TSX-V.

The Oza Oil Field was formerly operated by Shell Petroleum Development Company of Nigeria Ltd. ("Shell"). The field has three wells and one side track drilled by Shell between 1959 and 1974. During the period when Shell was the operator, there were two periods of extended production testing from the Oza-1, 2 & 4 wells. The field was not tied into an export facility and was not fully developed by Shell nor put into commercial production.

In 2003, the Oza Oil Field was awarded to Millenium during the Marginal Fields Licensing Round. Since Millenium and the other joint venture partners acquired the Oza Oil Field, approximately US$50 million has been spent in production facilities infrastructure in support of a restart of production including an export pipeline to tie the field into the Shell Trans Niger Pipeline to the Bonny Export Terminal, a lease automatic custody transfer unit fiscal metering system, infield flowlines, manifolds, and a rental Early Production Facility. The RSA with Millenium provides DPL the majority share of production and associated cash flow from the Oza Oil Field in exchange for funding and technical assistance to restart commercial production and full field development. The RSA terms also include a preferential return of DPL's costs plus a share of cash flow thereafter. Until full cost recovery is achieved, DPL is entitled to priority recovery of its capital from 80% of distributable funds. After achieving cost recovery, DPL's profit share is based on a sliding scale starting at 80% and ultimately declining to 40% once cumulative production exceeds 10 million barrels.

Decklar and Millenium Funding

DPL entered into a subscription agreement (the "Subscription Agreement") with San Leon Energy Plc ("San Leon"), an AIM-listed public company focused on Nigerian production and development assets, which is arm's length to the Company (within the meaning of the policies of the TSX-V). The Subscription Agreement entitles San Leon to purchase US$7,500,000 of 10% unsecured subordinated loan notes of DPL (the "Loan Notes") and 1,764,706 ordinary shares ("DPL Shares") of DPL (representing 15% of the share capital of DPL) for a cash consideration of US$7,500,000 and N1,764,706, respectively. In addition, DPL and San Leon have entered into an option agreement (the "Option Agreement") that entitles San Leon to purchase an additional US$7,500,000 of Loan Notes (the "Option Loan Notes") and 2,521,008 DPL Shares (increasing their interest to 30% of the share capital of DPL) for cash consideration of US$7,500,000 and N2,521,008, respectively, at any time until the date that is forty-five (45) days after the well test results of the first development well on the Oza Oil Field have been delivered to San Leon.

The Subscription Agreement provides for certain conditions precedent to be confirmed prior to finalizing and issuing of the Loan Notes and DPL Shares, including entering into an agreed form of shareholders' agreement in respect of DPL and the restructuring of certain historical indebtedness by the owner/operator of the Oza Oil Field, Millenium, to the satisfaction of San Leon at its sole discretion. Concurrently with entering into the Subscription Agreement, San Leon advanced US$750,000 as an initial deposit (the "Deposit") with the release of the balance of the US$7,500,000 being subject to the satisfaction (or waiver) of the condition's precedent contained in the Subscription Agreement. In the event the transactions contemplated by the Subscription Agreement are not completed, DPL will be required to repay the Deposit to San Leon within three months of that date.

In addition, Millenium has entered a non-binding term sheet with a local Nigerian bank and the trading subsidiary of a large multinational oil company active in Nigeria for up to US$33,000,000 in a five-year term loan that provides a use-of-proceeds of US$22,000,000 to refinance existing debt of Millenium and US$11,000,000 for development activities on the Oza Oil Field, based on entering a crude sales and purchase contract. DPL is expected to provide a corporate guarantee as part of this US$33,000,000 term debt facility.

Loan Notes

The terms of the loan notes provide for an interest rate of 10% per annum, which accrues on a quarterly basis and will have a maturity date that is five years from the date of issuance. No payments (whether on account of interest or principal) are required under the loan notes unless there are available funds from operations (after considering any required debt servicing payments, general and administrative expenses, approved joint venture capital and operating costs required to be funded by DPL under the RSA with Millenium, taxes and other statutory payments) (the "Available Funds"). All Available Funds shall be applied to the payment of interest and principal in respect of the loan notes until they are repaid in full. Upon repayment of the loan notes, 50% of the Available Funds will be applied to payment of interest and principal in respect of the option loan notes until they are repaid in full, with the remaining 50% of such Available Funds being retained by DPL. The loan notes are unsecured, subordinated and contain customary events of default. The loan notes do not contain any financial or other maintenance covenants.

