

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") provides the details of the financial condition and results of operations of Prospera Energy Inc. ("Prospera", "PEI", or the "Corporation") for the three and nine months ended September 30, 2025 and should be read in conjunction with the Corporation's September 30, 2025 unaudited condensed interim financial statements and December 31, 2024 audited annual financial statements and related notes thereto. The Corporation's financial statements have been prepared in accordance with IFRS® Accounting Standards ("IFRS") and are presented in Canadian dollars.

Readers are cautioned of the advisories on forward-looking statements, estimates, non-GAAP measures, numerical references and Oil and Gas advisories which can be found at the beginning of this MD&A. This MD&A is dated and was prepared using available information as of November 26, 2025.

In this MD&A, the three and nine months ended September 30, 2025 may be referred to as "Q3 2025" and "2025 YTD", respectively, and as "the 2025 periods" collectively. The comparative three and nine months ended September 30, 2024 may be referred to as "Q3 2024" and "2024 YTD", respectively, and as "the 2024 periods" collectively.

Forward Looking Statements

This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this MD&A, other than statements of historical facts, that address activities, events, or developments that Prospera expects are forward looking statements. The Corporation believes the expectations expressed in such forward-looking statements are based on reasonable assumptions which the Corporation is required to make regarding future events and may constitute forward-looking statements within the meaning of applicable securities laws. Management's assessment of future plans and operations, capital expenditure requirements, methods of financing and the ability to fund financial liabilities, changes in royalty rates and the timing and impact of accounting policies may constitute forward-looking statements under applicable laws and necessarily involve risks including and without limitation, risks associated with oil and gas exploration, development and exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations imprecision of reserve estimates, environmental risks, competition from, other producers, the inability to fully realize the benefits of acquisitions, delays resulting from, or inability to obtain, required regulatory approvals and ability to access sufficient capital from internal and external sources. Readers and investors are cautioned that such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include market prices, exploration, and exploitation successes, continued availability of capital and financing and general economic, market or business conditions.

Although the Corporation believes the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will be realised. The use of any of the words "anticipate", "believe", "continue", "estimate", "expect", "may", "will", "forecast", "project", "plan", "should" and similar expressions are intended to identify forward-looking information. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. The risks associated with these forward-looking statements include, but are not limited to, the following:

- Fluctuations in oil production levels
- Volatility in market prices for petroleum and natural gas
- Uncertainties associated with estimating reserves
- Well production and decline rates
- Changes in the general economic conditions in Canada and Worldwide
- The effects of weather conditions
- The ability of Prospera to obtain financing including equity and debt

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Actions taken and policies by governmental or regulatory authorities including changes to tax

laws, incentive programs, royalty calculations and environmental regulations.

Additional Information

Additional information about Prospera, is available on SEDAR+ at www.sedarplus.ca, and on the Corporation's website at www.prosperaenergy.com.

Petroleum and Natural Gas ("P&NG") Volume Disclosures

This document contains disclosure expressed as "Boe", "MBoe", "Boe/d", "Mcf", "Mcf/d", "MMcf", "MMcf/d", "Bcf", "Bbl", and "Bbl/d". All P&NG equivalency volumes have been derived using the ratio of six thousand cubic feet of natural gas to one barrel of oil (6:1). Equivalency measures may be misleading, particularly if used in isolation. A conversion ratio of six thousand cubic feet of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head.

Numerical References

Amounts are shown in Canadian dollars unless otherwise stated. All production volumes disclosed herein are sales volumes. The columns on some tables in this document may not add due to rounding.

Non-IFRS and Other Financial Measures

Throughout this MD&A and in other materials disclosed by the Corporation, certain measures are employed to analyze financial performance, financial position, and cash flow. These non-IFRS and other financial measures do not have any standardized meaning prescribed by IFRS Accounting Standards and therefore may not be comparable to similar measures provided by other issuers. Non-IFRS and other financial measures should not be considered to be more meaningful than financial measures which are determined in accordance with IFRS Accounting Standards, such as net income (loss), P&NG sales revenue and net cash flows provided (used in) by operating activities as indicators of our performance.

"Operating netback" is a non-IFRS measure that refers. Operating net back is comprised of P&NG sales revenue minus royalties and operating costs. Management uses this metric to measure the discrete operating results of its oil and gas properties. See "Operating Results Summary – Operating Netback" for a reconciliation of operating netback to P&NG sales revenue, being our nearest measure prescribed by IFRS.

"Operating netback per BOE" is a non-IFRS ratio. Operating netback per BOE is comprised of operating netback divided by total BOE sales volumes in the period. Management believes this measure is a useful supplemental measure of the Corporation's profitability relative to commodity prices. In addition, management believes that operating netback per BOE is a key industry performance measure of operational efficiency and provide investors with information that is also commonly presented by other P&NG producers. "Operating Results Summary – Operating Netback" for the calculation of operating netback per BOE.

"Working capital" is a capital management measure. Working capital is comprised of current assets less current liabilities. Management believes that working capital is a useful measure to assess the Corporation's capital position and its ability to execute its development programs. See "Selected Financial Information" for a reconciliation of working capital to current assets and current liabilities, being our nearest measures prescribed by IFRS.

"Non-current financial liabilities" is a supplemental financial measure. Non-current financial liabilities are comprised of the non-current portion of lease liability, promissory note, convertible debt and GORR financing as presented in the Corporation's statements of financial position. See "Selected Financial Information".

