Tuktu Resources Ltd.

Unaudited Interim Condensed Financial Statements

As at September 30, 2025 and for the three and nine months ended September 30, 2025 and 2024

Tuktu Resources Ltd.

Interim Condensed Statements of Financial Position
(unaudited)

as at (Expressed in CDN dollars)	Notes	**September 30, 2025**	December 31, 2024
Assets			
Current assets			
Cash and cash equivalents		**$ 3,248,248**	$ 9,138,877
Accounts receivable		**669,966**	1,303,063
Prepaid expenses and deposits		**487,839**	339,181
Total current assets		**4,406,053**	10,781,121
Mineral property security deposits	3	**32,807**	32,642
Deposits	8	**1,268,634**	1,234,834
Investments	4	**103,078**	107,374
Exploration and evaluation assets	5	**904,959**	54,468
Property, plant and equipment	6	**14,472,311**	10,427,533
Total assets		**$ 21,187,842**	$ 22,637,972
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities		**$ 2,546,497**	$ 1,644,134
Warrant liability	7	**8,662**	881,399
Promissory note	8	**319,697**	296,676
Lease obligation	10	**44,276**	9,219
Decommissioning obligations	9	**140,358**	138,874
Total current liabilities		**3,059,490**	2,970,302
Promissory note	8	**297,857**	496,170
Lease obligation	10	**47,827**	52,110
Decommissioning obligations	9	**7,464,259**	7,436,359
Total liabilities		**10,869,433**	10,954,941
Shareholders' equity			
Share capital	11	**23,411,114**	22,778,134
Warrants	11	**1,899,610**	1,954,029
Contributed surplus	11,12	**8,412,502**	8,223,822
Deficit		**(23,404,817)**	(21,272,954)
Total shareholders' equity		**10,318,409**	11,683,031
Total liabilities and shareholders' equity		**$ 21,187,842**	$ 22,637,972

See accompanying notes to the interim condensed financial statements.

Tuktu Resources Ltd.

Interim Condensed Statements of Loss and Comprehensive Loss

(unaudited)

(Expressed in CDN dollars)	Notes	Three months ended September 30, **2025**	Three months ended September 30, 2024	Nine months ended September 30, **2025**	Nine months ended September 30, 2024
Revenue					
Petroleum and natural gas sales	14	**$ 1,694,832**	$ 2,513,981	**$ 7,408,002**	$ 3,666,227
Royalties		**(457,834)**	(788,283)	**(2,162,128)**	(910,156)
		1,236,998	1,725,698	**5,245,874**	2,756,071
Expenses					
Operating		**1,254,321**	890,131	**3,743,923**	1,796,287
Transportation		**26,362**	33,959	**152,033**	119,535
General and administrative	15	**989,097**	355,357	**2,148,446**	1,064,702
Remeasurement (gain) loss on warrant liability	7	**(285,014)**	1,390,284	**(772,399)**	1,108,015
Exploration and evaluation expense		**-**	341	**-**	1,535
Share-based compensation	12	**14,500**	21,842	**143,388**	63,940
Depletion and depreciation	6	**476,387**	920,193	**1,866,527**	1,774,103
Unrealized loss on investments	4	**1,959**	32,820	**4,296**	78,540
		2,477,612	3,644,927	**7,286,214**	6,006,657
Net finance income (expense)	16	**(90,402)**	32,892	**(91,523)**	194,315
Net loss and comprehensive loss		**$ (1,331,016)**	$ (1,886,337)	**$ (2,131,863)**	$ (3,056,271)
Net loss per share					
Basic and diluted	13	**$ (0.01)**	$ (0.01)	**$ (0.01)**	$ (0.02)

See accompanying notes to the interim condensed financial statements.

Tuktu Resources Ltd.

Interim Condensed Statements of Changes in Shareholders' Equity
(unaudited)

(Expressed in CDN dollars)	Notes	Share Capital	Warrants	Contributed Surplus	Deficit	Total
Balance at December 31, 2023		$ 13,672,322	$ 766,758	$ 7,917,694	$ (18,613,392)	$ 3,743,382
Issued pursuant to the Private Placement		1,028,830	368,670	-	-	1,397,500
Share issue costs		(349,060)	-	43,679	-	(305,381)
Share based compensation		-	-	75,502	-	75,502
Broker warrant exercise		73,740	17,060	(30,200)	-	60,600
Warrant exercise		53,446	(8,446)	-	-	45,000
Net loss for the period		-	-	-	(3,056,271)	(3,056,271)
Balance at September 30, 2024		$ 14,479,278	$ 1,144,042	$ 8,006,675	$ (21,669,663)	$ 1,960,332

	Notes	Share Capital	Warrants	Contributed Surplus	Deficit	Total
Balance at December 31, 2024		$ 22,778,134	$ 1,954,029	$ 8,223,822	$ (21,272,954)	$ 11,683,031
Share based compensation	12	-	-	190,434	-	190,434
Broker warrant exercise	11	4,283	991	(1,754)	-	3,520
Warrant exercise	11	628,697	(55,410)	-	-	573,287
Net loss for the period		-	-	-	(2,131,863)	(2,131,863)
Balance at September 30, 2025		$ 23,411,114	$ 1,899,610	$ 8,412,502	$ (23,404,817)	$ 10,318,409

See accompanying notes to the interim condensed financial statements.