Results of Operations for the three and nine month periods ended September 30, 2021

For the three and nine month periods ended September 30, 2021 and 2020, Decklar incurred net losses of $3,329,997 (2020: $803,534) or $0.04 per share (2020: $0.02 per share) and $5,139,912 (2020: $1,323,944) or $0.07 per share (2020: $0.04 per share), respectively.

The detailed operating results for the three and nine months ended September 30, 2021 and 2020 are as follows:

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
General and administrative expenses				
Consulting	$ 359,059	$ 25,800	$ 698,008	$ 65,800
Professional and regulatory	789,524	50,852	1,011,903	232,816
Office and administrative	685,293	74,578	1,113,820	124,231
Business development	174,418	-	337,122	-
Share-based payments	1,563,370	465,579	1,804,309	465,579
Impairment	200,000	-	200,000	-
Transaction costs	-	-	-	250,000
Finance (income)	(491)	(376)	(1,108)	(3,473)
Finance expense	(9,024)	-	45,233	1,437
Fair value adjustment on acquisition	-	186,089	-	186,089
Foreign exchange (gain) loss	(432,152)	1,012	(69,375)	1,465
Net loss for the period	3,329,997	803,534	5,139,912	1,323,944
Other comprehensive loss:				
Unrealized FX (gain) loss on translation	(525,931)	2,438	(259,124)	2,438
Comprehensive loss for the period	$ 2,804,066	$ 805,972	$ 4,880,788	$ 1,326,382

General and administrative expenses

Decklar's activities increased significantly in Q3. Commencement of field operations related to the re-entry, testing and completion of the Oza-1 well, coupled with ongoing financing and due diligence efforts, resulted in significantly higher general and administrative expenditures in the quarter. The Company engaged more consultants and other professional services to help facilitate these activities.

- Consulting costs of $359,059 in the three months ended September 30, 2021 (2020: $25,800) and $698,008 in the nine months ended September 30, 2021 (2020: $65,800) reflects remuneration of employees of the Company as well as severance.
- Professional and regulatory fees for the three months ended September 30, 2021 totaled $789,524 compared to $50,852 for the same period in 2020. Professional and regulatory fees for the nine months ended September 30, 2021 totaled $1,011,903 compared to $232,816 for the same period in 2020. These expenditures consist primarily of legal fees, audit fees, and costs associated with public markets.
- Office and administrative expenses were $685,293 in the third quarter of 2021, compared to $74,578 in the comparable quarter in 2020, and $1,113,820 for the nine months ended September 30, 2021 (2020: $124,231). The higher 2021 expenditures are primarily related to services retained from a number of investor relations firms to heighten market and brand awareness and broaden the Company's profile in the investment community as well as the growing administrative cost associated with the company's growth.
- Business development expenses incurred during the three and nine month periods ended September 30, 2021 represent costs incurred to negotiate agreements and to seek potential funding for the Company's current and potential future oil and gas assets.
- Share-based compensation expenses through the three and nine months ended September 30, 2021 of $1,563,370 and $1,804,309, respectively (2020: $465,579 for both comparable periods) reflect the calculated cost of share options issued in September 2020 and August 2021 to directors, employees and consultants of the Company.

Finance expense

Finance expenses primarily represent the loss incurred on the extinguishment of the principal and interest on the Island Time promissory note, which was repaid in full in April 2021 through the issue of 175,000 common shares of the Company.

Foreign exchange loss and Other comprehensive loss

Foreign exchange gains for the three and nine months ended September 30, 2021, were $432,152 (2020: $1,012 loss) and $69,375 (2020: 1,465 loss), respectively. The higher amounts reflect the increasing value of foreign denominated transactions occurring in Q3, particularly related to re-entry, testing and completion of the Oza-1 well.

Other comprehensive loss - Unrealized foreign exchange loss on translation also reflects the increasing level of foreign denominated transactions occurring in the Company. It also highlights the growing US dollar denominated asset base in Nigeria and the impact of revaluations which occur every quarter.

Resource Properties

As at September 30, 2021, Decklar had a total of $19,648,552 capitalized in resource properties. This total now only represents the value of the Company's investments in Nigeria. During Q3, the Company wrote off the $200,000 attributed to the Holt Option to acquire interests in four mining properties in Canada. Given the Company's pivot to oil exploration in Nigeria, it chose not to make additional payments required under the Holt Option. This decision caused the Company's rights under the Holt Option to expire. Consequently, the Company recorded impairment of $200,000 in the quarter.