Table of Contents

1. Business Overview	1
2. Overview of Q3 2025	1
3. Selected Financial Information	2
4. Operating Results Summary	2
5. Capital Spending and Acquisitions	5
6. Liquidity and Capital Resources	6
7. Related Party Transactions	7
8. Share Capital	7
9. Subsequent Events	8
10. Contingencies and Commitments	8
11. Off-Balance Sheet Arrangements	8
12. Financial Instruments	8
13. Selected Quarterly Information	9
14. Critical Accounting Judgments and Estimates	9
15. Adoption of Amended Accounting Policies	9
16. Business Risks and Uncertainties	10
17. Responsibility for Financial Reporting, Controls & Procedures	12
18. Directors, Officers & Other	12

1. Business Overview

Prospera is a Canadian natural resources corporation presently engaged in optimization, development, exploration, and acquisition of oil and gas properties in Western Canada.

The Corporation was incorporated on April 14, 2003, under the Canada Business Corporations Act ("CBCA"). The Corporation's shares initially began trading on the TSX Venture Exchange under the trading symbol "ORR" on March 29, 2005, and on the Frankfurt Exchange under the trading symbol "OF6" on June 21, 2006. On August 25, 2008, the Corporation's name was changed to "Georox Resources Inc." and the TSX Venture Exchange trading symbol changed to "GXR". On June 28, 2018, the Corporation changed its name to "Prospera Energy Inc." and the TSX Venture Exchange symbol changed to "PEI".

2. Overview of Q3 2025

Acquisition of White Tundra Petroleum ("Tundra")

On August 29, 2025, the Corporation closed the acquisition of 100% of the issued and outstanding common shares of Tundra for consideration comprised of 18,000,000 common shares of the Corporation. Tundra's primary petroleum and natural gas assets are located near Loyalist and Hanna, Alberta. This transaction is a related party transaction as the Corporation's Executive Chairman is also the Interim Chief Executive Officer and a shareholder of Tundra (the "Related Director and

Officer”).

The results of Tundra have been consolidated with the results of Prospera from the August 29, 2025 acquisition date to September 30, 2025.

A performance-based bonus of 7,312,500 common shares (the “bonus shares”) of the Corporation will be issued to the Related Director and Officer as future compensation if Tundra achieves production of 128 boe/d for at least seven consecutive days within six months from the acquisition date. The bonus shares will be adjusted for Tundra’s operating income, prepaid expense and accounts payable difference from \$300,000 and other usual adjustments determined at the time the bonus shares become payable.

Financing and Capital

In Q3 2025, Prospera invested \$2.0 million in capital expenditures, including \$0.65 million for well reactivations, \$1.35 million for plant maintenance and workovers. Reactivation efforts targeted 8 wells in the Luseland and Cuthbert properties, adding 57 boe/d of production at a capital efficiency of \$11,406/boe (vs. \$7,644/boe in Q2 2025 and \$9,317/boe in Q1 2025). Plant maintenance expenditures enhanced infrastructure integrity, production reliability, and oil recovery.

On September 15, 2025, Prospera closed the acquisition of the remaining 14% working interest in the Cuthbert area, bringing the Corporation’s working interest in Cuthbert to 100%. The effective date of the acquisition is January 1, 2025. Consideration for the acquisition from an arm’s length joint operating partner was comprised of 6,654,450 common shares and 3,334,550 common share purchase warrants of the Corporation and forgiveness of the partner’s \$1,027,110 of joint operating receivables. The common share purchase warrants are exercisable at \$0.05 per share until September 15, 2028. These shares and warrants have not yet been issued and are subject to the approval of the TSXV.

Other strategic achievements included:

1. Securing \$1.2 million of additional convertible debenture and \$0.1 million of promissory note proceeds for development and optimization.
2. Repaying \$0.5 million of promissory notes and \$0.1 million of convertible debentures.

Q3 2025 Operational Highlights

- ✓ PEI realized average net sales of 808 boe/d in Q3 2025, an increase of 4% from Q2 2025 net sales of 780 boe/d, and an increase of 25% from Q3 2024 net sales of 647 boe/d.
- ✓ Sales revenue was \$5,277,864 (\$71.00/boe) in Q3 2025 compared to \$4,902,540 (\$69.03/boe) in Q2 2025, an increase of 8% due to higher volumes and pricing, and compared to \$4,727,708 (\$79.39/boe) in Q3 2024, an increase of 12%, due to sales volume increases offset by lower prices.
- ✓ In Q3 2025, operating costs increased 33% to \$49.18/boe from \$36.86/boe in Q2 2025 and increased 15% from \$41.93/boe in Q3 2024 primarily due to higher contract operator fees, field maintenance and road usage fees and the impact of the results of the 14% working interest acquisition.
- ✓ In Q3 2025, PEI’s operating netback was \$0.8 million (\$10.46/boe), down from \$1.61 million (\$22.73/boe) in Q2 2025 and from \$1.74 million (\$29.23/boe) in Q3 2024.

