

Notice of no Auditor Review of Interim Financial Statements

The accompanying unaudited interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management.

The Corporation's independent auditor has not performed a review of these financial statements in accordance with the standards by the Chartered Professional Accountants of Canada for a review of interim financial statements.



Perisson Petroleum Corporation

Consolidated Financial Statements

For the three months ended March 31, 2025 and 2024

(Expressed in Canadian dollars)

(Unaudited)

Perisson Petroleum Corporation
Consolidated Statements of Financial Position
As at March 31, 2025 and December 31, 2024

<i>(Cdn \$)(unaudited)</i>	<i>Note</i>	<i>Mar. 31, 2025</i>	<i>Dec. 31, 2024</i>
ASSETS			
Current assets			
Cash		\$ 188,447	\$ 9,711
Accounts receivable		125,888	95,691
Prepaid expenses		67,013	67,013
		381,348	172,415
Non-current assets			
Property, plant and equipment	8	11,834	12,457
Exploration and evaluation assets	9	-	1
		\$ 393,182	\$ 184,873
LIABILITIES AND SHAREHOLDER'S DEFICIENCY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 3,157,122	\$ 2,945,558
Interest payable	6	18,130,276	17,199,577
Debentures	6	3,610,233	3,325,009
Asset retirement obligation	10	40,000	40,000
		24,937,631	23,510,144
Non-current liabilities			
Debentures	6	5,701,044	5,812,549
Accrued interest	6	2,907,340	2,572,939
Derivative Liability		449,562	449,562
Asset retirement obligation	10	209,485	208,761
		34,205,062	32,553,955
DEFICIENCY			
Share capital	11	16,656,678	16,656,678
Contributed surplus		21,987,281	21,987,281
Deficit		(76,618,383)	(75,175,585)
Accumulated other comprehensive income		4,162,544	4,162,544
		(33,811,880)	(32,369,082)
		\$ 393,182	\$ 184,873

Going Concern (Note 3)

Commitments (note 14)

The accompanying notes are an integral part of these financial statements.

On Behalf of the Board of Directors:

"Gary Chen" Director

"Travis Rhodes" Director

Perisson Petroleum Corporation
Consolidated Statement of Loss and Comprehensive Loss
For the periods ended March 31, 2025 and 2024

		Three months ended	
		Mar. 31	
<i>(Cdn \$, except per share amounts)(unaudited)</i>	<i>Note</i>	2025	2024
Revenues			
Petroleum and natural gas sales, net of royalties	17	\$ 2,647	\$ 8,270
Expenses			
Production costs		10,734	14,602
General and administrative	17	169,654	189,021
Finance expense	17	1,530,840	1,108,978
Gain on asset disposition	8	(180,112)	-
Depletion and depreciation	8	623	779
ARO (recovery) expense	10	1,949	4,965
Foreign currency exchange loss (gain)		(88,243)	42,421
		1,445,445	1,360,766
Net Income (loss)		(1,442,798)	(1,352,496)
Comprehensive Income (loss)		\$ (1,442,798)	\$ (1,352,496)
Net loss per share \$			
Basic & diluted	11	\$ (0.002)	\$ (0.001)

The accompanying notes are an integral part of these financial statements.

Perisson Petroleum Corporation
Perisson Petroleum Corporation
Consolidated Statements of Cash Flows
For the periods ended March 31, 2025 and 2024

		Three months ended Mar. 31	
<i>(Cdn \$)(unaudited)</i>	<i>Note</i>	2025	2024
Cash provided by (Used in):			
OPERATING ACTIVITIES			
Net Income (loss)		\$ (1,442,798)	\$ (1,352,496)
Adjustments for items not involving cash:			
Accrued expense payable on debentures		1,265,100	1,106,372
Finance expense, accretion: ARO & debentures	17	228,392	18,460
Depletion and depreciation	8	623	779
ARO (recovery) expense	10	1,949	4,965
Unrealized foreign currency exchange (gain)		(55,897)	33,817
Change in non-cash working capital			
Accounts receivable		(30,197)	(84,347)
Accounts payable and accrued liabilities		211,564	272,564
Cash provided by Operating Activities:		178,736	114
Change in cash		\$ 178,736	\$ 114
Cash, beginning of period		9,711	11,150
Cash, end of period		\$ 188,447	\$ 11,264

Supplemental cash flow information

Interest paid	\$	22,242	\$	22,242
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The accompanying notes are an integral part of these financial statements.

Perisson Petroleum Corporation
Consolidated Statements of Changes in Equity
For the periods ended March 31, 2025 and 2024

<i>(Cdn \$, except common shares issued)(unaudited)</i>	Common shares issued	Share capital	Subscription s received	Contributed surplus	Deficit	Accumulated other comprehen-sive income	Total Deficiency
Balance December 31, 2023	912,156,570	16,656,678	-	21,987,281	(68,376,613)	4,162,544	(25,570,110)
Net loss and Other comprehensive income	-	-	-	-	(6,798,972)	-	(6,798,972)
Balance December 31, 2024	912,156,570	16,656,678	-	21,987,281	(75,175,585)	4,162,544	(32,369,082)
Net loss and Other comprehensive income	-	-	-	-	(1,442,798)	-	(1,442,798)
Balance March 31, 2025	912,156,570	16,656,678	-	21,987,281	(76,618,383)	4,162,544	(33,811,880)

The accompanying notes are an integral part of these financial statements.