In the nine months ended September 30, 2021 total expenditures of $13,722,303, related to Oza-1 well re-entry operations and other facility and infrastructure expenditures, were added to resource properties.

Liquidity and Capital Resources

On September 30, 2021, the Company had cash on hand and cash equivalents of $832,712 (December 31, 2020: $123,236) and had a working capital of $1,239,145 (December 31, 2020: $1,762,642 deficit). Additional financing will be required to further develop the Oza Oil Field and the new marginal field opportunities that the Company is pursuing in Nigeria. The Company is currently working on finalizing additional development funding. The ability to raise capital is not guaranteed and may not be realized when needed or, if available, might not be available at terms favourable to the Company and might involve dilution to existing shareholders.

The Company had the following contractual obligations at September 30, 2021:

	Payment due by period		
	Total	**Less than 1 year**	**1 – 3 years**
Short-term loans	$ 563,791	$ 563,791	$ -
Refundable deposit	1,010,291	1,010,291	-
Due to related parties (1)	76,211	76,211	-
Total	$ 1,650,293	$ 1,650,293	$ -

(1) Represents consulting fees payable to directors and officers of the Company and its subsidiary.

The Company had the following comparable contractual obligations at December 31, 2020:

	Payment due by period		
	Total	**Less than 1 year**	**1 – 3 years**
Short-term loans	$ 305,529	$ 305,529	$ -
Refundable deposit	985,866	985,866	-
Due to related parties (1)	206,148	206,148	-
Total	$ 1,497,543	$ 1,497,543	$ -

(1) Represents consulting fees payable to directors and officers of the Company and its subsidiary.

In April 2021 the Company issued 175,000 common shares to extinguish the remaining balance of the note payable to Island Time. Other short-term loans are comprised of the outstanding balance of advances made directly to DPL, and payments made on behalf of DPL, by an external party to fund day-to-day and early field operations during the start-up and early stages of DPL's operations. The loans do not bear interest and are due on demand.

On September 3, 2020, DPL received a deposit as part of the San Leon Subscription Agreement. At September 30, 2021 the balance of this deposit and accrued interest was $1,010,291 (December 31, 2020: $985,866). The deposit is repayable should a number of conditions in the Subscription Agreement not be attained. Interest is payable on the deposit at a rate of 10% per annum in the event the deposit is repaid to San Leon.

Summary of Quarterly Results

	Sept 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sept 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019
Finance (income) loss	(491)	(482)	(135)	(1,465)	(376)	(642)	(2,454)	(2,464)
General & administrative expenses	3,571,664	997,107	396,391	506,348	616,809	223,536	48,081	57,835
Impairment of resource asset	200,000	-	-	3,346,978	-	-	-	-
Transaction costs	-	-	-	-	-	-	250,000	112,358
Finance (income) expense	(9,024)	53,514	743	1,490	-	723	712	829
Foreign exchange (gain) loss	(432,152)	276,356	86,421	29,781	186,089	453	-	-
Net loss	3,329,997	1,326,495	483,420	3,883,132	803,534	224,070	296,339	168,559
Loss per share (basic)	$0.04	$0.02	$0.01	$0.07	$0.02	$0.01	$0.01	$0.00
Loss per share (diluted)	$0,04	$0.02	$0.01	$0.07	$0.02	$0.01	$0.01	$0.00
Total assets	29,541,229	19,565,241	10,368,132	5,960,637	10,968,140	1,145,597	587,498	620,011

Critical Judgements in Applying Accounting Policies

There have been no changes in our critical accounting estimates in the nine months ended September 30, 2021. Further information on our critical judgments in applying accounting policies and estimates can be found in the notes to the audited consolidated financial statements and MD&A for the year ended December 31, 2020.

Transactions with Related Parties

Directors

The Company recognized no directors' fees in the quarters ended September 30, 2021 or 2020. Share options were granted to the Company's directors during the third quarter of 2020 and in August 2021.

Key management

Consulting fees paid and accrued to key management persons during the three and nine months ended September 30, 2021 totalled $152,884 and $423,566, respectively (three and nine months ended September 30, 2020: $25,800 and $65,800, respectively). Share options were issued to key management persons resulting in share compensation expense for the three and nine months ended September 30, 2021 of $534,653 and $627,2630, respectively (three and nine months ended September 30, 2020: $101,213).