3. Selected Financial Information

(expressed in \$, except shares outstanding)	September 30 2025	December 31 2024	December 31 2023
Current assets	3,671,183	3,196,640	4,433,398
Current liabilities	21,431,747	20,766,507	21,910,157
Working capital	(17,760,564)	(17,569,867)	(17,476,759)
Property and equipment	59,074,238	47,776,659	39,331,690
Total assets	64,538,850	53,932,973	49,168,314

Non-current financial liabilities	26,112,197	18,062,994	9,245,121
Share capital	32,485,673	31,346,508	30,516,664
Total common shares issued and outstanding	461,625,495	426,954,767	421,191,515

(expressed in \$, except number of shares)	Q3 2025	Q2 2025	Q3 2024	YTD 2025	YTD 2024
P&NG sales revenue	5,277,864	4,902,540	4,727,708	14,778,876	13,807,274
Loss for the period	(1,972,052)	(984,852)	(1,285,725)	(4,699,621)	(1,864,192)
Loss per share	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)
Funds flow provided by operations	33,785	938,000	773,813	908,038	3,301,123
Net cash flows provided by (used in) operating activities	1,274,479	(453,229)	(3,805,536)	224,733	(2,809,499)
Net cash per share – operating activities	0.00	(0.00)	(0.01)	0.00	(0.01)
Weighted average number of shares – basic	445,882,461	434,641,124	426,954,767	436,807,380	424,797,150

4. Operating Results Summary

Operating Netback

	Q3 2025	Q2 2025	Q3 2024	YTD 2025	YTD 2024
P&NG sales revenue (\$)	5,277,864	4,902,540	4,727,708	14,778,876	13,807,274
Royalties (\$)	(844,808)	(670,619)	(490,330)	(1,950,542)	(1,105,956)
Operating costs (\$)	(3,656,216)	(2,617,998)	(2,496,800)	(9,810,305)	(6,841,939)
Operating netback (\$)	776,840	1,613,923	1,740,578	3,018,029	5,859,379

Per BOE, except total BOE sales volumes	Q3 2025	Q2 2025	Q3 2024	YTD 2025	YTD 2024
Total BOE sales volumes	74,337	71,019	59,548	204,826	181,117
P&NG sales revenue (\$)	71.00	69.03	79.39	72.15	76.23
Royalties (\$)	(11.36)	(9.44)	(8.23)	(9.52)	(6.11)
Operating costs (\$)	(49.18)	(36.86)	(41.93)	(47.90)	(37.78)
Operating netback per BOE (\$)	10.46	22.73	29.23	14.73	32.35

Variances in the operating netback are explained by changes in sales volumes and revenues, royalties and operating costs as detailed below.

The Q3 2025 operating netback is 54% lower than Q2 2025 and 64% lower than Q3 2024 primarily due to lower commodity prices offsetting the effect of production gains, higher operating costs and increased royalties following the expiry of 2023 drilling program royalty holidays.

Sales Volumes and Revenues

Sales Volumes	Q3 2025	Q2 2025	Q3 2024	YTD 2025	YTD 2024
Oil and condensate (bbls)	73,109	70,607	58,785	201,323	171,835
Natural gas (mcf)	7,373	2,477	4,529	21,023	55,696
Total BOE	74,337	71,019	59,548	204,826	181,117
Liquids composition	98%	99%	99%	98%	95%
Oil and condensate bbls per day	795	776	639	737	627
Natural gas mcf per day	80	27	49	77	203
Total BOE per day	808	780	647	749	661

Q3 2025 sales volumes (808 boe/d) rose 4% over Q2 2025 (780 boe/d) due to the effect of the 14% working interest acquisition for which production (and revenue) from the effective date to closing date was recognized in Q3 2025 plus one month of production from the Tundra acquisition. Q3 2025 sales volumes rose 25% over Q3 2024 (647 boe/d), driven by increased production from Prospera's well reactivation program and improved reliability achieved from infrastructure and maintenance spending and production from recent acquisitions.

Sales Revenue	Q3 2025	Q2 2025	Q3 2024	YTD 2025	YTD 2024
Oil and condensate (\$)	5,269,987	4,900,296	4,723,913	14,750,009	13,727,611
Natural gas (\$)	7,877	2,244	3,795	28,867	79,663
Total P&NG sales revenue	5,277,864	4,902,540	4,727,708	14,778,876	13,807,274
Oil and condensate per bbls (\$)	72.08	69.40	80.36	73.27	79.89
Natural gas per mcf (\$)	1.07	0.91	0.84	1.37	1.43
Total sales revenue per BOE (\$)	71.00	69.03	79.39	72.15	76.23

Q3 2025 oil and condensate sales revenue rose 8% from Q2 2025, driven by an 4% increase in volumes and 4% increase in prices. YTD 2025 oil and condensate revenue was 7% higher than YTD 2024, with volumes up 17% and prices down 8%.

The following table summarizes the average benchmark commodity prices for the following periods:

	Q3 2025	Q2 2025	Q3 2024	YTD 2025	YTD 2024
Crude Oil					
West Texas Intermediate (US\$/Bbl)	65.59	63.71	75.09	66.91	77.54
Canada Light Sweet - light oil (Cdn\$/Bbl)	61.61	85.87	97.85	80.89	98.46
Western Canada Select – heavy oil (Cdn\$/Bbl)	53.53	75.21	83.91	71.11	84.40
Natural Gas					
NYMEX - Henry Hub (US\$/mmBtu)	3.06	3.20	2.16	3.47	2.10
AECO 5A C (Cdn\$/Mcf)	0.78	1.60	0.74	1.48	1.56
AECO 7A C (Cdn\$/Mcf)	1.33	2.02	0.87	1.76	1.54
US to Canadian dollar average exchange rate	1.38	1.39	1.33	1.40	1.35

Royalties

	Q3 2025	Q2 2025	Q3 2024	YTD 2025	YTD 2024
Royalties (\$)	844,808	670,619	490,330	1,950,542	1,105,956
Royalties per BOE (\$)	11.36	9.44	8.23	9.52	6.11
Royalties as a percentage of sales revenue	16%	14%	10%	13%	8%

Royalties as a percentage of sales revenue were higher in Q3 2025 periods compared to Q2 2025 and Q3 2024, primarily due to the expiry of royalty holidays for multiple horizontal wells drilled during the 2023 drilling program.