Perisson Petroleum Corporation
Notes to the Consolidated Statements
For the three months ended March 31, 2025 and 2024

1. Description of Business

Perisson Petroleum Corporation (the “**Company**”) is incorporated under the *Canada Business Corporations Act*. The Company’s business is the exploration and production of oil and gas in Canada and exploration for oil and gas in the Republic of Colombia (“**Colombia**”). The registered office of the Company is located at 421 7th Avenue S.W., 30th Floor, Calgary, AB T2P 4K9.

Common shares of the Company are listed on the TSX Venture Exchange under the symbol “POG.H” but are not currently trading. The Company is under a failure to file cease trade order (“FFCTO”) issued on July 22, 2021, by the Alberta Securities Commission (“ASC”).

2. Basis of Presentation

These consolidated financial statements (“**Statements**”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB). Certain prior year comparative figures have been reclassified to conform to the current year presentation.

The Statements have been prepared on a historical cost basis, except for financial instruments which are carried at fair value as disclosed in Note 4.

The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company, and its subsidiaries.

The Statements were approved and authorized for issue by the Board of Directors on November 3, 2025.

The Statements have been audited nor reviewed by the Company’s auditor.

3. Going Concern

The Statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the ordinary course of business as they come due. In assessing whether the going concern assumption is appropriate, management is aware of material uncertainties related to events and conditions that may raise significant doubt regarding the Company’s ability to continue as a going concern and, accordingly, the appropriateness of the use of IFRS applicable to a going concern, as described in the following paragraph.

The Company incurred a net loss of \$1,442,798 and cash provided in operating activities of \$178,736 for the three months ended March 31, 2025, and has a working capital deficit of \$24,556,283 as at March 31, 2025. The Company must secure sufficient external funding to meet its obligations and commitments as they come due to pay ongoing general and administrative costs. This external funding may be achieved in a number of ways, including, but not limited to, the issuance of new debt to acquire cashflow generating properties or to pay obligations when due, expenditure reductions, and the introduction of new joint venture partners or business combinations. While management continues to be successful in securing financing, there can be no assurance it will be able to do so in the future or that these sources of funding or other initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company. If management is unable to obtain new external funding, the Company may be unable to continue as a going concern.

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These aforementioned circumstances indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Statements do not reflect adjustments that would be necessary to the presentation and carrying amounts of assets and liabilities if the going concern assumption were not appropriate. Such adjustments could be material.

4. Significant accounting policies

A) Basis of consolidation

The statements include the accounts of the Company, its subsidiaries Perisson Petroleum Panama Corporation (incorporated in Panama), Morichal Sinoco, SA ("MSSA") (incorporated in Venezuela) and the latter's Colombian branch. The Company controls an entity when the group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are deconsolidated from the date the control ceases. All intercompany transactions, balances, income and expenses, and profits and losses are eliminated on consolidation.

B) Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognized in the consolidated statements of loss and comprehensive loss under exchange gain or loss.

Foreign operations

Each subsidiary in the group is measured using the currency of the primary economic environment in which the presentation currency using the closing rate for balance sheet accounts and the period average rate for revenue and expense accounts. Resulting exchange differences arising in the period are recognized as other comprehensive income or loss. The functional currency of Perisson Petroleum parent, Perisson Petroleum Panama Corporation (incorporated in Panama) and MSSA is the Canadian dollar. The functional currency of Morichal Sinoco, SA's Colombian branch is the Colombian peso, which is determined to be the currency of the primary economic environment in which the subsidiary operates. The reporting currency used in the preparation of these consolidated financial statements is the Canadian dollar.

C) Joint arrangements

Certain of the Company's crude oil and natural gas activities are conducted jointly with others through unincorporated joint operations. The Statements reflect only the Company's proportionate share of the jointly controlled assets and liabilities and proportionate share of related revenues and costs.

D) Cash

Cash consists of cash on hand and term deposits with banks with original maturities of six months or less.

Perisson Petroleum Corporation
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E) Financial instruments

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Financial assets and financial liabilities are recognized on the Statements of Financial Position at the time the Company becomes a party to the contractual terms and provisions of the financial instrument.

Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled, or expired. A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- i. those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive loss ("FVTOCI"); and
- ii. those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive loss (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- i. amortized cost;
- ii. FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required
- iii. FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

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Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

The Company's financial instruments classified and measured as follows:

Financial Instruments	Category under IFRS 9
Cash and cash equivalents	FVTPL
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long term debt	Amortized cost
Due from/to related parties	Amortized cost

Accounts Receivable and expected credit loss

Accounts receivable are recorded at the invoiced amount and do not bear interest. Expected credit losses reflect the Company's estimate of amounts in its existing accounts receivable that may not be collected due to customer claims or customer inability or unwillingness to pay. Collectability of receivables is reviewed on an ongoing basis. The expected credit loss is determined based on a combination of factors, including the Company's risk assessment regarding the creditworthiness of its customers, historical collection experience and length of time the receivables are past due. For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statement of financial position as a deduction from the gross carrying amount of the financial asset.

F) Compound Financial Instruments

Compound financial instruments issued by the Company comprise convertible debentures in Canadian dollars that can be converted into common shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have a conversion option. The conversion component is initially recognized at the difference between fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and conversion components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the discounted cash flows. Interest related to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

G) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-

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impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in the statements of comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statements of comprehensive loss.