Risk Factors

Given the nature of its business, any operations of the Company are subject to a number of risks, including the following, any one or all of which could have a material adverse effect on the Company and its business:

Additional funding requirements

Additional financing will be required to fully exploit the potential of the Company's strategic relationships in Nigeria. The Company is finalizing development funding for Decklar's Oza Oil Field (as described above under Decklar Petroleum Limited - Decklar and Millenium Funding). There can be no assurance that the Company will be able to complete this or other required funding strategies. Failure to obtain sufficient financing could result in the Company proceeding into reorganization, bankruptcy, or insolvency.

Sales of substantial amounts of the Company's common shares, or the availability of such common shares for sale, could adversely affect the prevailing market prices for the Company's securities. A decline in the market prices of the Company's securities could impair its ability to raise additional capital through the issuance of common shares should the Company desire to do so.

Decklar may incur substantial costs in pursuing options for future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. The ability to obtain needed financing may be impaired by such factors as general downturns in the capital markets, and/or the loss of key management personnel.

Potential conflicts of interest for certain directors and officers

Certain directors and officers of Decklar are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies, including activities involving mining and mineral exploration. As a result of these and other activities, such directors and officers of Decklar may become subject to conflicts of interest. The BCBCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Market for Decklar's securities

There can be no assurance that an active market for Decklar's securities will continually exist. In addition, the market price of the securities of Decklar at any given point in time may not accurately reflect the long-term value of Decklar. Furthermore, the need for response to any events or circumstances resulting from the risk factors described herein could result in substantial costs and divert management's attention and resources.

Resource industry

The exploration for and development of oil reserves involves significant risks that cannot be completely eliminated. While the discovery of oil resources may result in substantial rewards, some properties that are explored may not ultimately be developed into commercially successful operations. Substantial expenses may be incurred to locate and establish oil and gas reserves, to develop operational processes, and to construct facilities at a particular site. It is impossible to ensure that the activities currently planned by the Company will result in profitable commercial oil production operations. Whether an oil and gas reserve will be commercially viable depends on many factors including, but not limited to: the particular attributes of the oil and gas resources, such as volume, qualitative characteristics, and proximity to infrastructure; oil prices, which are cyclical and somewhat unpredictable; government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of petroleum products; and changes to environmental regulations. The effects of these factors cannot always be accurately predicted, but in combination they could result in the Company not receiving an adequate return on invested capital.

The Company's activities are subject to all the hazards and risks normally encountered in the exploration for, and development and production of oil, including unusual and unexpected geologic formations and other conditions involved in drilling and production, any of which could result in damage to, or destruction of, oil and gas wells and production facilities, damage to life or property, environmental damage, and possible legal liability.

Counterparty risk

Counterparty risk is the risk that each party to a contract will not fulfill its contractual obligations. Decklar endeavours to manage this risk by working closely with its co-venturers on operational matters. Although DPL is not the operator of the Oza Oil Field, its responsibilities as risk service provider permit it to be actively consulted on operations. A contractual default by its co-venturers, owners of export pipelines, or the future purchasers of oil from the Oza Oil Field could have a material impact on the Company's cash flows.

Competition in oil industry

The resource business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical, and other resources than the Company, in the search for and the acquisition of attractive petroleum properties. The Company's ability to acquire properties in the future will depend not only on its ability to develop the projects, but also in its ability to select and acquire other suitable producing properties for petroleum mineral exploration or development. There can be no assurance that the Company will be able to compete successfully with others in acquiring such properties or prospects.

Insurance and uninsured risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, changes in the regulatory environment, and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to its petroleum properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in development, monetary losses, and possible legal liability.

Government regulation in the oil industry

The Company's exploration, development and operating activities are subject to various laws governing oil and gas, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local residents, and other matters. Although the Company's planned activities will be carried out in accordance with all applicable rules and regulations, there can be no assurance that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail such planned activities with materially adverse impacts on financial performance and profitability.

The oil rights and interests of the Company are subject to obtaining government approvals, licences and permits, land clearance being completed, and land use rights being obtained. Such approvals, licences and permits, and the completion of land clearance and obtaining of land use rights are, as a practical matter, subject to the discretion of the government or governmental officials. No assurance can be given that the Company will be successful in obtaining or maintaining any or all of the various approvals, licences, and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing or proceeding with planned activities.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration and production of petroleum resources may be required to compensate those suffering loss or damage by reason of operational and production activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Application of or amendments to current laws and regulations governing operations or more stringent implementation thereof could have a substantial adverse impact on the Company and cause increases in exploration expenses, capital expenditures, or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mineral properties.

