EF EnergyFunders Ventures, Inc.

Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(Unaudited, Expressed in US Dollars)

Auditor's Involvement

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

The Auditor of EF EnergyFunders Ventures, Inc. has not performed a review of the interim consolidated financial statements for the three and six months ended June 30, 2022 and 2021.

EF EnergyFunders Ventures, Inc.
Condensed Interim Consolidated Balance Sheets
(Unaudited, expressed in US Dollars)
As at

	June 30, 2022 $	December 31, 2021 $
ASSETS		
Current assets		
Cash and cash equivalents	**75,722**	128,841
Accounts receivable		
Related parties	**29,757**	172,727
Third parties	**85,311**	4,495
Prepaid expenses and deposits	**16,830**	15,490
	207,620	321,553
Deposit (Note 3)	**247,087**	250,094
Goodwill	**439,458**	439,458
Oil and gas properties, successful efforts method (Note 4)		
Proved properties, net	**1,172,244**	1,273,468
Unproved properties	**39,438**	39,438
Investment in equity	**490,261**	498,304
TOTAL ASSETS	**2,596,108**	2,822,315
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities		
Related parties	**2,152,201**	1,851,506
Third parties	**777,162**	705,516
Deferred management fee – related parties	**5,567**	11,767
Loans payable (Note 6)		
Related parties	**1,985,184**	1,985,184
Third parties	**300,000**	300,000
Convertible debentures (Note 7)	**276,707**	281,247
Other current liabilities	**50,923**	99,343
	5,547,744	5,234,563
Loans payable, third parties (Note 6)	**250,600**	324,700
Asset retirement obligations (Note 8)	**790,738**	773,121
TOTAL LIABILITIES	**6,589,082**	6,332,384
SHAREHOLDERS' EQUITY (DEFICIT)		
Class A common shares, no par, unlimited shares authorized and 543,284,697 issued and outstanding at June 30, 2022 and December 31, 2021, respectively (Note 9)	**35,687,686**	35,687,686
Additional paid in capital	**3,569,860**	3,569,860
Accumulated other comprehensive loss	**(846,879)**	(852,712)
Accumulated deficit	**(42,411,698)**	(41,925,628)
Total EF EnergyFunders Ventures, Inc.'s shareholders' equity (deficit)	**(4,001,031)**	(3,520,794)
Non-controlling interest	**8,057**	10,725
Total equity (deficit)	**(3,992,974)**	(3,510,069)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,596,108**	2,822,315

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Approved on behalf of the Board

(signed) "Laura Pommer"	*(signed) "Roger S Braugh, Jr."*
CEO and Director	Director

EF EnergyFunders Ventures, Inc.
Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
(Unaudited, expressed in US Dollars)
For the three and six months ended June 30, 2022 and 2021

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	$	$	$	$
Revenue				
Oil and gas sales, related parties, net	**62,304**	97,784	**118,899**	169,614
Oil and gas sales, third parties, net	**193,637**	1,193	**246,750**	12,315
Reimbursement revenue, related parties	**-**	-	**-**	17,667
Management fee, related parties	**79,800**	45,997	**205,848**	74,875
	335,741	144,974	**571,497**	274,471
Operating costs and expenses				
Lease operating expenses	**132,013**	28,018	**229,607**	58,751
Production taxes	**7,590**	8,252	**11,068**	16,287
General and administrative	**419,726**	229,662	**692,351**	479,265
Depletion, depreciation and accretion (Note 7 and 10)	**99,475**	54,487	**164,999**	111,566
Impairment		30		30
	658,804	320,449	**1,098,025**	665,899
Loss from operations	**(323,063)**	(175,475)	**(526,528)**	(391,428)
Other income and (expense)				
Interest expense	**(27,889)**	(66,096)	**(53,708)**	(146,095)
Foreign exchange gain (loss)	**(6,704)**	15,031	**(3,904)**	15,880
Gain on forgiveness of debt	**74,909**	-	**74,909**	-
Loss on disposition of proved properties	**(510)**	-	**(510)**	-
Other income	**-**	20,355	**25,000**	20,355
Other income and (expense), net	**39,806**	(30,710)	**41,787**	(109,860)
Net (loss)	**(283,257)**	(206,185)	**(484,741)**	(501,288)
Net (loss) attributable to non-controlling interest	**1,330**	(6,619)	**1,330**	(7,877)
Net (loss) attributable to shareholders	**(284,587)**	(199,566)	**(486,071)**	(493,411)
Comprehensive income (loss)				
Foreign currency translation	**9,502**	(38,617)	**5,833**	(67,443)
Comprehensive income (loss) for the period	**(275,085)**	(238,183)	**(480,238)**	(560,854)
Basic and diluted net income (loss) per share (Note 14)	**($0.00)**	($0.00)	**($0.00)**	($0.00)
Weighted average number of common shares outstanding	**543,284,697**	445,654,661	**543,284,697**	395,885,105

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

EF EnergyFunders Ventures, Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited, expressed in US Dollars)
For the six months ended June 31, 2022 and 2021