H) Fair value

Fair value estimates are made at the consolidated statement of financial position date based on relevant market information and other information about financial instruments. Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into a fair value evaluation hierarchy. This hierarchy groups financial assets and financial liabilities into three levels according to the significance of the inputs used in the fair value evaluation of the financial assets and financial liabilities. The fair value levels of the hierarchy are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities at the financial reporting date;

Level 2 – Inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the assets or liabilities that are not based on observable market data.

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement. The Company's cash is categorized as Level 1. The Company does not have any other financial instruments measured at fair value on a recurring basis.

I) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from the proceeds in equity in the period in which the transaction occurs.

J) Share based payment transactions

Employees, directors and consultants of the Company receive remuneration in the form of share-based payment transactions for services rendered. Share-based payments are recorded in the consolidated statement of loss for

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options granted, except for options granted to personnel directly associated with capital activities which are capitalized to property and equipment, with a corresponding amount credited to contributed surplus. Upon exercise of the stock options, the proceeds received are recorded as share capital. The accumulated charges related to the stock options recorded in contributed surplus are also transferred to share capital.

An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee. The fair value of the services rendered by the employee is determined indirectly by reference to the fair value of the equity instruments granted, measured at the grant date, using the Black-Scholes option pricing model, and is amortized over the vesting period using the graded vesting method. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

K) Exploration and evaluation assets

Pre-exploration expenditures

Costs incurred prior to obtaining the legal rights to explore an area are recognized, as incurred, as expenses in the consolidated statement of loss.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include costs associated with the acquisition of a licence interest, expenditures incurred in the process of determining oil and gas exploration targets, exploration drilling costs, trenching and sampling costs and costs associated with evaluating the technical feasibility and commercial viability of mineral resource extraction. Costs are not amortized prior to the conclusion of appraisal activities but are assessed for indicators of impairment at the asset or cash-generating unit ("CGU") level at each reporting date. If facts and circumstances suggest the carrying amount of the asset or CGU may exceed its recoverable amount, the recoverable amount is determined at that date (refer to Impairment of non-financial assets).

The exploration and evaluation phase is completed when the technical feasibility and commercial viability of extracting mineral resources are demonstrable. At that point, the related capitalized exploration costs are tested for impairment and classified as oil and gas properties. Where exploration drilling results indicate the presence of hydrocarbons, which are ultimately considered not commercially viable, all related costs are recognized in the consolidated statement of loss.

L) Property, plant and equipment

Items of property and equipment, which include petroleum and natural gas development and production assets, are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. Costs include exploration and evaluation (E&E) expenditures incurred in finding commercial reserves transferred from E&E assets, drilling and completion, production facilities, decommissioning costs, geological and geophysical costs and directly attributable costs related to development and production activities, net of any government incentive programs, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Costs incurred subsequent to the commencement of production that are significant are recognized as oil and gas assets only when they increase the future economic benefits embodied in the specific asset to which they relate.

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Such capitalized oil and natural gas interests generally represent costs incurred in developing proved and probable reserves and bringing in or enhancing production from such reserves, and are accumulated on a field or area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in income as incurred.

When significant parts of an item of property and equipment, including oil and natural gas properties, have different useful lives, they are accounted for as separate items (major components). Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized within the statement of loss.

Depletion and depreciation

The net carrying value of oil and gas properties is depleted using the unit of production method by reference to the ratio of production in the period to the related proved and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated considering the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers at least annually. Major development projects are not depleted until production commences.

M) Impairment of non-financial assets

Non-financial assets are reviewed for indicators of impairment at each reporting date. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent of other assets, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. CGUs represent the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An asset's recoverable amount is the higher of fair value, less costs of disposal and value in use. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount and impairment is recorded in the consolidated statement of comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying amount that would have been determined if no impairment had previously been recognized.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proved and probable reserves. Fair value less cost of disposal is assessed utilizing market valuation based on an arm's length transaction between active participants. In the absence of any such transactions, fair value less costs of disposal is estimated by discounting the expected after-tax cash flows of the cash generating unit at an after-tax discount rate that reflects the risk of the properties in the CGU.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been an objective change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the

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asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or depletion, if no impairment loss had been recognized.

N) Asset retirement obligation

The Company's activities give rise to dismantling, decommissioning and reclamation requirements. Costs related to these abandonment activities are estimated by management in consultation with the Company's engineers based on risk-adjusted current costs which take into consideration current technology in accordance with existing legislation and industry practices.

Decommissioning obligations are measured at the present value of the best estimate of expenditures required to settle the obligations at the reporting date. When the fair value of the liability is initially measured, the estimated cost, discounted using a risk-free rate, is capitalized by increasing the carrying amount of the related petroleum and natural gas assets. The increase in the provision due to the passage of time, or accretion, is recognized as a finance expense. Increases and decreases due to revisions in the estimated future cash flows are recorded as adjustments to the carrying amount of the related oil and gas assets.

Actual costs incurred upon settlement of the liability are charged against the obligation to the extent that the obligation was previously established. The carrying amount capitalized in petroleum and natural gas assets is depleted in accordance with the Company's depletion policy. The Company reviews the obligation at each reporting date and revisions to the estimated timing of cash flows, discount rates and estimated costs will result in an increase or decrease to the obligations. Any difference between the actual costs incurred upon settlement of the obligation and recorded liability is recognized on the Statement of Loss and Comprehensive Loss as a gain or loss from abandonment and reclamation expenditures.

