DXI CAPITAL

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

March 31, 2023

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, the interim financial statements must be accompanied by a notice indicating that they have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these unaudited interim condensed consolidated financial statements in accordance with standards established by CPA Canada for a review of interim financial statements by an entity's auditor.

DXI CAPITAL CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited) *(thousands of Canadian dollars)*	Notes	**March 31, 2023**	December 31, 2022
		$	$
ASSETS			
Current			
Cash		**10**	17
Prepaids and other receivables		**2**	6
Current Assets		**12**	23
Non-current			
Property and equipment	3	**1**	1
Total Assets		**13**	24
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**218**	197
Loans from related parties	4	**600**	600
Current Liabilities		**818**	797
Total Liabilities		**818**	797
SHAREHOLDERS' DEFICIT			
Share capital	5	**113,916**	113,916
Contributed surplus		**12,191**	12,191
Deficit		**(126,912)**	(126,880)
Total Shareholders' Deficit		**(805)**	(773)
Total Liabilities and Shareholders' Deficit		**13**	24

Going concern - Note 2(b)
Subsequent event - Note 11

Approved on behalf of the Board:

"signed"
Ronnie Bozzer - Director

"signed"
Robert Hodgkinson - Director

DXI CAPITAL CORP.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

(Unaudited)		Three months ended March 31	
(thousands of Canadian dollars, except per share amounts)	Notes	**2023**	**2022**
		$	**$**
EXPENSES			
Amortization, depletion and impairment losses	4	**1**	**1**
General and administrative		**20**	**32**
Financing expenses		**11**	**10**
Total Expenses		**32**	**43**
Comprehensive loss		**(32)**	**(43)**
Loss per common share - basic and diluted		**(0.003)**	**(0.004)**
Weighted average common shares outstanding			
Basic		**11,966,024**	**11,966,024**
Diluted		**11,966,024**	**11,966,024**

DXI CAPITAL CORP.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
(Expressed in Canadian Dollars)

(Unaudited) *(thousands of Canadian dollars, except number of shares)*	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total
		$	$	$	$
Balance as at January 1, 2023	11,966,024	113,916	12,191	(126,880)	(773)
Net loss	-	-	-	(32)	(32)
Balance as at March 31, 2023	**11,966,024**	**113,916**	**12,191**	**(126,912)**	**(805)**
Balance as at January 1, 2022	11,966,024	113,916	12,191	(126,742)	(635)
Net loss	-	-	-	(43)	(43)
Balance as at March 31, 2022	**11,966,024**	**113,916**	**12,191**	**(126,785)**	**(678)**

* Accumulated other comprehensive income (loss)

DXI CAPITAL CORP.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

(Unaudited)	**Three months ended March 31**	
(thousands of Canadian dollars)	**2023**	2022
	$	$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Loss for the period	**(32)**	(43)
Adjustment for items not affecting cash:		
Amortization, depletion and impairment losses	**1**	1
Cash flows from (used in) operations	**(31)**	(42)
Changes in operating working capital	**24**	7
Total Cash Flows from (used in) Operating Activities	**(7)**	(35)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Advance of loans from related parties	**-**	40
Total Cash Flows from (used in) Financing Activities	**-**	40
CHANGE IN CASH AND CASH EQUIVALENTS	**(7)**	5
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	**17**	19
CASH AND CASH EQUIVALENTS, END OF PERIOD	**10**	24

Supplemental cash flow information - Note 11

NOTE 1 - CORPORATE INFORMATION

DXI Capital Corp. (the "Company") is a public company trading on the NEX under the symbol of "DXI.H", operated by the TSX Venture Exchange ("TSXV") in Canada. On September 11, 2021, the Company changed its name from DXI Energy Inc. to DXI Capital Corp. and effected a one hundred-to-one share consolidation of its common shares. All shares and per share amounts in these consolidated financial statements have been adjusted retroactively for all periods presented to reflect the effects of the share consolidation. The address of its registered office is 404 – 999 Canada Place, Vancouver, British Columbia.