	2022 **$**	2021 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the year	**(484,741)**	(501,288)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depletion, depreciation, amortization, and accretion	**164,999**	111,566
Debt discount amortization	**-**	10,270
Unrealized foreign exchange gain	**3,302**	(16,867)
Changes in operating assets and liabilities		
Gain on forgiveness of debt	**(74,100)**	-
Gain on disposition of assets	**510**	-
Changes in operating assets and liabilities		
Account receivable	**61,724**	(54,996)
Deferred income, related parties	**(6,200)**	(33,200)
Prepaid expenses and deposits	**(1,787)**	(10,398)
Accounts payable and accrued liabilities	**307,848**	200,697
Net cash provided (used) in operating activities	**(28,445)**	(294,216)
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits	**(120)**	(2,136)
Additions to unproved oil and gas properties		(37,076)
Additions to proved oil and gas properties	**(51,335)**	(31,848)
Investment in equity		(166,667)
Net cash used in investing activities	**(51,455)**	(237,727)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans payable	**-**	479,100
Distribution to noncontrolling interest	**(3,997)**	-
Net cash provided by financing activities	**(3,997)**	479,100
Effect of changes in foreign exchange rates on cash held in foreign currencies	**30,778**	(56,035)
Net increase (decrease) in cash and cash equivalents for the year	**(53,119)**	(108,878)
Cash and cash equivalents, beginning of the year	**128,841**	147,189
Cash and cash equivalents, end of the period	**75,722**	38,311

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

	2022 **$**	2021 $
Supplemental cash flow disclosures		
Interest paid	**-**	66,830
Non-cash investing and financing activities		
Shares issued for debt for share, related parties	**-**	2,096,619
Additions to proved properties in accounts payable	**-**	109,125
Additions to equity investment in account payable	**-**	333,333

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficit)

(Unaudited, expressed in US Dollars)

	Number of Shares #	Common Stock $	Additional Paid In Capital $	Accumulated Other Comprehensive Income (Loss) $	Deficit $	EF EnergyFunders Ventures, Inc.'s Shareholders' Equity $	Noncontrolling Interest $	Total Shareholders' Equity (Deficit) $
Balance, December 31, 2020	313,179,813	32,368,127	3,161,109	(810,441)	(41,705,187)	(6,986,392)	(6,111)	(6,992,503)
Debit for share issuance	132,474,848	1,886,957	209,662			2,096,619	-	2,096,619
Foreign currency translation loss	-	-	-	(28,826)	-	(28,826)		(28,826)
Net loss for the year	-	-	-	-	(293,845)	(293,845)	(1,258)	(295,103)
Balance, March 31, 2021	445,654,661	34,255,084	3,370,771	(839,267)	(41,999,032)	(5,212,444)	(7,369)	(5,219,813)
Foreign currency translation loss	-	-	-	(38,617)	-	(38,617)	-	(38,617)
Net loss for the period	-	-	-	-	(199,566)	(199,566)	(6,619)	(206,185)
Balance, June 30, 2021	445,654,661	34,255,084	3,370,771	(877,884)	(42,198,598)	(5,450,627)	(13,988)	(5,464,615)
Balance, December 31, 2021	**543,284,697**	**35,687,686**	**3,569,860**	**(852,712)**	**(41,925,628)**	**(3,520,794)**	**10,725**	**(3,510,069)**
Foreign currency translation loss	-	-	-	(3,669)		(3,669)		(3,669)
Net loss for the year	-	-	-		(201,484)	(201,484)	-	(201,484)
Balance, March 31, 2022	**543,284,697**	**35,687,686**	**3,569,860**	**(856,381)**	**(42,127,112)**	**(3,725,947)**	**10,725**	**(3,715,222)**
Distribution of noncontrolling interest							(3,997)	(3,997)
Foreign currency translation loss	-	-	-	9,502		9,502		9,502
Net loss for the year	-	-	-		(284,587)	(284,587)	1,330	(283,257)
Balance, March 31, 2022	**543,284,697**	**35,687,686**	**3,569,860**	**(846,879)**	**(42,411,699)**	**(4,001,032**	**8,058**	**(3,992,974)**

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

1. Description of business and going concern

Description of business

Tanager Energy Inc. ("Tanager") was incorporated in 1945 and in fiscal 2013, the name of the Company was changed to "Tanager Energy Inc." In addition, on June 20, 2016 Tanager incorporated Tanager Energy (USA) Inc., a wholly owned subsidiary. On August 6, 2018, Tanager incorporated Tanager Chalk, Inc., as wholly owned subsidiary of Tanager Energy (USA) Inc.

On March 6, 2019, Tanager continued from the Province of Alberta to the Province of British Columbia pursuant to a resolution passed by shareholders of Tanager at the annual general and special meeting held on December 19, 2018. On April 11, 2019, the Company amended its articles of incorporation to change its name from Tanager Energy Inc. Paleo Resources Inc. In addition, the Company's subsidiary, Tanager Energy (USA) Inc. changed its name to Paleo Resources (USA), Inc. Effective March 7, 2022, the Company changed its name from Paleo Resources, Inc. to EF EnergyFunders Ventures, Inc. (EnergyFunders or the "Company").

EnergyFunders is an exploration company, engaged in the acquisition, exploration and development of oil and gas properties in Alberta, Canada and Texas, USA.

On June 16, 2020, the Company completed the merger transaction contemplated by the Agreement and Plan of Merger ("Merger Agreement") dated December 20, 2019, by and among Paleo Resources, Paleo EFR Acquisition, a wholly-owned subsidiary of Paleo, ("Merger Sub"), and EF Resources, Inc. ("EFR"). Pursuant to the terms of the Merger Agreement, at the effective time, the Merger Sub merged with and into EFR, with EFR continuing as the surviving corporation and becoming a wholly-owned subsidiary of Paleo. EFR is the owner of the EnergyFunders financial technology platform. EFR and related subsidiaries is an energy-focused crowdfunding company operating in the oil and gas industry.