O) Revenue recognition

Revenue from the sale of oil and natural gas is recognized when the Company satisfies performance obligations under sales contracts, and the customer obtains control of the goods, which occurs at the point in time of delivery of oil, natural gas and natural gas liquids into a vessel, pipe or other delivery mechanism.

Revenue from sale of oil, natural gas and natural gas liquids is measured per consideration specified in contracts with customers. Revenue is measured net of discounts, customs duties, royalties and taxes. The Company does not have any contracts where the period between the transfer of goods or services to the customer and the receipt of payment from the customer exceed one year. As a result, the Company does not adjust transaction prices for time value of money or have financing components in connection with contracts with customers. Based on the criteria outlined in IFRS 15 Revenue from Contracts with Customers, management concluded that the Company does not have any variable consideration.

Revenue derived from the production and sale of oil and natural gas in which the Company has an interest with other producers is recognized based on the Company's working interest and the terms of the relevant production sharing contracts. The costs associated with the delivery, including operating and maintenance costs, transportation and production-based royalty expenses are recognized in the same period in which the related revenue is earned and recorded.

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P) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of loss except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case the income tax is also recognized directly in other comprehensive income or equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using enacted or substantively enacted tax rates at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not recognized if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be used.

Q) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the net loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments outstanding, except when the effect would be anti-dilutive.

R) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

S) Business combinations, goodwill and gain on bargain purchase

Business combinations are accounted for using the acquisition method of accounting in which the identifiable assets acquired, liabilities assumed, and any non-controlling interest are recognized and measured at their fair value at the date of acquisition. Any excess of the purchase price plus any non-controlling interest over the fair value of the net assets acquired is recognized as goodwill. Any deficiency of the purchase price over the fair value of the net assets

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acquired is credited to net income as a gain on bargain purchase. Transaction costs associated with a business combination are expensed as incurred.

T) Adoption of new accounting standards

IAS 1 Amendments – Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

IAS 7 Amendments – Supplier Finance Arrangements

In May 2023, the IASB issued amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures. The amendments add requirements to disclose information that allows users to assess how supplier finance arrangements affect an entity's liabilities, cash flows, and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The Company assessed the impact of the amendment and determined there to be no material impact on the consolidated financial statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and must be applied retrospectively. The Company assessed the impact of the amendment and determined there to be no material impact on the consolidated financial statements.

U) New accounting standards not yet effective

Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued the new standard IFRS 18 – Presentation and Disclosure in Financial Statements that will replace IAS 1 – Presentation of Financial Statements. The new standard introduces newly defined subtotals on the income statement, requirements for aggregation and disaggregation of information, and disclosure of Management Performance Measures (MPMs) in the financial statements. The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Company is assessing the impacts to the consolidated financial statements.

Annual Improvements

In July 2024, the IASB issued IFRS Accounting Standards Annual Improvements – Volume 11, which clarifies wording, correcting minor consequences, oversights, or conflicts among requirements in the Standards. The amendments affect IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 7 – Financial Instruments: Disclosures, IFRS 9 - Financial Instruments, IFRS 10 -Consolidated Financial Statements, and IAS 7 - Statement of Cash

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Flows. These amendments will be effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is assessing the impacts to the consolidated financial statements.

5. Significant accounting estimates, assumptions and judgements

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. These judgments and estimates are continually evaluated and are based on management's experience and knowledge of the relevant facts and circumstances, including expectations about future events that are believed to be reasonable under the circumstances. Actual results may differ from the amounts included in the consolidated financial statements.

Areas of significant judgment and estimates affecting the amounts recognized in the consolidated financial statements include the following:

Going concern

The assessment of the Company's ability to execute its strategy by funding working capital requirements and future exploration and production activities involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances (Note 3).

Reserves and depletion

Proved and probable reserves are estimated using independent reserve engineer reports prepared in accordance with National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* and represent the estimated quantities of oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. Both proved and probable reserves are subject to estimation uncertainty. It is possible the actual remaining quantities recovered will be greater or less than the sum of the estimated proved and probable reserves.

Oil and gas properties are depleted using the unit of production (UOP) method over proved plus probable reserves. The calculation of the UOP rate of depletion could be impacted to the extent that actual production in the future is different from current forecast production based on proved plus probable reserves. This would generally result from significant changes in any of the factors or assumptions used in estimating reserves.

Determination of cash generating units

Oil and gas properties are grouped into cash generating units for purposes of impairment testing. Management has evaluated the oil and gas properties of the Company and grouped the properties into cash generating units on the basis of their ability to create independent cash inflows, similar reserve characteristics, geographical location, and shared infrastructure.

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Impairment indicators and calculation of impairment

At each reporting date, the Company assesses whether or not there are circumstances that indicate a possibility that the carrying values of exploration and evaluation assets and property and equipment are not recoverable, or impaired. Such circumstances include incidents of deterioration of commodity prices, changes in the regulatory environment, or a reduction in estimates of proved and probable reserves. When management judges that circumstances clearly indicate impairment, property, plant and equipment and exploration and evaluation assets are tested for impairment by comparing the carrying values to their recoverable amounts. The recoverable amounts of cash generating units are determined based on the higher of value in use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions that are subject to changes as new information becomes available including details on future commodity prices, expected production volumes, the quantity of reserves, discount rates, as well as future development and operating costs.