Tuktu Resources Ltd.

Interim Condensed Statements of Cash Flows
(unaudited)

(Expressed in CDN dollars)	Notes	Three months ended September 30, 2025	Three months ended September 30, 2024	Nine months ended September 30, 2025	Nine months ended September 30, 2024
Cash provided by (used in):					
Operating activities					
Net loss for the period		**$ (1,331,016)**	$ (1,886,337)	**$ (2,131,863)**	$ (3,056,271)
Non-cash items:					
Remeasurement (gain) loss on warrant liability	7	**(285,014)**	1,390,284	**(772,399)**	1,108,015
Depletion and depreciation	6	**476,387**	920,193	**1,866,527**	1,774,103
Share-based compensation	12	**14,500**	21,842	**143,388**	63,940
Accretion	9	**30,747**	30,339	**84,091**	79,674
Interest on lease obligation	10	**2,567**	-	**8,527**	-
Promissory note	8	**72,723**	(66,813)	**86,611**	(286,499)
Unrealized loss on investments	4	**1,959**	32,820	**4,296**	78,540
Security deposit	8	**-**	-	**(33,800)**	(1,234,834)
Change in non-cash working capital	17	**1,002,596**	210,648	**1,371,083**	85,030
		(14,551)	652,976	**626,461**	(1,388,302)
Investing activities					
Capital expenditures - property, plant and equipment	6	**(151,635)**	(596,880)	**(5,864,604)**	(607,575)
Capital expenditures - exploration and evaluation	5	**(2,581)**	-	**(850,491)**	-
Property acquisition		**-**	-	**-**	(1,253,353)
Interest earned on mineral property security deposits	3	**(41)**	(73)	**(165)**	(184)
Change in non-cash working capital	17	**-**	-	**52,972**	1,330,134
		(154,257)	(596,953)	**(6,662,288)**	(530,978)
Financing activities					
Repayments of promissory note	8	**(72,398)**	(112,606)	**(261,903)**	(112,606)
Proceeds from broker warrant exercise	11	**-**	60,600	**3,520**	60,600
Proceeds from warrant exercise	7,11	**-**	45,000	**472,949**	45,000
Lease payments	10	**(12,796)**	-	**(32,115)**	-
Issue of units, net of costs		**-**	-	**-**	1,092,119
Issue of promissory note		**-**	-	**-**	1,234,834
Change in non-cash working capital	17	**-**	(22,500)	**(37,253)**	(57,656)
		(85,194)	(29,506)	**145,198**	2,262,291
Decrease in cash and cash equivalents		**(254,002)**	26,517	**(5,890,629)**	343,011
Cash and cash equivalents - beginning of period		**3,502,250**	564,059	**9,138,877**	247,565
Cash and cash equivalents - end of period		**$ 3,248,248**	$ 590,576	**$ 3,248,248**	$ 590,576
Cash		**$ 551,432**	$ 590,576	**$ 551,432**	$ 590,576
Redeemable guaranteed investment certificates		**$ 2,696,816**	$ -	**$ 2,696,816**	$ -

See accompanying notes to the interim condensed financial statements.

1. Corporate information

Tuktu Resources Ltd. (the "Company") is incorporated under the laws of the Province of Alberta and is listed on the TSX Venture Exchange under the symbol "TUK". The Company is in the business of oil and natural gas exploration, development and production. The Company's head office is located at 1750, 444 – 5th Avenue S.W., Calgary, Alberta, Canada, T2P 2T8, and its registered office is located at 4200 Bankers Hall West, 888-3rd Street S.W., Calgary, Alberta, Canada, T2P 5C5.

2. Basis of presentation

a) Statement of compliance:

These unaudited interim condensed financial statements have been prepared by management in accordance with International Accounting Standard 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") under accounting principles consistent with IFRS Accounting Standards ("IFRS") as issued by the IASB.

These unaudited interim condensed financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2024. The Company applied the same accounting policies outlined by the Company in its most recent annual financial statements. These unaudited interim condensed financial statements do not include all the information required for full annual financial statements.