Operating Costs

	Q3 2025	Q2 2025	Q3 2024	YTD 2025	YTD 2024
Production and processing (\$)	3,229,688	2,246,947	2,154,167	8,623,388	6,127,965
Transportation (\$)	426,528	371,051	342,633	1,186,917	713,974
Operating costs (\$)	3,656,216	2,617,998	2,496,800	9,810,305	6,841,939
Production and processing per BOE (\$)	43.44	31.64	36.18	42.11	32.40
Transportation per BOE (\$)	5.74	5.22	5.75	5.79	5.38
Operating costs per BOE (\$)	49.18	36.86	41.93	47.90	37.78

Q3 2025 operating costs were 40% higher than Q2 2025, due to the effect of the 14% working interest acquisition for which operating costs from the effective date to closing date were recognized in Q3 2025 as well as due to higher contract operator fees, field maintenance and road usage fees. On a per-boe basis, costs were up 33% as cost increases were not offset by the higher production volumes and operating costs from the 14% working interest came in at higher than Company-average cost per boe.

YTD 2025 operating costs are higher than YTD 2024, reflecting an increase in the Corporation's average working interest (from 76% - 84% during the 9-month period of 2024 to 97% at September 30, 2025).

General and Administrative ("G&A") Expenses

	Q3 2025	Q2 2025	Q3 2024	YTD 2025	YTD 2024
Gross G&A expenses (\$)	766,555	711,173	1,044,323	2,236,991	2,844,499
G&A recoveries (\$)	(23,500)	(35,250)	(84,742)	(127,000)	(293,427)
Net G&A expenses (\$)	743,055	675,923	959,581	2,109,991	2,551,072
Net G&A expenses per BOE (\$)	10.00	9.52	16.11	10.30	14.09

Net G&A expenses in Q3 2025 increased in comparison to Q2 2025 due to higher professional fees. Net G&A expenses in the 2025 periods are lower than the 2024 periods, due to workforce optimization, which lowered staffing, office, software, parking, and other costs combined with higher sales volumes. G&A recoveries are decreasing as the Corporation increases its working interest.

Depletion and Depreciation

	Q3 2025	Q2 2025	Q3 2024	YTD 2025	YTD 2024
Depletion (\$)	1,012,759	979,566	718,472	2,880,320	2,253,930
Depreciation (\$)	51,181	50,974	39,533	152,600	118,600
	1,063,940	1,030,540	758,005	3,032,920	2,372,530
Depletion rate per BOE (\$)	13.62	13.79	12.07	14.06	12.44

Depletion rates reflect the all-in combined charge of drilling operations, working interest acquisitions and investments in facilities and gathering systems. Depreciation is provided on a straight- line basis over the term of the lease for right-of-use

assets. The calculation of depletion for the nine months ended September 30, 2025 included estimated future development costs of \$50.7 million (December 31, 2024 – \$44.1 million) associated with the development of the Corporation's proved plus probable reserves.

The depletion rate per BOE in Q3 2025 is comparable to the rate for Q2 202. The depletion rate is higher the 2025 periods in comparison to the 2024 periods due an increase in future development capital included in the depletion base.

Accretion

During Q3 2025 and YTD 2025, the Corporation recognized \$208,269 and \$529,518 (Q3 2024 and YTD 2024 – \$107,240 and \$381,591), respectively, of accretion expense in respect of the Corporation's decommissioning liabilities. As at September 30, 2025, the undiscounted decommissioning liabilities associated with the Corporation's existing properties were estimated to be \$31.3 million for which \$23.7 million has been recorded using a discount rate of 3.56%, an annual inflation rate of 2% and an estimated timing of cash flows of 1 to 20 years.

Share-based Compensation

On March 25, 2025, the Corporation granted a total of 2,000,000 stock options to officers of the Corporation at an exercise price of \$0.05 per share. These stock options vest in full on July 25, 2025, and expire on March 25, 2028. The aggregate grant date fair value of the stock options granted in 2025 was determined to be \$35,699 using the Black-Scholes model.

During Q3 2025 and YTD 2025, the Corporation recognized \$37,646 and \$93,530 (Q3 2024 and YTD 2024 – \$62,519 and \$109,393), respectively, of share-based compensation expense in respect of stock options.

Finance Expense, Net

	Q3 2025	Q2 2025	Q3 2024	YTD 2025	YTD 2024
Finance fees on trade receivables (\$)	122,708	116,082	140,417	349,384	450,585
Imputed interest on lease liability (\$)	9,455	10,827	14,639	32,408	47,078
Promissory note interest and accretion (\$)	106,308	109,850	76,161	307,271	447,415
Convertible debenture interest and accretion (\$)	26,525	12,078	9,266	76,357	143,079
GORR financing accretion (\$)	78,412	30,727	169,105	196,632	507,087
Term loan interest and accretion (\$)	589,893	488,687	328,704	1,479,920	328,704
Vendor interest charges (\$)	132,192	77,608	164,089	239,584	164,089
Other interest and bank charges (\$)	26,741	15,880	261,171	47,209	294,258
Interest and other income (\$)	(155,608)	(176,521)	(13,502)	(483,279)	(62,188)
	936,626	685,218	1,150,050	2,245,486	2,320,107

Finance expenses in Q3 2025 rose 37% from Q2 2025, mainly due to interest on additional convertible debentures and term loans as well as vendor interest charges. Finance costs in the 2025 periods are lower than the 2024 periods due to changes in the composition of the Corporation's debt structure which lowered overall finance costs.