Asset retirement obligation

At the end of the operating life of the Company's facilities and properties and upon the retirement of its petroleum and natural gas assets, decommissioning costs will be incurred by the Company. This requires judgment regarding abandonment date, future environmental and regulatory legislation, the extent of reclamation activities, the engineering methodology for estimating cost, future removal technologies in determining the removal cost and discount and inflation rates to determine the present value of these cash flows.

Share-based compensation

Significant assumptions with respect to share-based payment amounts include an estimate of the volatility of the Company's shares, forfeiture rates, risk-free rates and the expected life of the options, which are subject to measurement uncertainty.

Measurement of the fair value of liability component in convertible debentures

Convertible debentures are divided into a liability and an equity component to reflect the value of the equity conversion feature separate from the debt instrument. The liability component is recognized initially at the fair value of a similar liability not containing an equity conversion option, and the equity component is recognized as the difference between the total fair value of the convertible debenture and the fair value of the liability component. An estimate is made by the Company to determine the interest rate to use for the liability instrument without a conversion feature.

Recognition of deferred taxes

The determination of income tax expense and deferred tax involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretations of laws in the countries in which the Company operates. The Company is subject to assessments by tax authorities who may interpret the tax laws differently. Changes in these estimates may materially affect the final amount of deferred taxes or the timing of tax payments.

Management continually evaluates the likelihood that it is probable that its deferred tax assets will be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize

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these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

6. Debentures, convertible debentures, and loan payable

The following table summarizes changes in the debentures balance for the periods shown:

Debentures unaudited	Three months ended March 31 2025	Year ended December 31 2024
Debentures outstanding, beginning of year	\$ 9,137,558	\$ 8,263,107
Plus accretion	229,617	735,070
Principal FX Adjustment for Series "C", "E"	(55,898)	139,381
	9,311,277	9,137,558
Less: current portion	(3,610,233)	(3,325,009)
Debentures outstanding, long-term, end of period	\$ 5,701,044	\$ 5,812,549

Interest Payable unaudited	Three months ended March 31 2025	Year ended December 31 2024
Interest payable, beginning of year	\$ 19,772,516	\$ 14,915,571
Plus interest expense	1,320,100	4,831,612
Less interest payments	(22,242)	(32,242)
FX Adjustment for Series "C", "E"	(32,758)	57,575
	21,037,616	19,772,516
Less: current portion	(18,130,276)	(17,199,577)
Interest payable, long-term, end of period	\$ 2,907,340	\$ 2,572,939

Upon recognition of convertible debentures in fiscal 2017, the total value of the debentures was allocated to liability as the estimated fair value of the liability was equal to the face value of the convertible debentures.

- a) On February 1, 2017, the Company issued a secured debenture to a related party in the principal amount of \$4,000,000 (the **"4MM Debenture"**). The 4MM Debenture carried an initial interest rate of 1.5% compounded and payable monthly and was initially due February 1, 2024. The 4MM Debenture included several covenants including a covenant that the Company maintain positive working capital. For the year-ended December 31, 2018, the Company was in breach of this covenant as the Company had negative working capital (\$2,112,550). The 4MM Debenture was amended several times as follows: (i) on May 6, 2019, the 4MM Debenture was amended by the parties to waive the working capital covenant and to suspend monthly payments effective after March 2018; (ii) on February 12, 2020, the 4MM Debenture was

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amended by the parties to add a conversion feature whereby the holder could convert principal and/or interest into common shares of the Company at a price of \$0.055 per share; and (iii) on December 21, 2020, the 4MM Debenture was amended by the parties to convert \$550,000 of accrued interest into 10,000,000 common shares and to suspend the conversion of the balance owing as at September 30, 2020, of \$5,346,733.38 into 97,213,334 common shares until such time as the Company had sufficient resources to pay all related stock exchange fees. The debenture matured on February 1, 2024 and is currently in default. Accordingly, an additional 2% per annum of default interest will be applied from February 2, 2024. See also Note 13. The carrying amount of financial assets pledged as collateral for the liabilities is Nil as the remaining oil and gas assets held by the Company currently have a negative value. The carrying amount of the 4MM Debenture as at March 31, 2025, was \$7,853,097, consisting of \$717,288 principal and \$7,135,809 interest.