The Company's common shares are listed on the TSX Venture Exchange under the symbol EFV and on the Pink Open Market in the U.S. as EFVIF. The primary office is located at 716 S Frio St, Suite 201, San Antonio, TX 78207.

Going concern

The Company's unaudited condensed interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles of the United States of America ("US GAAP") applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year after the date that the June 30, 2022 financial statements are available to be issued. The Company is subject to risks and challenges similar to companies in a comparable stage of exploration and development. As of June 30, 2022, the Company had a working capital deficiency of $5,340,123 (December 31, 2021 - $4,913,010) and an accumulated deficit of $42,411,698 (December 31, 2021 - $41,925,628). These conditions raise substantial doubt on the Company's ability to continue as a going concern. The Company will need additional funding in order to continue operations. The Company is dependent upon its ability to finance its operations and oil and gas drilling programs through financing activities that may include issuances of additional debt or equity securities. The recoverability of the carrying value of exploration and evaluation assets and plant property and equipment, and, ultimately, the Company's ability to continue as a going concern, is dependent upon the existence and economic recovery of reserves, the ability to raise financing to complete the exploration and development of the properties, and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interests in one or more assets on an advantageous basis, all of which are uncertain. While the Company has been successful in obtaining funding in the past, through the issuance of equity and debentures and non-arm's length loans, there is no assurance that such funding will be available in the future. An inability to raise additional funds would adversely impact the future assessment of the Company as a going concern. These unaudited condensed interim consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. Significant accounting policies

Interim financial statements

The accompanying unaudited condensed interim consolidated financial statements have been prepared in accordance with US GAAP for interim financial information and with the appropriate rules and regulations of the SEC. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with US GAAP have been condensed or omitted pursuant to such rules and regulations. All adjustments which are, in the opinion of management, necessary for a fair presentation of the financial position and results of operations for the interim periods presented have been included. The unaudited interim financial information and notes hereto should be read in conjunction with the Company's consolidated financial statements as of and for the years ended December 31, 2021 and 2020. The results of operations for interim periods are not necessarily indicative of results to be expected for a full fiscal year. These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments and share-based payment transactions that have been measured at fair value. They were prepared on a going concern basis and are presented in a reporting currency of US dollars ("USD"). The functional currency of the parent entity is Canadian Dollars ("CDN") and the functional currency of the US subsidiary is USD.

Principles of consolidation

These unaudited condensed interim consolidated financial statements consolidate the accounts of the Company and its wholly owned subsidiary, Paleo Resources (USA), Inc. The Company incorporated two wholly owned entities, Tanager Energy GP, LLC and Tanager Energy, LP on December 31, 2017 and Tanager Chalk, Inc. on August 6, 2018 and these entities are inactive to date.

As of June 16, 2020, the Company's wholly owned subsidiaries include EFR and all affiliated entities in which EFR has a controlling financial interest. To determine if EFR holds a controlling financial interest in an entity, EFR first evaluates if it is required to apply the variable interest entity (VIE) model to the entity; otherwise, the entity is evaluated under the voting interest model.

If EFR holds current or potential rights that give it the power to direct the activities of a VIE that most significantly impact the VIEs economic performance, combined with a variable interest that gives EFR the right to receive potentially significant benefits or the obligation to absorb potentially significant losses, EFR has a controlling financial interest in that VIE. Rights held by others to remove the party with power over the VIE are not considered unless one party can exercise those rights unilaterally. When changes occur to the design of an entity, EFR reconsiders whether it is subject to the VIE model. EFR continuously evaluates whether it has a controlling financial interest in a VIE.

EFR holds a controlling financial interest in other entities where EFR currently holds, directly or indirectly, more than 50% of the voting rights or where the Company exercises control through substantive participating rights or as a general partner. If EFR is a general partner, it considers substantive removal rights held by other partners in determining if EFR holds a controlling financial interest. EFR revaluates whether it has a controlling financial interest in these entities when its voting or substantive participating rights change.

Unconsolidated VIEs and other entities in which EFR has significant influence, but not a controlling financial interest, are accounted for as equity method investments. EFR typically holds a voting interest of 20% to 50% for significant influence.

Entities that EFR does not have significant influence, typically less than 20% voting interest, are recorded at cost less impairment.

As of June 16, 2020, Company's consolidated subsidiaries includes EFR; EnergyFunders, LLC; EF Advisor, LLC; EF Funding Portal, LLC; EF GP, LLC; EF MGMT HLD, LLC; EF VC2, LLC and EF VC6, LLC. In March 2021, EFR formed two wholly owned entities, EF Manager LLC and EF Equity Holdings LLC.

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in consolidation.

2. Significant accounting policies *(continued)*

Use of estimates

The preparation of unaudited condensed interim consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates pertain to the use of the going concern assumption, valuation of goodwill, valuation of intangible assets related to customer relationships, valuation of investment, proved natural gas reserves and related cash flow estimates used in impairment tests of oil and natural gas properties, asset retirement obligations, and accrued natural gas revenues and operating expenses. Actual results could differ from those estimates.

Recently issued accounting standards

The Company, an emerging growth company ("EGC"), has elected to take advantage of the benefits of the extended transition period provided for in Section 7(a)(2)(B) of the Securities Act, for complying with new or revised accounting standards which allows the Corporation to defer adoption of certain accounting standards until those standards would otherwise apply to private companies.