5. Capital Spending and Acquisitions

	YTD 2025	YTD 2024
Cash additions to P&NG assets (\$)	6,173,000	5,033,871
Acquisition of Tundra (\$)	6,360,309	–
Working interest acquisitions (\$)	2,015,806	6,258,509
Working interest acquisitions (\$)	–	(2,411,338)
Decommissioning additions and revisions (\$)	(218,616)	2,789,892
	14,330,499	11,670,934

During the nine months ended September 30, 2025, Prospera invested \$6.17 million in capital expenditures, including \$1.91 million for well reactivations and \$4.26 million for plant maintenance and workovers. Reactivation efforts targeted 15 wells

in the Saskatchewan core properties, adding 179 boe/d of production at a capital efficiency of \$11,939/boe. Plant maintenance enhanced infrastructure integrity, production reliability, and oil recovery.

The Corporation's working interest for each area is summarized below. For each working interest acquisition, substantially all of the fair value of the acquired working interest is concentrated in a group of similar identifiable assets, and therefore the transaction has been accounted for as an asset acquisition whereby the net assets acquired are initially measured at cost, being the fair value of consideration.

Net working interest ownership by area

The following table summarizes the Corporation's net working interest ownership by area:

	September 30 2025	December 31 2024
Red Earth	100%	100%
Hearts Hill	100%	100%
Luseland	100%	100%
Cuthbert	100%	86%
Pouce Coupe	85%	68%
Brooks	100%	100%
Wildunn	92%	—
Loyalist	98%	—
Average working interest	97%	92%

6. Liquidity and Capital Resources

Liquidity risk is the risk that the Corporation will not meet its financial obligations as they become due. The Corporation manages its liquidity risk through management of its capital structure and annual budgeting of its revenues, expenditures and cash flows.

The Corporation's financial statements have been prepared on a going concern basis, which implies the Corporation will continue to realize its assets and discharge its liabilities in the normal course of business. The Corporation has historically met its day-to-day working capital requirements and funded its capital and operating expenditures through funding received from the proceeds of share issuances and debt. As at September 30, 2025, the Corporation has a working capital deficiency of \$17,760,564 (December 31, 2024 – \$17,569,867), and an accumulated deficit of \$44,509,277 (December 31, 2024 – \$39,809,656).

During the nine months ended September 30, 2025, the Corporation generated \$3,018,029 of operating netback as compared to \$5,859,379 generated during the nine months ended September 30, 2024. The decrease in the 2025 period was primarily due to lower commodity prices combined with an increase in royalties and operating costs as noted Section 4. Operating Results Summary.

There is a material risk that the Corporation will be unable to meet its payable obligations as they become due. Management continually monitors and updates the Corporation's financing requirements and is engaged in discussions with existing shareholders and creditors on proposed transactions and agreements in order to reduce anticipated cash outflows and provide the additional financing required to fund capital and operating expenditures and satisfy obligations as they become due. Management has applied significant judgment in preparing forecasts supporting the going concern assumption. Specifically, management has made assumptions regarding projected oil sales volumes and pricing, scheduling of payments arising from various obligations, the availability of additional financing and the timing and extent of capital and operating expenditures. As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the Corporation's ability to continue as a going concern.

The following financing activities occurred during YTD 2025:

- On February 13, 2025, the Corporation settled a trade payable with a critical vendor totaling \$75,000 through the issuance of 1,250,000 common shares at a deemed price of \$0.06 per share for which the market price on the date of

issuance was \$0.04 per share. The settlement resulted in the recognition of a \$25,000 gain on debt settlement in the 2025 condensed interim statement of loss and comprehensive loss.

- On March 6, 2025, the Corporation reached a settlement agreement with the holders of \$1,500,000 principal amount of convertible debentures set to mature on March 26, 2025. Pursuant to the settlement agreement:
 - the \$1,500,000 principal amount of convertible debentures were refinanced through the issuance of a \$1,500,000 12-month promissory note;
 - \$200,000 of the total \$559,375 accrued interest payable on the convertible debentures will be settled through the issuance of a 12-month convertible note bearing 12% interest, convertible into common shares of the Corporation at \$0.05 per share. The Corporation retains the right to settle the convertible note in cash by providing thirty days' notice, during which time the holder retains the right to convert; and
 - the remaining \$359,375 of accrued interest payable was settled on August 10, 2025 through the issuance of 8,984,371 common shares of the Corporation valued at \$269,531 based on the \$0.03 market price of the Corporation's shares on the date of the settlement agreement, resulting in the recognition of a \$89,844 gain on debt settlements.
- In May and June 2025, the Corporation issued \$150,000 principal amount of two-year convertible debentures (the "2-year Debentures"). The 2-year Debentures bear interest at 12%, calculated quarterly and payable at the earlier of maturity or the conversion date. Interest may be paid in cash or shares at the market price at the date of issue, at the Corporation's discretion. The 2-year Debentures are convertible into units at \$0.05 per share if converted in the first year or at \$0.10 per share if converted in the second year. The Corporation reserves the right to force the conversion in the event that the Corporation's shares trade at a price of \$0.125 for a period of ten or more days. Upon conversion, each unit will consist of one common share and one common share purchase warrant exercisable at \$0.075 per share for a period of two years from the initial closing date of the 2-year Debenture financing.
- In September 2025, the Corporation issued \$1,300,000 principal amount of three-year convertible debentures (the "3-year Debentures") of which \$100,000 was for the settlement of a promissory note and \$1,200,000 was for cash proceeds. The 3-year Debentures bear interest at 12%, calculated quarterly and payable at the earlier of maturity or the conversion date. Interest may be paid in cash or shares at the market price at the date of issue, at the Corporation's discretion. The 3-year Debentures are convertible into units at \$0.05 per share if converted in the first year or at \$0.10 per share if converted in the second or third year. The Corporation reserves the right to force the conversion in the event that the Corporation's shares trade at a price of \$0.125 for a period of ten or more days. Upon conversion, each unit will consist of one common share and one common share purchase warrant exercisable at \$0.05 per share for a period of three years from the initial closing date of the 3-year Debenture financing.
- On September 12, 2025, the Corporation repaid \$100,000 principal amount of 2-year Debentures plus \$3,913 of accrued interest.
- On September 4, 2025, the Corporation received \$112,500 of cash proceeds on the issuance of a \$112,500 promissory note to a director of the Corporation. The promissory note bears 0% interest and matures on November 16, 2025.
- On September 14, 2025, the Corporation repaid a \$500,000 promissory note in cash and on September 19, 2025, the Corporation settled a \$100,000 promissory note through the issuance of a \$100,000 convertible debenture. In connection with the promissory note settlements, the Corporation repaid \$62,011 of accrued interest and recognized a \$4,169 loss on settlement.