- b) On January 3, 2018, the Company issued an unsecured convertible debenture to a related party in the principal amount of \$3,000,000 (the **"3MM Debenture"**). The 3MM Debenture carried a simple interest rate of 18% per annum payable at maturity and was initially due January 3, 2020. The 3MM Debenture was convertible at the option of the holder into common shares of the Company at a price of \$0.050 per common share. The 3MM Debenture was not repaid at the time of maturity and was in default. The 3MM Debenture was amended several times as follows: (i) on February 12, 2020, the Company agreed to pay additional default interest at the rate of 2.0% per month until all unpaid and accrued interest and the principal amount was repaid in full; and (ii) on December 21, 2020, the holder agreed to convert the total amount of interest accrued and principal owing as at September 30, 2020, in the amount of \$5,464,243.90 into 109,284,878 common shares at a price of \$0.05 per share, however, the parties agreed to suspend the conversion of the balance owing as at September 30, 2020, until such time as the Company had sufficient resources to pay all related stock exchange fees. As at March 31, 2025, the debenture has not been converted, and the carrying amount as at March 31, 2025, is \$13,496,174, consisting of \$3,000,000 principal and \$10,496,174 interest. The debenture continues to be in default until the balance is repaid to the holder. See also Note 13.
- c) On July 1, and August 17, 2020, the Company issued an aggregate of \$975,000 of secured convertible debentures (**"Debentures Series A"**) bearing 10% simple interest per annum with principal and interest due five years from the date of issue. The maturity dates range from July 1, 2025 (\$775,000) to Aug 18, 2025 (\$200,000). The Debentures Series A may be converted at the option of the holder into common shares of the Company at \$1.20 per common share. The Debentures Series A were to be secured by the assets acquired with the proceeds from the Debenture Series A, however, no assets were acquired with the proceeds, which is a breach of the terms of the Debentures Series A. Despite the breach, the holder does not have a right to accelerate the maturity date. As at March 31, 2025, the carrying amount of the Debenture Series A was \$1,438,123, consisting of \$975,000 principal and \$463,123 interest. See also Note 17 *"Subsequent events"*.
- d) During 2021, the Company incurred the following indebtedness:
 - a. on March 12, 2021, the Company issued an additional \$222,419.92 principal amount of Debenture Series A, due five years from the date of issue on March 12, 2026. As noted above this debenture bears 10% simple interest per annum and can be converted into common shares of the Company at \$0.20 per common share. As of March 31, 2025, these Debentures Series A have not been converted. As at March 31, 2025, there was an aggregate of \$1,682,972 owing on all of the Debentures Series A, consisting of \$1,197,420 principal and \$485,552 interest.

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- b. between March 26 and May 12, 2021, the Company issued an aggregate of \$272,889.31 of secured convertible debentures ("**Debentures Series B**") bearing 0% interest during the first year, 10% simple interest per annum during years two through four and 20% in year five, with principal and interest due five years from the date of issue, from March 26, 2026 to May 12, 2026. The Debentures Series B may be converted at the option of the holder into common shares of the Company at \$0.20 per common share. The Debentures Series B were to be secured by the assets acquired with the proceeds from the Debentures Series B, however, no assets were acquired with the proceeds, which is a breach of the terms of the Debentures Series B. As at March 31, 2025, the Debentures Series B have not been converted. On May 30, 2023, the Company repaid \$191,354 of principal and interest owing on the Debenture Series B. As at March 31, 2025, there was an aggregate of \$158,063 owing on the Debentures Series B, consisting of \$145,320 principal and \$12,743 interest.
- c. on June 7, 2021, the Company issued USD\$1,000,000 secured convertible debenture Series C ("**Debenture Series C**") bearing 10% simple interest per annum with both principal and interest due five years from the date of issue on June 7, 2026. Funds were in fact advanced by the holder on December 19, 2018, so the Company agreed to pay an agreed net amount of \$295,483.60 to be converted to 1,477,418 common shares at \$0.20 per share. The Debentures Series C may be converted at the option of the holder into common shares of the Company at \$0.20 per common share, unless the 5 day VWAP is lower, then it will be the greater of \$0.05 and the 5 day VWAP. The Debenture Series C was to be secured by the assets acquired with the proceeds from the Debenture Series C, however, no assets were acquired with the proceeds, which is a breach of the terms of the Debenture Series C. Despite the breach, the holder does not have a right to accelerate the maturity date. As at March 31, 2025, there was an aggregate of \$1,987,403 owing on the Debenture Series C, consisting of US\$1,000,000 principal and \$548,703 interest. As at March 31, 2025, the Debenture Series C has not been converted, except as noted above.

The carrying amount of financial assets pledged as collateral for the liabilities is Nil as no assets were acquired with the proceeds from the debentures issued in 2021.

- e) Certain of the debentures are subject to an inter-lender agreement dated April 27, 2021, which provided such holders would be subordinate to priority indebtedness and share pro rata with other parties who have entered into the agreement
- f) From November 3, 2022 to August 31, 2023, the Company issued an aggregate of \$3,901,484 (EUR \$2,663,311) unsecured debentures ("**Debentures Series EUR**") to a related party, bearing interest at 2% per month, compounded monthly with principal and interest due five years from the date of issue. Maturity dates range from November 3, 2027, to August 31, 2028. The Company repaid \$445,867 (EUR \$303,538) of principal. As at March 31, 2025, there was an aggregate of \$5,815,462 (EUR \$3,969,870) owing on the Debentures Series EUR, consisting of \$3,456,831 (EUR \$2,359,773) principal and \$2,358,631 (EUR \$1,610,097) interest. The Debenture Series EUR are not convertible into securities of the Company. See also Note 13.

7. Bad debt expenses / (Gain) loss on settlement

NA

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8. Property, plant and equipment

Cost:	Oil & gas properties	Leasehold improvements	Field equipment	Total
Balance, December 31, 2023	5,191,761	50,290	4,768	5,246,819
Balance, December 31, 2024	5,191,761	50,290	4,768	5,246,819
Balance, March 31, 2025 (unaudited)	\$ 5,191,761	\$ 50,290	\$ 4,768	\$ 5,246,819
Accumulated depletion, depreciation and impairment losses				
Balance, December 31, 2023	\$ 5,191,761	\$ 34,719	\$ 4,768	\$ 5,231,248
Depletion and depreciation	-	3,114	-	3,114
Balance, December 31, 2024	\$ 5,191,761	\$ 37,833	\$ 4,768	\$ 5,234,362
Depletion and depreciation	-	623	-	623
Balance, March 31, 2025 (unaudited)	\$ 5,191,761	\$ 38,456	\$ 4,768	\$ 5,234,985
Net carrying value:				
Balance, December 31, 2024	\$ -	\$ 12,457	\$ -	\$ 12,457
Balance, March 31, 2025 (unaudited)	\$ -	\$ 11,834	\$ -	\$ 11,834

9. Intangible exploration and evaluation assets

The Company had been engaged in the exploration of oil and gas in Colombia since late 2012 pursuant to an exploration and production license granted for the VMM-17 block (the “E&P License”). Due to the ongoing uncertainty related to the ability to carry out any operations under the E&P License, Perisson impaired the value of the Columbia assets, writing them down to \$1 for the period ended December 31, 2015.