In March 2020, the FASB issued ASU No. 2021-04 - Reference Rate Reform (Topic 848), codified as ASC 848 ("ASC 848"). This was followed by ASU No. 2021-01, Reference Rate Reform (Topic 848): Scope ("ASU 2021-01"), issued in January 2021. The purpose of ASC 848 is to provide optional guidance to ease the potential effects on financial reporting of the market-wide migration away from Interbank Offered Rates ("IBORs") to alternative reference rates. ASC 848 applies only to contracts, hedging relationships, and other transactions that reference a reference rate expected to be discontinued because of reference rate reform. The guidance may be applied upon issuance of ASC 848 through December 31, 2022. We do not expect a material impact from the adoption of this ASU.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740). The ASU simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and modifies other areas of the topic to clarify the application of GAAP. Certain amendments within the standard are required to be applied on a retrospective basis and others on a prospective basis. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Effective January 1, 2021, the Company adopted this ASU with no material impact on the Company's unaudited condensed interim consolidated financial position or results of operations.

In February 2016, the FASB issued ASU 2016 02, "Leases (Topic 842)" (ASU 2016-02), which significantly changes accounting for leases by requiring that lessees recognize a right of use asset and a related lease liability representing the obligation to make lease payments, for all lease transactions with terms greater than one year. Additional disclosures about an entity's lease transactions will also be required. ASU 2016-02 defines a lease as "a contract, or part of a contract, that conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration." ASU 2016-02 is effective for fiscal years beginning after December 15, 2018 and interim periods therein for public entities and public not for profit entities and is effective for fiscal years beginning after December 15, 2020 and interim periods within fascial years beginning after December 15, 2021 for all other entities. ASU 2021-05 further amended the effective date to fiscal years beginning after December 15, 2020 and interim periods therein and beginning for public not for profit entities and effective date to fiscal years beginning after December 15, 2021, and interim periods with fiscal years beginning after December 15, 2022 for all other entities. The Company adopted this ASU with no material impact on The Company's unaudited condensed interim consolidated financial statements.

3. Deposit

The deposit $247,087 (2021 - $250,094) relates to payments to the Alberta Energy Regulator ("AER") held in trust as security deposits in connection with AER estimated net future abandonment liabilities for operated Alberta well licenses. The deposit bears interest at bank prime minus 1.95%.

(Unaudited, expressed in US Dollars unless otherwise stated)

4. Oil and gas properties, successful efforts method

Oil and gas properties	**June 30, 2022** **$**	December 31, 2021 $
Proved properties	**7,258,482**	7,225,523
Accumulated depletion, depreciation, and impairment	**(6,086,238)**	(5,952,055)
Proved properties, net	**1,172,244**	1,273,468
Unproved properties	**39,438**	39,438
Total oil and gas properties, net	**1,211,682**	1,312,906

The movement in the Company's proved oil and gas properties is as follows:

Proved properties	**June 30, 2022** **$**	December 31, 2021 $
Cost		
Balance, beginning of year	**7,225,523**	6,594,169
Additions	**51,335**	271,177
Disposal	**(1,060)**	(107,149)
Asset retirement obligation adjustments	**-**	462,903
Gain on foreign exchange translation	**(17,316)**	4,423
Balance, end of year	**7,258,482**	7,225,523
Accumulated depletion, depreciation, and impairment		
Balance, beginning of year	**5,952,055**	5,924,601
Depletion and depreciation	**141,443**	370,352
Disposal	**(550)**	(44,707)
Impairment	**-**	-
Gain on foreign exchange translation	**(6,710)**	1,809
Balance, end of year	**6,086,238**	5,952,055
Net book value	**1,172,244**	1,273,468

The movement in the Company's unproved oil and gas properties is as follows:

Unproved properties	**June 30, 2022** **$**	December 31, 2021 $
Balance, beginning of period	**39,438**	-
Additions	**-**	39,438
Properties adjustment	**-**	-
Disposition	**-**	-
Impairment	**-**	-
Balance, end of period	**39,438**	39,438

(Unaudited, expressed in US Dollars unless otherwise stated)

5. Equity Investment

On March 9, 2021, the Company entered into a Common Stock Purchase and License Agreement with Field Genie, Inc. Field Genie, Inc. ("FGI") is a technology service provider that uses advanced artificial intelligence techniques to deliver solutions using spatial/geo intelligence and computer vision, including real-time detection and recognition of objects and patterns. In connection with the above agreement, the Company agreed to purchase a maximum of 50,000 shares of common stock of FGI at $10 per share or an aggregate purchase price of $500,000 in exchange for a license to certain intellectual property of FGI. The purchase price is payable over a period of 12 months. The Company will earn and be vested in a proportionate share of the FGI stock with each installment payment. As of June 30, 2022, the Company had paid $500,000 to FGI and earned 5% of FGI common stock.

The Company accounted for the investment under the cost method. Under the cost method, the Company's share of the earnings or losses of such investee companies is not included in the unaudited condensed interim consolidated balance sheets or statements of operations; however, impairment charges are recognized in the unaudited condensed interim consolidated statements of operations. If circumstances occur showing that the value of the investee company has subsequently recovered, such recovery is not recorded. For the six months ended June 30, 2022 and December 31, 2021, no impairment expense was recognized.