- On September 15, 2025, the Corporation settled a \$100,000 promissory note through the issuance of a \$100,000 convertible debenture. In connection with the promissory note settlement, the Corporation recognized a \$1,094 loss on settlement.
- The Corporation acquired \$1,395,000 of unsecured term loans as part of the acquisition of Tundra, of which \$645,000 represents the drawn portion of a \$1,000,000 revolving line of credit and \$750,000 represents a three- year term loan. The lenders are two former shareholders of Tundra, now shareholders of the Corporation. The loans bear interest at 14% per annum and undrawn amounts on the revolving line of credit are charged a stand-by fee of 2% per annum. The maturity date of the revolving credit facility is January 16, 2027. The principal amount of the \$750,000 term loan plus any accrued and unpaid interest is repayable on the maturity date of August 29, 2028.
- During the nine months ended September 30, 2025, the Corporation obtained \$6,500,000 of additional advances under the term loan agreement, in various increments at various dates, each with a two-year maturity from the date of advance.
- As at September 30, 2025, the term loan lender agreed to extend the maturity date of the \$11 million loan by an additional 12 months to July 3, 2027. This extension forms part of an amendment to the existing term loan agreement which is currently being finalized. This extension reduces near-term debt obligations which eases liquidity pressure and improves the Company's working capital position, while providing additional flexibility to support ongoing operations.

At September 30, 2025, maturities of the Corporation's financial liabilities are as follows:

	Carrying amount	Contractual cash flows	Timing of cash flows		
			Within 1 year	Within 2 years	Within 3 years
Trade and other payables (\$)	18,566,955	18,808,921	16,971,101	1,837,820	–
Lease liability (\$)	384,354	413,584	291,019	122,565	–
Promissory note (\$)	2,953,282	2,907,500	2,907,500	–	–
Convertible debentures (\$)	1,366,238	1,775,864	212,362	1,563,502	–
GORR financing (\$)	3,211,891	3,386,382	3,386,382	–	–
Term loans (\$)	20,073,786	20,095,000	–	19,345,000	750,000
	46,556,506	47,387,251	23,768,364	22,868,887	750,000

7. Related Party Transactions

Transactions with related parties are in the normal course of business and recorded at the exchange amount.

- The acquisition of Tundra is a related party transaction as noted Section 2. Overview of Q3 2025.
- As at September 30, 2025, trade and other receivables included \$124,967 due from the Related Officer and Director.
- On September 4, 2025, the Corporation issued a \$112,500 promissory note to a director of the Corporation.
- During the three and nine months ended September 30, 2025, the Corporation was charged \$101,790 and \$187,719 (three and nine months ended September 30, 2024 – \$290,844 and \$801,153), respectively, by a company controlled by a director of the Corporation for expenditures capitalized to property and equipment. As at September 30, 2025, trade and other payables included \$42,438 (December 31, 2024 – \$nil) due to this related party.

- During the three and nine months ended September 30, 2025, the Corporation recognized \$6,981 and \$13,885, respectively, of interest and facility fee expense on a \$200,000 12% promissory note due to a company controlled by a director of the Corporation. As at September 30, 2025, trade and other payables included \$13,885 (December 31, 2024 – \$nil) due to this related party.

8. Share Capital

Issued and outstanding	Common shares	Share purchase warrants	Stock options
Balance, December 31, 2024	426,954,767	24,001,809	13,414,508
Issued/granted	34,670,728	3,076,923	2,000,000
Expired	–	(459,900)	(1,250,000)
Forfeited	–	–	(5,474,800)
Balance, September 30, 2025 and date of this MD&A	461,625,495	26,618,832	8,689,708

The Corporation is awaiting TSX Venture Exchange approval for the following:

- the issuance of 4,500,000 warrants exercisable at \$0.05 per share for a period of one year from the date of issuance in respect of the December 2024 promissory note unit financing; and
- the issuance of 6,654,450 common shares and 3,334,550 common share purchase warrants exercisable at \$0.05 per share until September 15, 2028 as consideration for the acquisition of a 14% working interest.

9. Subsequent Events

Subsequent to September 30, 2025, the Corporation settled accounts payable due to multiple vendors totalling \$234,144 through the issuance of 4,928,571 common shares. The issuance of these common shares is subject to the approval of the TSXV.

On October 17, 2025, a \$1,000,000 principal amount of 8% promissory note plus accrued interest was extinguished through a \$937,917 cash payment.