The Company’s exploration and evaluation costs relate solely to the E&P License, which covered 39,927 hectares located within the Magdalena Valley Basin in the centre of Colombia. On January 24, 2025, Perisson announced that the ANH had granted a three-year extension to the VMM-17 Contract, extending it from April 15, 2024, to August 22, 2027. This extension allowed Perisson to proceed with the sale of the E&P License and related assets. The Company entered into share purchase agreements dated February 21, 2025, for the sale of its subsidiaries which held the E&P License and related assets. The consideration consisted of USD125,000 and a 4% overriding royalty interest of the oil produced and commercialized under the license up to the amount of USD 5 million. See “Management’s Discussion and Analysis” for additional information.

10. Asset retirement obligation

Asset retirement obligations (“ARO”) are based on the Company’s net ownership in wells and facilities, and management’s best estimate of future costs to abandon and reclaim those wells and facilities as well as an estimate of the future timing of the costs to be incurred.

The Company has estimated the present value of its total decommissioning provision to be \$249,485 at March 31, 2025 (2024YE – \$248,761), based on a total future undiscounted liability of \$254,567 (2024YE – \$254,741). Payments to settle the obligations occur over the operating lives of the underlying assets and are estimated to be incurred primarily from 1 to 8 years. The risk-free rate used to calculate the present value of the decommissioning liability

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used average rates of 2.63% to 2.67% (2024 – 3.01% to 3.14%). The estimated inflation rate was approximately 1.83% to 2.62% (2024 – 1.83% to 2.62%).

	Three months ended Mar. 31, 2025	Year ended Dec. 31, 2024
Changes to the decommissioning provision are:		
ARO, beginning of year	\$ 248,761	\$ 246,409
Effect of change in risk free rate	1,903	14,482
Revisions in estimated cash outflows	46	(1,189)
Accretion expense	(1,225)	(10,941)
Total	\$ 249,485	\$ 248,761
Current portion	\$ 40,000	\$ 40,000
ARO, end of period (unaudited)	\$ 209,485	\$ 208,761

11. Share capital

Authorized:

- Unlimited number of common shares without par value
- Unlimited number of first-ranking preferred shares, Series A, non-voting, non-participating, convertible into common shares, without par value
- Unlimited number of second-ranking preferred shares, terms to be determined by management

Net income (loss) per share amounts:

Net earnings (loss) per share unaudited	Three months ended Mar. 31	
	2025	2024
Net loss - basic and diluted \$	\$ (1,442,798)	\$ (1,352,496)
Basic weighted average shares	912,156,570	912,156,570
Diluted weighted average shares	912,156,570	912,156,570
Net loss per share \$ Basic & diluted	\$ (0.002)	\$ (0.001)

For periods with a loss, all potentially dilutive securities were anti-dilutive

12. Share based compensation

The Company maintains an option plan, which provides that the Board of Directors may, from time to time, in its discretion, grant to directors, officers, employees and consultants, non-transferable options to purchase common shares of the Company, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Options granted pursuant to the Share Option Plan have a term not to exceed five years and vest 1/4 on the grant date and then 1/4 on the first, second and third anniversaries of the grant date.

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At March 31, 2025, 4,000,000 (2024YE – 4,000,000) stock options were issued and outstanding summarized in the table below.

	Mar. 31, 2025		Dec. 31, 2024	
		Weighted Average Exercise Price		Weighted Average Exercise Price
Stock Options (unaudited)	Options		Options	
Outstanding, beginning of year	4,000,000	\$ 0.532	14,000,000	\$ 0.163
Expired or forfeited	-	\$ -	(10,000,000)	\$ 0.015
Outstanding, end of period	4,000,000	\$ 0.070	4,000,000	\$ 0.532
Options exercisable, end of period	4,000,000	\$ 0.070	4,000,000	\$ 0.070

	Weighted Ave Strike Price	Outstanding March 31, 2025	Remaining (years)	Exercisable March 31, 2025
Exercise price				
\$0.070	\$ 0.070	4,000,000	0.6	4,000,000

13. Key management compensation, related party transactions and balances

The Company has identified its directors and officers as its key management personnel.

At March 31, 2025, the balance due to officers and directors totalled approximately \$190,771 (March 31, 2024 – \$386,904) and consisted of salary payable and reimbursement for expenses. This balance is included in accounts payable and accrued liabilities on the consolidated statements of financial position. These balances due to and due from related parties are unsecured, non-interest bearing and due on demand.

During 2017 and 2018, the Company issued an aggregate of \$7 million Canadian-denominated debentures to an entity controlled by the Company's CEO. During 2021, the Company issued a \$500,000 US-denominated debenture to an entity controlled by the Company's CEO. In addition, during 2022 and 2023, the Company issued EUR-denominated debentures to an entity controlled by the Company's CEO. On the Company's balance sheet, CAD \$3,901,484 (2024 YE - CAD \$3,965,137) are included in long-term debentures. The EUR-denominated debentures are unsecured and were issued at market rates. For further details see Note 6.