6. Loans payable

	June 30, 2022	December 31, 2021
	$	$
Promissory note from US JV Partner	**1,462,591**	1,462,591
Loan from US JV Partner	**522,593**	522,593
Loan from subsidiary of US JV Partner	**-**	-
Total loans payable from related parties	**1,985,184**	1,985,184
Loan from third-party lender	**300,000**	300,000
Paycheck Protection Program loan	**-**	74,100
Economic Injury Disaster Loan	**250,600**	250,600
	2,535,784	2,609,884

In September 2018, the Company converted outstanding accounts payable owing to the US JV into a promissory note. On May 29, 2020, the Company entered into a Modification of Note and Liens agreement with the lender which extended the maturity date of the outstanding balance of the loan of $1,462,591 to June 30, 2021, and all monthly payments of principal and interest are deferred until the maturity date.

In September 2018, the Company also entered into a loan agreement with a wholly owned subsidiary of the US JV Partner for a total available amount of $1,250,000. Effective September 30, 2019, the total available amount of the loan was amended to $2,100,000. On May 29, 2020, the Company entered into a Modification of Note and Liens agreement with the lender which extended the maturity date of the outstanding balance of the loan of $1,531,000 to June 30, 2021, and all monthly payments of principal and interest are deferred until the maturity date. On March 1, 2021, the entire amount of the existing loan from the subsidiary of US JV Partner was assigned to Roger S. Braugh, Jr., a director and officer of Paleo, and Chris Pettit & Associates PC, a company controlled by Christopher J. Pettit, then a director of Paleo, in his capacity as trustee of a Trust which is a shareholder, in the aggregate amount, including principal and interest, of $2,283,662. On March 10, 2021, the Company settled outstanding indebtedness, excluding interest, in the aggregate amount of $2,096,619 then owing to director and trustee following the noted assignment, through the issuance of an aggregate of 132,474,848 common shares of the Company at an agreed upon price of CDN$0.02 per share. The Company's common stock average price on March 10, 2021 was CDN$0.018 per share. The fair value of the Company's common stock was $1,886,957 USD (at assumed exchange rate of CDN $0.7913 to USD $1.00) and additional paid in capital of $209,662. The common shares issued in connection with the Debt Settlement are subject to a hold period that expired on July 31, 2021.

The loan from a third-party lender is unsecured and bears interest at 6% per annum. On November 15, 2019, the Company entered into a loan amendment with the third-party lender which extends the maturity date to December 16, 2020 and requires the payment of principal and accrued interest of $339,746 on that date. On July 17, 2021, Jim Durham (the "Plaintiff"), the third party lender, filed a claim against the Company and a related party who is the loan guarantor for Breach of Contract/Guaranty. The Plaintiff demands the repayment of loan plus interest and attorney's fees.

(Unaudited, expressed in US Dollars unless otherwise stated)

6. Loans payable *(continued)*

On April 21, 2020, the Company's subsidiary, EnergyFunders, LLC, entered into an unsecured loan with the U.S. Small Business Administration ("SBA") in the amount of $74,103 under the Paycheck Protection Program (the "PPP Loan") with an interest rate of 1.0% and maturity date two years from the effective date of the PPP Loan. The Paycheck Protection Program was established under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and is administered by the SBA. Payments are required to be made in eighteen monthly installments of principal and interest, with the first payment being due on the date that is seven months after the date of the PPP loan. Under the CARES Act, the PPP Loan is eligible for forgiveness for the portion of the PPP Loan proceeds used for payroll costs and other designated operating expenses for up to eight weeks, provided at least 75% of PPP Loan proceeds are used for payroll costs and the Company meets all necessary criteria for forgiveness. Receipt of these funds requires the Company to, in good faith, certify that the PPP Loan was necessary to support ongoing operations of the Company during the economic uncertainty created by the COVID-19 pandemic. This certification further requires the Company to take into account current business activity and the ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. Additionally, the SBA provides no assurance that the Company will obtain forgiveness of the PPP Loan in whole or in part. In August 2021, the first PPP loan in the amount of $74,103 and interest accrued was forgiven by the SBA. In April 2021, the Company's subsidiary entered into a second unsecured PPP loan in the amount of $74,100 with an interest rate of 1% and a term of five years. In May 2022, the second PPP loan in the amount of $74,100 and interest accrued was forgiven by the SBA.

On December 8, 2020, the Company's subsidiary, Paleo Resources (USA), Inc., entered into a secured loan with the U.S. Small Business Administration ("SBA") in the amount of $100,600 under the Economic Injury Disaster Loan (the "EIDL Loan") with an interest rate of 3.75% and maturity date thirty years from the effective date of the EIDL Loan. The Economic Injury Disaster Loan was established under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and is administered by the SBA. Principal and interest payments of $491 is due every month beginning thirty months from the date of the EIDL loan.

On February 11, 2021, another Company's subsidiary entered into a secured loan with the U.S. Small Business Administration ("SBA") in the amount of $150,000 under the Economic Injury Disaster Loan (the "EIDL Loan") with an interest rate of 3.75% and maturity date thirty years from the effective date of the EIDL Loan. Principal and interest payments of $731 is due every month beginning thirty months from the date of the EIDL loan.