Personnel

The Company is dependent on obtaining and retaining the services of professional management and skilled personnel. Failure to obtain such services or the loss of them could have a material adverse effect on the Company's operations. There can be no assurance that the required personnel will be available on suitable terms.

Enforceability of civil liabilities

Certain of the Company's directors and officers reside outside Canada. Substantially all the assets of such persons are, and substantially all the assets of the Company are, located outside Canada. It may not be possible for investors to effect service of process within Canada upon such persons, and it may also not be possible to enforce against the Company and/or such person's judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

Litigation risk

All industries, including the resource industry, are subject to legal claims, with and without merit. The Company may be involved from time to time in various routine legal proceedings, which include labour matters such as unfair termination claims, supplier matters, and property issues incidental to its business. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Conversely, the Company may be put in a position where it must pursue legal remedies, the disposition of which are also uncertain. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding could have a material effect on financial position and results of operations.

The market price for common shares cannot be assured

The market price of publicly traded shares is affected by many variables, some of which are not directly related to the performance of the Company. Securities markets often experience high levels of price and volume volatility, and the market price of securities of many companies, particularly those considered to be junior companies, may experience wide fluctuations that are not necessarily related to operating performance, underlying asset values, or prospects of such companies. There can be no assurance that such fluctuations will not affect the price or liquidity of Decklar's securities in the future.

COVID-19

The outbreak of the novel coronavirus ("COVID-19") was declared a pandemic by the World Health Organization on March 11, 2020. Global financial markets experienced significant volatility and weakness as a consequence of the pandemic and governments worldwide enacted emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, temporary business closures, self-imposed quarantine periods, social distancing and restrictions on public gatherings, caused material disruption to businesses globally resulting in a prolonged economic slowdown. Crude oil prices declined dramatically in 2020 due to the actual and anticipated impacts of COVID-19 on global commerce and energy demand, as well as disagreements between major oil producing nations of Saudi Arabia and Russia with respect to production quotas. While economic circumstances have improved, and crude oil demand and prices have rebounded, new waves of the outbreak continue to create uncertainty, and hinder achievement of a sustained economic recovery. The duration, future trajectory and full extent of the impact of COVID-19 remains uncertain.

Financial Instruments

At September 30, 2021, the Company's financial instruments consist of cash and cash equivalents, trade payables and accrued liabilities, refundable deposit, and short-term loans. The fair values of these financial instruments are not materially different from their carrying values.

With respect to credit risk on its bank accounts and investments, credit risk on bank accounts and short-term investments is limited through maintaining the Company's balances with established and secure financial institutions.

To help to manage liquidity risk, the Company has in place a planning and budgeting process to aid in determining the funds required to support normal operating requirements on an ongoing basis, including capital development and exploration expenditures. Discussions about the Company's ongoing ability to operate as a going concern are included in note 1 in the September 30, 2021 and 2020 Condensed Consolidated Interim Financial Statements, Nature of business and going concern.

Disclosure Controls

In connection with Exemption Orders issued in November 2007, and revised in December 2008, by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed consolidated interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificates under National Instrument (NI) 52-109 Certification of disclosure in an Issuer's Annual and Interim Filings, the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in NI 52-109.

Additional Information

Additional information relating to the Company, including the December 31, 2020 NI 51-101 report for the Oza Oil Field is available on SEDAR at www.sedar.com.

Share Capital

As at November 26, 2021 the Company had 94,992,152 common shares outstanding. Decklar also had share purchase options outstanding to purchase an aggregate of 7,656,666 common shares expiring between April 5, 2022 and August 13, 2026. They options are exercisable at various prices between $0.28 and $20.00 per share. The Company also has 5,317,500 share purchase warrants expiring May 25, 2022, and 2,500,000 share purchase warrants expiring August 27, 2022. Both tranches of warrants are exercisable at $1.50 per whole warrant. As of November 26, 2021, on a fully diluted basis the Company has 110,466,318 common shares outstanding.

As part of the July 17, 2020 acquisition of DPL, 8,000,000 common shares are also issuable if the Oza Oil Field reaches production net to Millenium of 1,000 bopd for a period of ten consecutive days in any thirty-day period prior to March 31, 2022. Additionally, as part of the July 14, 2021 SPA signed with Purion, 1,750,000 common shares of Decklar will be issued to Purion as part of the agreement related to the Asaramatoru Oil Field in the event that Purion enters into an RFTSA in respect of the Suffolk interest.