During 2025, the Company received advances totalling CAD \$619,000 (2024 YE - \$780,000), from the Company's CEO, Gary Chen. These amounts have been included in the Company's accounts payable, however, there is currently no agreement in place covering the repayment of these funds to Mr. Chen.

14. Capital management

The Company defines capital as equity, which was a deficit of \$33,811,880 as at March 31, 2025 (2024YE – a deficit of \$32,369,082). The Company plans to raise additional capital as disclosed in Note 3.

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to develop its exploration and evaluation projects, ensure sufficient capital to meet short-term business requirements, carry out its capital expenditures program and field operations and provide returns to its shareholders.

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There were no significant changes in the Company's approach to capital management during the period ended March 31, 2025. The Company does not have any third party covenants or commitments that impose capital requirements.

15. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Risk management is carried out by management under policies approved by the Board of Directors. The Company's general risk management program seeks to minimize potential adverse effects on the Company's financial performance.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as currency and interest rates.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's current policy is to invest excess cash in certificates of deposit of major Canadian chartered banks. The Company does not consider there to be significant exposure to interest rate risk related to cash or restricted assets due to their short-term nature. The Company's issued debentures are fixed rate financial instruments and therefore are not subject to interest rate risk.

Price risk

The results of the Company's operations and ability to raise capital are subject to risks associated with fluctuations in oil and gas prices. Management monitors these prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in oil and gas prices may have a significant impact on the Company's operations.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and accounts receivable. The Company limits its exposure to credit loss by depositing its cash and restricted assets with Canadian financial institutions with credit ratings of A+. The Company has limited exposure to credit risk related to its receivables due from Canadian provincial and federal governments of approximately \$50,052 (2024YE – \$38,890). Additional receivable amounts relate to normal oil and gas operations.

As at March 31, 2025, \$74,405 (2024YE - \$38,191) of the Company's trade receivables are considered past due (more than 31 days old). The Company expects these amounts to be fully settled through normal operations.

Liquidity and Capital Resource

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when

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due under both normal and stressed conditions without incurring unacceptable losses or risking harm to its reputation.

At March 31, 2025, the Company has a working capital deficit of \$24,556,283 and requires additional financing to meet its short-term obligations.

The Company endeavours to have sufficient working capital available to meet its day-to-day obligations and outstanding commitments. However, due to the disposition of its primary cash generating assets at Twining and the current working capital deficit, management estimates that funds available will not be adequate to meet the Company's requirements and budgeted expenditures through March 31, 2025 (Note 3).

The Company is under a failure to file cease trade order ("FFCTO") issued on July 22, 2021, by the Alberta Securities Commission ("ASC"), which restricts the Company's ability to issue or trade its common shares. The Company submitted an application on October 13, 2023, to have the FFCTO revoked.

Any funding shortfall may be met in a number of ways, including, but not limited to, the issuance of new debt to acquire cashflow generating properties or to pay obligations when due, expenditure reductions, and the introduction of new joint venture partners or business combinations. While management has been successful in securing debt financing in the past, there can be no assurance it will be able to continue to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company.

Contractual undiscounted cash flow requirements for contractual obligations as at March 31, 2025 are due as follows:

	Total	Less Than 6 Months	6 Months - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	More Than 5 Years
Accounts payable and accrued liabilities	\$ 3,157,122	\$ 3,157,122	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest payable	18,130,276	18,130,276	-	-	-	-	-	-
Accrued interest	2,907,340	-	-	548,703	-	2,358,637	-	-
Current debenture	5,060,028	5,060,028	-	-	-	-	-	-
Long-term debentures	4,895,531	-	-	1,438,700	-	3,456,831	-	-
Total	\$34,150,297	\$26,347,426	\$ -	\$1,987,403	\$ -	\$5,815,468	\$ -	\$ -

16. Supplemental information

Expenses by nature:

Netbacks unaudited	Three months ended Mar. 31	
	2025	2024
Revenue		
Oil	\$ 2,681	\$ 8,518
Revenue	2,681	8,518
Royalty expense	(34)	(248)
Revenue, net of royalty	2,647	8,270
Operating expense	(10,734)	(14,602)
Netbacks	\$ (8,087)	\$ (6,332)

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Finance expense unaudited	Three months ended Mar. 31	
	2025	2024
Interest expense	\$ 1,320,101	\$ 1,119,975
Interest revenue	(17,653)	(29,457)
Accretion of debentures	229,617	21,194
Accretion of ARO	(1,225)	(2,734)
Total	\$ 1,530,840	\$ 1,108,978

General & administrative expense unaudited	Three months ended Mar. 31	
	2025	2024
Salaries	\$ 50,000	\$ 49,997
Professional and consulting fees	77,084	54,646
Accommodation and travel	28,125	51,082
Listing fees	7,215	9,182
Office and general	7,230	24,114
Total	\$ 169,654	\$ 189,021

17. Subsequent events

Subsequent to the period ended March 31, 2025, an aggregate amount of \$1,440,000, comprising \$960,000 principal and \$480,000 interest, owing pursuant to Debenture Series A became due on dates ranging from July 1, 2025 (\$760,000) to Aug 18, 2025 (\$200,000). Repayment was not made by the Company and these Debentures are in default. See Note 6(c).