7. Convertible debentures

	June 30, 2021 **$**	December 31, 2021 $
Convertible debentures issued to third parties	**276,707**	281,247

2020 CD: On June 5, 2019, the Company issued subordinated secured convertible debentures (the "June 2019 debentures") in the aggregate amount of CDN$2,036,245

The debentures bear interest at a rate of seven and a half percent (7.5%) per annum, payable monthly in arrears on the 15th day of the following month and will mature on the date that is three years from the closing date. The debentures are secured by a subordinated (second-charge) security interest against the Company's working interest in the Joffre, Alberta property and convertible at any time at the holder's option into common shares of the Company at a conversion price of CDN$0.12 (US$0.0888 at an assumed exchange rate of CDN$0.74 to US$1.00) per common share. The holders of the debentures shall have the right, upon at least 30 days written notice prior to the date that is two (2) years following the closing date, to require the Company to repurchase all amounts outstanding under the debentures on the date that is two (2) years following the closing date, at a repurchase price equal to 115% of the outstanding principal amount of the debenture, together with payment of the interest on the principal amount accrued and unpaid to the repurchase date.

In July 2019, the Company closed a second tranche of the debenture offering (the "2019 debentures"). The Company settled a portion of the debt owed to the subsidiary of the US JV partner. Pursuant to the debt settlement, the Company issued debentures in the aggregate principal amount of CDN$646,554 ($482,000 at an assumed exchange rate of CDN$0.7455 to US$1.00) to shareholders of the US JV partner, namely Roger S. Braugh, Jr., a director of the Company and a trust whose trustee was Chris Pettit & Associates PC, a company controlled by J. Pettit, a director of the Company, in his capacity as trustee of a Trust which is a shareholder.

(Unaudited, expressed in US Dollars unless otherwise stated)

7. Convertible debentures *(continued)*

In April 2021, holders of the Company's outstanding 2019 convertible debentures in the aggregate principal amount of CDN$2,682,799 (the "Debentures") provided notice to require the Corporation to repurchase all amounts outstanding under the Debentures, in accordance with the terms of such Debentures. The Debentures provide the holders the right, upon at least 30 days written notice prior to the date that is two years following the original issuance date of such Debentures (the "Repurchase Date"), to require the Company to repurchase all amounts outstanding under the Debentures on such Repurchase Date, at a repurchase equal to 115% of the outstanding principal amount of the Debentures, together with payment of the interest on the principal amount accrued and unpaid to the Repurchase Date.

The total principal amount of the indebtedness due as a result of the repurchase notifications was CDN$3,085,219 (the "Repurchase Indebtedness") of which CDN$2,341,682 was due on June 5, 2021 and CDN$743,537 was due on July 25, 2021. On November 4, 2021, the Company settled a total of CDN$2,675,169 of the Repurchase Indebtedness through the issuance of an aggregate 89,172,302 common shares of the Corporation at a deemed price of CDN$0.03 per share.

The following table summarizes the movement of Company's convertible debentures:

	June 30, 2022 **$**	December 31, 2021 $
Balance, beginning of period	**281,247**	2,096,746
Convertible debentures settled, issuance of stock	**-**	(1,834,859)
Amortization of issuance cost	**-**	10,578
Foreign exchange	**(4,540)**	8,782
Balance, end of period	**276,707**	281,247

8. Asset retirement obligations

The Company's asset retirement obligations ("ARO") represent the present value of the estimated cash flows expected to be incurred to plug, abandon and remediate producing properties, excluding salvage value, at the end of their productive lives in accordance with applicable laws. Change in estimated liabilities during the period relate primarily to changes in estimates of asset retirement costs. Change in estimated liabilities can also include, but are not limited to, change of estimated inflation rates, change in property lives and expected timing of settlement.

The following table presents the reconciliation of the carrying amount of the obligation associated with the reclamation and abandonment of the Company's oil and gas properties:

	June 30, 2022 **$**	December 31, 2021 $
Balance, beginning of period	872,464	391,748
Accretion	23,556	34,688
Additions	-	188,115
Change in estimate	-	274,788
Disposal	(50,006)	(17,684)
Foreign exchange	(4,353)	809
Balance, end of period	841,661	872,464

(Unaudited, expressed in US Dollars unless otherwise stated)

9. Common stock

(a) Authorized common stock

The authorized common stock consists of an unlimited number of Class A common shares. The common shares do not have a par value. All issued shares are fully paid.

(b) Common shares issued and outstanding

The change in issued share capital is as follows:

	Number of common shares	Amount $
Balance December 31, 2020	**313,179,813**	**32,368,127**
Issued EF Resources holdback share	**8,457,734**	**-**
Related parties debt and convertible debenture share conversion	**157,259,418**	**2,264,678**
3rd parties convertible debenture conversion	**64,387,732**	**1,034,424**
Balance, December 31, 2021 and June 30, 2022	**543,284,697**	**35,667,229**

10. Stock options

On April 6, 2017, the Company granted 2,000,000 stock options to directors and officers of the Company with an exercise price of CDN$0.15 and an expiry date of April 6, 2022. These stock options vest 50% on the grant date and 25% on each of the first and second anniversaries from the grant date. As of June, 2022, all of these stock options have expired.

11. Net (loss) per common share

Basic net income (loss) per common share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding. Diluted net loss per common share is computed similar to basic net loss per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. The treasury stock method and as if converted methods are used to determine the dilutive shares for the Company's options and warrants and convertible notes, respectively. In periods when losses are reported, the weighted-average number of common shares outstanding excludes common stock equivalents, because their inclusion would be anti-dilutive.