The Company has been engaged in the business of exploring and developing oil and gas assets in North America. In the first nine months of 2020, the Company disposed all its oil and gas assets. As of March 31, 2022, the Company has no active operations. The management and board of directors are currently forging a new direction for the Company's shareholders.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, 0855524 B.C. Ltd., incorporated in British Columbia. These financial statements also include the accounts of Dejour Energy (Alberta) Ltd. ("DEAL"), incorporated in Alberta, until May 31, 2020 and Dejour Energy (USA) Corp. ("DUSA"), incorporated in Nevada, until August 26, 2020. The Company sold its equity interest in DEAL entirely and deconsolidated these accounts from its financial statements on May 31, 2020, the effective date of the change of control (note 7). The 100% equity interest of DUSA was seized by one of the Company's secured lenders and these accounts were deconsolidated from its financial statements on August 26, 2020, the effective date of the change of control (note 7). All intercompany transactions are eliminated upon consolidation.

These interim condensed consolidated financial statements were authorized and approved for issuance by the Board of Directors on May 30, 2023.

NOTE 2 - BASIS OF PRESENTATION

(a) Basis of presentation

The interim condensed consolidated financial statements for the three months ended March 31, 2023 and 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting. These interim results do not include all the information required for the full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2022. The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2022.

(b) Going concern

The financial statements were prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company incurred a net loss of $32,000 during the three months ended March 31, 2023 and as of that date has a working capital deficiency of $805,000 and an accumulated deficit of $126.9 million.

The Company's ability to continue as a going concern is dependent upon attaining profitable operations and sourcing additional equity and debt capital from financiers, other than the present non-arm's length lenders to the Company, to provide the Company with sufficient capital to fund future operations or activities. There is no assurance that future operations or activities will be successful. These material uncertainties cast substantial doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used that would be necessary if the going concern assumptions were not appropriate.

In March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and; specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital.

(All tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

NOTE 3 - PROPERTY AND EQUIPMENT

	Corporate and other assets
	$
Cost:	
Balance at January 1, 2022	38
Balance at December 31, 2022	38
Balance at March 31, 2023	**38**

	Corporate and other assets
	$
Accumulated amortization, depletion and impairment loss:	
Balance at January 1, 2022	(37)
Amortization and depletion	-
Balance at December 31, 2022	(37)
Amortization and depletion	-
Balance at March 31, 2023	**(37)**

	Corporate and Other Assets Surplus
	$
Carrying amounts:	
At December 31, 2022	1
At March 31, 2023	**1**

NOTE 4 - SHAREHOLDER LOANS FROM RELATED PARTIES

On May 21, 2020, the Company entered into a loan agreement with two major shareholders, Hodgkinson Equities Corporation (“HEC”) and Hodgkinson Ventures Inc. (“HVI”), for the loan amount of $150,000. The loan bears interest at 8% per annum.

On June 17, 2020, the Company further entered into a loan agreement with HEC for an additional loan amount of up to $100,000. The loan bears interest at 8% per annum.

On October 19, 2020, the Company further entered into a loan agreement with HVI for an additional loan amount of up to $50,000. The loan bears interest at 8% per annum.

On December 22, 2020, the Company further entered into a loan agreement with HEC for an additional loan amount of up to $75,000. The loan bears interest at 8% per annum.

On March 12, 2021, the Company further entered into a loan agreement with HEC for an additional loan amount of up to $25,000. The loan bears interest at 8% per annum.

On March 26, 2021, the Company further entered into a loan agreement with HEC for an additional loan amount of up to $50,000. The loan bears interest at 8% per annum.

On October 1, 2021, the Company further entered into a loan agreement with both HEC and HVI, each for $20,000. The loans bear interest at 8% per annum.

NOTE 4 – SHAREHOLDER LOANS FROM RELATED PARTIES (continued)

On February 8, 2022, the Company further entered into a loan agreement with both HEC and HVI, each for $20,000. The loans bear interest at 8% per annum.

On May 4, 2022, the Company further entered into a loan agreement with both HEC and HVI, each for $22,500. The loans bear interest at 8% per annum. In addition, the term of the total loans outstanding with HEC and HVI totaling $600,000 were extended until December 31, 2022.

On October 18, 2022, the Company entered into another loan agreement with HEC and HVI for a total of $27,000. The loans bear interest at 8% per annum.

The aggregate sum of the principal loan amount is $600,000 and accrued interest of $105,000 at March 31, 2023 on the loans. The loans bear interest at 8% per year and are repayable on December 31, 2023.

Subsequent to quarter end, on April 28, 2023, the Company entered into another loan agreement with HEC and HVI for a total of $30,000. The loans bear interest at 8% per annum.