On October 22, 2025, a \$15,000 principal amount of 8% promissory note plus accrued interest was extinguished through the issuance of a 3-year Debenture in the principal amount of \$17,580.

In November 2025, the Corporation obtained an additional \$1,000,000 advance under the term loan agreement with a two-year maturity period from the date of advance.

10. Contingencies and Commitments

The Corporation is involved in various employment and other related legal matters, with collective claims amounting to \$750,000. A provision has not been recorded in the statement of financial position as at September 30, 2025 and December 31, 2024 as the result of these matters is unknown and expected to be immaterial.

The Corporation is involved in a lawsuit involving breach of a land lease contract, which claims \$500,000 and an undetermined amount of special damages. A provision has not been recorded in the statement of financial position as at September 30, 2025 and December 31, 2024 as the result of this claim is unknown and expected to be immaterial.

11. Off-Balance Sheet Arrangements

The Corporation has no off-balance sheet arrangements.

12. Financial Instruments

The fair values of cash, trade and other receivables and trade and other payables, current portions of promissory notes, convertible debentures and term loans are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At September 30, 2025 and December 31, 2024, the fair value of these balances approximated their carrying amount due to their short terms to maturity. The fair values of non-current trade and other receivables, deposit, lease liability, convertible debentures, promissory notes, GORR financing and term loans are based on the discounted present value of future cash flows and approximate carrying amounts.

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. A substantial portion of the Corporation's accounts receivable are with natural gas and liquids marketers and joint operating partners in the P&NG industry and are subject to normal industry credit risks.

The Corporation's maximum exposure to credit risk is as follows:

	September 30 2025	December 31 2024
Cash (\$)	249,998	364,083
Trade and other receivables – current (\$)	1,713,618	1,874,548
Trade and other receivables – long-term (\$)	459,185	1,676,252
Deposits (\$)	1,334,244	1,283,422
	3,757,045	5,198,305

The majority of receivables over 90 days are due from joint operating partners. The Corporation can withhold working interest net profits or exercise available recourse mechanisms involving the reduction of the joint operating partner's working interest pursuant to the underlying Joint Operating Agreements as payments against these receivables.

	September 30 2025	December 31 2024
0 to 60 days	1,275,212	1,429,983
61 to 90 days	128,338	444,565
Over 90 days	769,253	1,676,252
Total trade and other receivables	2,172,803	3,550,800

13. Selected Quarterly Information

Unaudited	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q1 2024
Working capital deficiency (\$)	(17,760,564)	(14,779,083)	(17,374,081)	(17,569,867)	(8,744,415)	(14,798,176)	(17,792,623)	(17,476,759)
P&NG sales (\$)	5,277,864	4,902,540	4,598,472	4,318,916	4,727,708	5,147,351	3,932,215	4,659,463
Income (loss) (\$)	(1,972,052)	(984,852)	(1,742,717)	(2,421,477)	(1,285,725)	78,692	(657,159)	(2,892,426)
Income (loss) per share (\$)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	0.00	(0.00)	(0.01)
Capital expenditures (\$)	2,000,767	1,647,513	2,524,720	830,509	2,741,967	398,647	1,893,257	7,316,749
WI acquisitions, net (\$)	8,376,115	–	–	3,325,497	3,357,428	489,740	–	–

Fluctuations in quarterly P&NG sales and income (loss) are primarily due to the volatility in commodity prices and changes in sales volumes due to production growth and declines tied to the timing of drilling activity and working interest acquisitions. Capital expenditures have been focused on a multi-well drilling program in the Brooks area and workovers in the Corporation's other areas.

14. Critical Accounting Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ materially from estimated amounts. Estimates and their underlying assumptions are

reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and for any future years affected. The Corporation's significant judgments and estimates are disclosed in Note 3 of the Corporation's December 31, 2024 audited annual financial statements.

15. Adoption of Amended Accounting Policies

The Corporation reviewed new and amended IFRS standards issued by the IASB that are mandatorily effective for accounting periods beginning on or after January 1, 2025 and determined that there were changes that would have a material impact on disclosures or amounts reported in these financial statements.

16. Business Risks and Uncertainties

The Corporation's activities expose it to a variety of financial risks arising from its financial assets and liabilities. The Corporation manages its exposure to financial risks by operating in a manner that minimizes its exposure to the extent practical.

a) Going Concern

The financial statements have been prepared on a basis which the restructured Prospera has demonstrated in the past three years of restructuring its ability to realize its assets and discharge its liabilities. Prospera will continue this commitment in a planned manner with consideration to expected possible outcomes. Based on the December 31, 2024 audited annual financial statements and the September 30, 2025 unaudited condensed interim consolidated financial statements, the restructured PEI has begun to reverse the trend of not being able to discharge its liabilities and commitments as they become due. Significant progress and trends have already been shown for restructured Prospera's ability to increase production, reduce operating costs and generate greater cash flow. The Corporation's December 31, 2024 third party reserves assessment demonstrates a 3% increase in before tax proved developed producing reserves from \$27.1 million to \$28 million, a 20% increase in before tax proved plus probable reserves from \$133.3 million to \$159.3 million, a 26% increase total proved plus probable plus possible reserves quantities from 5,403 Mboe to 6,793 Mboe, and a 5% increase in reserve life index (30.1 years to 31.7 years).