The following table sets forth the computation of basic and diluted income per common share for the three and six months ended June 30, 2022 and 2021:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Numerator:				
Net (loss) attributable to EnergyFunders' shareholders	($284,587)	($199,566)	($486,071)	($493,411)
Numerator for basic and diluted income	($284,587)	($199,566)	($486,071)	($493,411)
Denominator:				
Weighted average number of common shares outstanding – basic and diluted	543,284,697	445,654,661	543,284,697	395,885,106
Net income (loss) per common shares - diluted	($0.00)	($0.00)	($0.00)	($0.00)

(Unaudited, expressed in US Dollars unless otherwise stated)

11. Net (loss) per common share *(continued)*

The Company excluded the following shares from diluted income (loss) per share calculations because they are anti-dilutive

	2022	2021
EFR holdback shares	-	8,654,777
Share options	-	2,000,000
Convertible debentures shares	2,971,375	22,356,658
Total shares	2,971,375	33,011,435

12. Related party transactions

Related parties include the Board of Directors, senior management and enterprises that are controlled by these individuals. Related party transactions are conducted in the normal course of operations under normal market conditions and terms. The following transactions were entered into with related parties during the six months ended June 30, 2022 and 2021:

Related Party	**Transactions**	**2022 $**	2021 $
Director and Trust(1)	Convertible debentures - interest expense incurred	**-**	19,329
US JV Partner and sub(2)	Promissory note and loan interest expense incurred	**29,402**	42,061
US JV Partner	US operation revenues and expenses, net	**(11,022)**	(92,434)
US JV Partner	Unsecured loan	**-**	255,000
Senior management(3)	Equity investment and Consulting Service	**-**	500,000
Senior management(4)	Consulting Services	**183,334**	-

(1) Total accrued interest payable to the director and the Trust as of June 30, 2022 was $231,927 (2021 – $232,384) and is included in accounts payable and other liabilities.

(2) The US JV Partner is owned by a director of the Company and a Trust controlled by another director in his capacity as trustee of the Trust. The director as trustee of the Trust resigned effective May 19, 2022. Included in accounts payable as at June 30, 2022 is $2,152,201 (December 31, 2021 - $1,851,506) owing to the US JV Partner and its subsidiary.

(3) As of March 31, 2022, the Company paid $500,000 to Field Genie which is co-owned by a member of senior management, under the terms of the Purchase and License Agreement.

(4) The Company has a signed a couple of month-to-month Consulting Agreement with senior management.

On November 4, 2021, the Company settled a total of CDN$743,537 of the Repurchase Indebtedness through the issuance of an aggregate 24,784,570 common shares of the Corporation at a deemed price of CDN$0.03 per share to a director of the Company and a Trust controlled by another director in his capacity as trustee of the Trust. The Company's common stock average price on November 4, 2021 was CDN$0.02 per share. The fair value of the Company's common stock was USD$398,178 (at assumed exchange rate of CDN $0.80328 to USD $1.00) and additional paid in capital of USD$199,089

The Company receives management fees from the investment companies managed by a Company's subsidiary, which at times are paid in advance and are recorded on the balance sheet as deferred management fees, related parties. As of June 30, 2022 deferred management fees totaled $5,567 (December 31, 2021 -$11,767). For the six months ended June 30, 2022, management fee revenue was $6,200 and $33,200 for 2021. The Company charges an origination fee, an assets under management (AUM) fee and may also receive a carried interest in investee companies as part of management fee. Management revenue from origination and carried interest for the three and six months ended June 30, 2022 were $76,700 and $203,648, respectively and $28,521 and $41,675, respectively, for 2021. The Company received reimbursement revenue for costs incurred from related parties totaling $nil for the six months ended June 30, 2022 and $17,667 for 2021.

(Unaudited, expressed in US Dollars unless otherwise stated)

12. Related party transactions (*continued)*

Certain officers are shared with a related party and the officers' compensations are paid by the related party and not charged to the Company. The Company's president is providing services to the Company, from January 31, 2021, for no compensation.

13. Revenue

The Company sells its production pursuant to variable price contracts entered into by the Company's operator or contract operator of its joint operations. The transaction price for variable priced contracts is based on the commodity price, adjusted for quality, location or other factors, whereby each component of the pricing formula can be either fixed or variable, depending on the contract terms. Under the contracts, the Company is required to deliver a fixed or variable volume of crude oil, natural gas, and NGLs to the contract counterparty. Revenue is recognized when a unit of production is delivered to the contract counterparty. The amount of revenue recognized is based on the agreed transaction price.

Currently, all of the Company's crude oil, natural gas and NGLs is sold on the Company's behalf at spot prices received by the operator or contract operator of the Company's joint operations. Gathering fees charged to third parties are earned under multi-year contracts at fixed fees by volume.

Revenue from petroleum and natural gas sales is presented net of associated royalties.

The following table provides a summary of the Company's oil and gas revenue source for the three and six ended June 30, 2022 and 2021:

	Three months ended June 30,		**Six months ended June 30,**	
	2022	2021	**2022**	2021
	$	$	**$**	$
Crude oil	**168,598**	1,193	**217,014**	9,867
Natural gas liquids		-	**-**	-
Natural gas	**85,261**	97,784	**146,553**	172,062
Total Petroleum and natural gas sales	**253,859**	98,977	**363,567**	181,929

The Company recognizes management fee revenue as services are provided to investee companies only when a firm agreement or contract is in place, services have been rendered and collectability is reasonably assured. Management fees received related to future management activities are recorded as deferred revenue and recognized based on the agreed monthly fixed fee. The Company also receives an origination fee and a carried interest in investee companies as part of management fee.