NOTE 5 - SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common voting shares, an unlimited number of first preferred shares issuable in series, and an unlimited number of second preferred shares issuable in series. No preferred shares have been issued and the terms of preferred shares have not been defined.

NOTE 6 - STOCK OPTIONS AND SHARE PURCHASE WARRANTS

(a) Stock Options

The Stock Option Plan (the "Plan") is a 10% "rolling" plan pursuant to which the number of common shares reserved for issuance is 10% of the Company's issued and outstanding common shares as constituted on the date of any grant of options.

The Plan provides for the grant of options to purchase common shares to eligible directors, senior officers, employees and consultants of the Company ("Participants"). The exercise periods and vesting periods of options granted under the Plan are to be determined by the Company with approval from the Board of Directors. The expiration of any option will be accelerated if the participant's employment or other relationship with the Company terminates. The exercise price of an option is to be set by the Company at the time of grant but shall not be lower than the market price (as defined in the Plan) at the time of grant.

No stock options were issued or outstanding during the three months ended March 31, 2023 or 2022.

(b) Share Purchase Warrants

No share purchase warrants were issued or outstanding during the periods ending March 31, 2023 or 2022.

(All tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

NOTE 7 - SUPPLEMENTAL CASH FLOW INFORMATION

Changes in working capital consisted of the following:

	Three months ended March 31	
	2023	2022
	$	$
Changes in working capital:		
Prepaids and other receivables	**4**	4
Accounts payable and accrued liabilities	**20**	4
	24	8
Comprised of:		
Operating activities	**24**	8
Investing activities	**-**	-
Financing activities	**-**	-
	24	8
Other cash flow information:		
Cash paid for interest	-	-
Income taxes paid	-	-

NOTE 8 - RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2023 and, in addition to the loans from related parties (note 5), the Company entered into the following transactions with related parties:

(a) Compensation awarded to key management included a total of salaries and director and management fees of $8,000 (2022 - $8,000) and non-cash stock-based compensation of $nil (2022 - $nil). Key management includes the Company's officers and directors. The salaries and director fees are included in general and administrative expenses. Included in accounts payable and accrued liabilities at March 31, 2023 is $88,000 (December 31, 2022 - $84,000) owing to the officers and directors of the Company.

(b) Interest expenses of $12,000 (2022 - $10,000) were incurred during the quarter ended March 31, 2023 related to loans from related parties.

NOTE 9 - DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that financial asset or financial liability. Due to the use of subjective judgments and uncertainties in the determination of these fair values the values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

The Company classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instruments:

- Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

- Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

- Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

As at March 31, 2023, the Company had no financial instruments measured at fair value.

NOTE 10 - FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

The Company operates in the United States, giving rise to exposure to market risks from changes in foreign currency rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company also has exposure to a number of risks from its use of financial instruments including: credit risk, liquidity risk, and market risk. This note presents information about the Company's exposure to each of these risks and the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

(a) Credit Risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. At March 31, 2023, financial assets on the statement of financial position are comprised of cash and accounts receivable. The maximum credit exposure at March 31, 2023 is the carrying amount of cash of $10,000. A major financial institution holds the cash.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to mitigate the liquidity risk is to ensure, as far as possible, it always has adequate liquidity to satisfy its financial obligations.

(c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, and interest rates will affect the Company's net earnings. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. The Company currently has no operating properties and therefore the exposure to market risk is minimal.

(d) Capital Management Strategy

The Company's policy on capital management is to maintain a prudent capital structure so as to maintain financial flexibility, preserve access to capital markets, maintain investor, creditor and market confidence, and to allow the Company to fund future developments. The Company considers its capital structure to include share capital, cash and cash equivalents, and working capital. In order to maintain or adjust capital structure, the Company may from time to time issue shares or enter into debt agreements and adjust its capital spending to manage current and projected operating cash flows and debt levels.

The Company's share capital is not subject to any external restrictions. The Company has not paid or declared any dividends, nor are any contemplated in the foreseeable future. There have been no changes to the Company's capital management strategy during the three months ended March 31, 2023.

NOTE 11 - SUBSEQUENT EVENTS

On April 28, 2023, the Company entered into another loan agreement with HEC and HVI for a total of $30,000. The loans bear interest at 8% per annum and mature on December 31, 2023.