The current world-wide economic environment relating to the oil and gas industry has improved access to capital for many companies, including the Corporation. This has resulted in fund raising opportunities for the Corporation. Furthermore, there is potential that future commodity prices and the world-wide economic environment relating to the oil and gas industry, in general, will remain uncertain for an extended period and the Corporation will need to negotiate with its creditors to improve payment terms and/or pursue some form of asset sale, equity financing or other capital raising effort to fund its operations during the next twelve months. To that end, the Corporation is currently, and will continue, on an ongoing basis, examining alternative sources of capital, including potential debt and equity financing and ways to monetize its assets, including, without limitation, asset sales or swaps, joint ventures, corporate mergers, or acquisitions, farmouts or other transactions with industry partners, all with a view to enhancing liquidity and meeting commitments. The need to raise capital or defer expenditures to fund ongoing operations creates uncertainty that may cast doubt over the Corporation's ability to continue as a going concern. There is no certainty that these and other strategies will be sufficient to permit the Corporation to continue as a going concern.

Future oil and natural gas exploitation may involve unprofitable efforts due to wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion, and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field-operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut in of connected wells for various reasons including access issues resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical issues. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

A material change in prices of commodities may affect the Corporation's borrowings, ultimately affecting the raising of equity capital by the Corporation.

b) Commodity Price Risk

The nature of the Corporation's operations results in exposure to commodity fluctuations. The Corporation closely monitors commodity prices to determine the appropriate course of action to be taken by the Corporation. A material change in prices of commodities affected the Corporation's borrowings, ultimately affecting the raising of equity financing. The Corporation did not hedge commodity price risk and had no physical forward price or financial derivative sales contracts as at or during the nine months ended September 30, 2025 or during the year ended December 31, 2024. Although improved, petroleum prices are expected to remain volatile for the near future as a result of the market uncertainties over the supply and demand of these commodities due to the current state of the world economies, OPEC actions, regional conflicts and the ongoing global credit and liquidity concerns.

c) Operational Dependence

The Corporation operates all its own wells in the Cuthbert, Hearts Hills, Luseland, Brooks, Red Earth and Pouce Coupe properties. The Corporation's dependence on assets operated by others is extremely limited and has increased its working interest beyond the risk of operatorship challenge.

d) Regulatory Compliance

Oil and gas operations (exploration, production, pricing, marketing, and transportation) are subject to extensive controls and regulations imposed by various levels of government, which may be amended from time to time. Governments may regulate or intervene with respect to price, taxes, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for natural gas and crude oil and increase the Corporation's costs, any of which may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. In order to conduct oil and gas operations, the Corporation will require licenses from various government authorities. There can be no assurance that the Corporation will be able to obtain all the licenses and permits that may be required to conduct operations that it may wish to undertake.

e) Environmental

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial, and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned, and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Corporation to incur costs to remedy such discharge. Although the Corporation believes that it will be in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not possible to predict the impact on the Corporation and its operations and financial condition.

The Corporation anticipates making capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future to replace reserves.

If the Corporation's revenues or reserves decline, it may not have access to the capital necessary to undertake or complete future drilling programs.

In addition, uncertain levels of near-term industry activity expose the Corporation to additional access to capital risk. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes including repayment of loan facilities when due or, if debt or equity financing is

available, that it will be on terms acceptable to the Corporation.

The inability of the Corporation to access sufficient capital for its operations and capital requirements could have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

f) Dilution

The Corporation remains focused on minimal dilution financing options. Any further equity financing will be for the purpose of acquisitions and accelerated capital development activities that add to the NPV value of Prospera to offset and minimize any further dilution.

g) Conflicts of Interest

Certain directors of the Corporation are also directors of other oil and gas companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions. Conflicts, if any, will be subject to the procedures and remedies of the CBCA.

h) Legal, Environmental, Remediation and Other Contingent Matters

The Corporation reviews legal, environmental remediation and other contingent matters to both determine whether a loss is probable based on judgment and interpretation of laws and regulations and determine that the loss can reasonably be estimated. When the loss is determined, it is charged to earnings. The Corporation's management monitors known and potential contingent matters and makes appropriate provisions by charges to earnings when warranted by circumstances.

17. Responsibility for Financial Reporting, Controls & Procedures

The information provided in the Corporation's MD&A and financial statements is the responsibility of management. In the preparation of this information, estimates are sometimes necessary to determine future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Corporation's assets are safeguarded and to facilitate the preparation of relevant and timely disclosure information.

As the Corporation is classified as a Venture Issuer under applicable securities legislation, it is required to file basic Chief Executive Officer and Chief Financial Officer Certifications, which it has done for the three and nine months ended September 30, 2025. The Corporation makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at September 30, 2025.

18. Directors, Officers & Other

Directors:

Shubham Garg (Executive Chairman and Interim Chief Executive Officer), Calgary, AB, Canada
Brian McConnell, Calgary, AB, Canada
Mark Lacey, Red Deer, AB, Canada
Matthew Kenna, Calgary, AB, Canada
Christopher Moore, Peterborough, ON, Canada

Officers:

Darren Jackson (Chief Operating Officer), Calgary, AB, Canada
Chris Ludtke (Chief Financial Officer), Calgary, AB, Canada

Other:

Corporate Office: Suite 730, 444 – 7th Ave SW, Calgary, AB T2P 0X8
Auditors: MNP LLP Suite 2000, 112 – 4th Ave SW, Calgary, AB T2P 0H3
Legal Counsel: Dentons Canada LLP Suite 1500, 850 – 2nd St SW, Calgary, AB T2P 0R8

Transfer Agent: Computershare Trust Company of Canada 100 University Ave., 11th Fl, South Tower, Toronto, ON M5J 2Y1
Bank: ATB Financial 102 – 8th Ave SW, Calgary, AB T2P 1B3