The following table provides a summary of the Company's management fee revenue source for the three and six ended June 30, 2022 and 2021:

	Three months ended June 30,		**Six months ended June 30,**	
	2022	2021	**2022**	2021
	$	$	**$**	$
Monthly fixed fee	**3,100**	16,600	**6,200**	33,200
Carried interest and origination fee	**76,700**	29,397	**119,848**	41,675
Total management fee revenue	**79,800**	45,997	**126,048**	74,875

The Company recognizes reimbursement revenue relating to soft costs incurred on behalf of investee companies at the time the costs have been incurred and the reimbursement is reasonably assured. The related expenses incurred is reported under general and administrative expenses in the unaudited condensed interim consolidated statements of operations and comprehensive income (loss). The Company received reimbursement revenue for soft costs incurred from related parties for the three and six months ended June 30, 2022 were $nil and $nil respectively and $nil and $17,667, respectively for 2021.

(Unaudited, expressed in US Dollars unless otherwise stated)

14. Segment information

The Company's reportable segments are determined based on its geographic locations and types. The Canada segment includes the exploration for, and development and production of, crude oil and natural gas in Alberta, Canada and the acquisition, exploration and development of precious and base metal properties in Ontario, Canada. U.S. includes the exploration for, and the development and production of, crude oil and natural gas in USA. As of June 16, 2021, the Company added Fintech platform to its reportable segments. The Fintech platform includes the operations of the energy-focused investment listing and investment portfolio management activities. Corporate includes corporate activities and items not allocated between operating segments.

For the period ended June 30, 2022	Canada	U.S.	Fintech platform	Corporate	**Consolidated**
	$	$	$	$	**$**
Revenue, net	190,853	172,714	207,930	-	**571,497**
Operating costs and expenses					
Lease operating expenses	127,958	101,649	-	-	**229,607**
Production taxes	-	10,974	94	-	**11,068**
General and administrative	-	-	446,958	245,393	**692,351**
Depletion, depreciation, amortization, and accretion	35,228	129,771	-	-	**164,999**
Impairment and dry hole expenses	-	-	-	-	**-**
Total operating costs and expenses	163,186	242,394	447,052	245,393	**1,098,025**
Loss from operations	27,667	(69,680)	(239,122)	(245,393)	**(526,528)**
Other income and (expense)					
Interest expense	-	-	(3,081)	(50,627)	**(53,708)**
Foreign exchange gain	-	-	-	(3,904)	**(3,904)**
Gain on disposition of proved properties	-	-	(510)	-	**(510)**
Gain on forgivenss of debt	-	-	74,909	-	**74,909**
Other income	-	-	25,000	-	**25,000**
Other income and (expense), net	-	-	71,318	(54,531)	**41,787**
Net loss	27,667	(69,680)	(167,804)	(299,924)	**(484,741)**
Net loss attributable to non-controlling interest			1,330		**1,330**
Net loss attributable to Paleo Resources, Inc. shareholders	27,667	(69,680)	(169,134)	(299,924)	**(486,071)**
Unproved oil and gas properties expenditures	-	-	-	-	**-**
Proved oil and gas properties expenditures	51,335	-	-	-	**51,335**
As at June 30, 2022					
Canadian assets	1,517,973	-	-	-	**1,517,973**
U.S. oil and gas operation assets	-	542,021	-	-	**542,021**
U.S. Fintech platform operation assets	-	-	536,114	-	**536,114**
	1,517,973	542,021	536,114	-	**2,596,108**

(Unaudited, expressed in US Dollars unless otherwise stated)

14. Segment information *(continued)*

For the period ended June 30, 2021	Canada	U.S.	Fintech platform	Corporate	Consolidated
	$	$	$	$	**$**
Revenue, net	-	169,614	104,857	-	**274,471**
Operating costs and expenses					
Lease operating expenses	13,964	37,009	7,778	-	**58,751**
Production taxes	-	15,668	619	-	**16,287**
General and administrative	-	-	274,959	204,306	**479,265**
Depletion, depreciation, amortization, and accretion	7,466	102,289	1,812	-	**111,566**
Total operating costs and expenses	21,430	154,995	285,168	204,306	**665,899**
Loss from operations	(21,430)	14,618	(180,311)	(204,306)	**(391,428)**
Other income and (expense)					
Interest expense	-	-	(2,764)	(143,331)	**(146,095)**
Foreign exchange gain	-	-	-	15,880	**15,880**
Gain on forgiveness of debt	-	-	-	-	**-**
Other income	-	-	-	20,355	**20,355**
Other income and (expense), net	-	-	(2,764)	(107,096)	**(109,860)**
Net loss	(21,430)	14,618	(183,075)	(311,401)	**(501,288)**
Net loss attributable to non-controlling interest			(7,877)		**(7,877)**
Net loss attributable to Paleo Resources, Inc. shareholders	(21,430)	14,618	(175,198)	(311,401)	**(493,411)**
Unproved oil and gas properties expenditures	-	37,076	-	-	**37,076**
Proved oil and gas properties expenditures	(7,358)	148,331	-	-	**140,973**
As at June 30, 2021					
Canadian assets	1,413,056	-	-	-	**1,413,056**
U.S. oil and gas operation assets	-	460,523	-	-	**460,523**
U.S. Fintech platform operation assets	-	-	573,241	-	**573,241**
	1,413,056	460,523	573,241	-	**2,446,821**

15. Commitments

(a) The Company has the following debt obligation principal repayments over the next five years (Note 6 and 7):

Year	$
2022	2,039,298
2023	-
2024	-
2025	-
Thereafter	250,600

16. Subsequent events

n/a