These unaudited interim condensed financial statements were authorized for issue by the Board of Directors on November 20, 2025.

b) Functional and presentation currency:

These unaudited interim condensed financial statements are presented in Canadian dollars, which is the Company's functional currency.

c) Basis of measurement:

These unaudited interim condensed financial statements have been prepared on the historical cost basis, except for certain financial and non-financial assets and liabilities which have been measured at fair value.

d) Use of estimates and judgments:

The preparation of the unaudited interim condensed financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Significant judgements, estimates and assumptions made by management in these unaudited interim condensed financial statements are outlined in note 2 of the Company's annual financial statements as at and for the year ended December 31, 2024. There have been no changes in the Company's judgements, estimates, accounting policies or determination of fair values applied during the interim period ended September 30, 2025, relative to those described in the most recent annual financial statements as at and for the year ended December 31, 2024.

3. Mineral property security deposits

The Company is required to maintain safekeeping deposits with the Government of British Columbia as a condition of certain mineral claims. These deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the

Company. The deposits are held in guaranteed investment certificates with annual maturity dates and interest rates of 2.0% (December 31, 2024 – 3.65%) or in trust with the government ministry. As at September 30, 2025, the Company had $32,807 (December 31, 2024 - $32,642) on deposit.

4. Investments

		September 30, 2025		December 31, 2024
Balance, beginning of period	$	**107,374**	$	200,586
Unrealized loss		**(4,296)**		(93,212)
Balance, end of period	$	**103,078**	$	107,374

On October 13, 2023, as consideration for the sale of the Isintok mining claims the Company received 2,150,538 units of Cascade Copper Corp. Each unit is comprised of one common share and one-half common share purchase warrant. Each warrant shall be exercisable for one common share at an exercise price of $0.15 for a period of three years and vested on September 28, 2024. On September 30, 2025, the investment was revalued to its fair value of $103,078 (December 31, 2024 - $107,374), resulting in a $1,959 unrealized loss being recognized in the statement of loss for the three months ended September 30, 2025 (three months ended September 30, 2024: $32,820 loss). For the nine months ended September 30, 2025 a $4,296 unrealized loss was recognized (nine months ended September 30, 2024: $78,540 loss).

The fair value of the warrants on September 30, 2025 and on December 31, 2024 was determined using the Black-Scholes pricing model with the following inputs:

		September 30, 2025		December 31, 2024
Share price	$	**0.035**	$	0.035
Risk-free interest rate		**2.46%**		3.01%
Expected life (years)		**1.03**		1.78
Expected volatility		**292%**		265%
Fair value	$	**0.026**	$	0.030

5. Exploration and evaluation assets

		September 30, 2025		December 31, 2024
Balance, beginning of period	$	**54,468**	$	18,292
Additions		**850,491**		211,216
Capitalized stock-based compensation		**-**		17,399
Transfers to PP&E		**-**		(192,439)
Balance, end of period	$	**904,959**	$	54,468

Exploration and evaluation assets consist of the Company’s undeveloped land and exploration projects which are pending the determination of proved and probable petroleum and natural gas reserves. The Company concluded that there were no indicators of impairment on its exploration and evaluation assets at September 30, 2025 or December 31, 2024.

6. Property, plant and equipment

		Oil and gas assets		Right of use assets		Office and other assets		Total
Cost								
Balance at December 31, 2023	$	7,445,780	$	-	$	36,605	$	7,482,385
Acquired - property acquisition		5,365,191		-		-		5,365,191
Additions		668,444		61,329		11,503		741,276
Transfers from E&E		192,439		-		-		192,439
Capitalized stock-based compensation		11,562		-		-		11,562
Changes in decommissioning liabilities		(300,683)		-		-		(300,683)
Balance at December 31, 2024		13,382,733		61,329		48,108		13,492,170
Additions		5,864,604		54,362		-		5,918,966
Capitalized stock-based compensation		47,046		-		-		47,046
Changes in decommissioning liabilities		(54,707)		-		-		(54,707)
Balance at September 30, 2025	$	19,239,676	$	115,691	$	48,108	$	19,403,475
Accumulated depletion and depreciation								
Balance at December 31, 2023	$	(644,613)	$	-	$	(29,664)	$	(674,277)
Depletion and depreciation		(2,387,160)		-		(3,200)		(2,390,360)
Balance at December 31, 2024		(3,031,773)		-		(32,864)		(3,064,637)
Depletion and depreciation		(1,833,192)		(29,905)		(3,430)		(1,866,527)
Balance at September 30, 2025	$	(4,864,965)	$	(29,905)	$	(36,294)	$	(4,931,164)
Net book value								
As at December 31, 2024	$	10,350,960	$	61,329	$	15,244	$	10,427,533
As at September 30, 2025	$	14,374,711	$	85,786	$	11,814	$	14,472,311

As at September 30, 2025, future development costs of $51.8 million were included in the calculation of depletion (December 31, 2024 –$56.0 million). At September 30, 2025 and December 31, 2024, there were no indicators of impairment for the oil and gas assets.

The Company capitalized $117,751 (three months ended September 30, 2024 - $114,010) of general and administrative costs and ($12,467) (three months ended September 30, 2024 - $11,562) of stock-based compensation to PP&E for the three months ended September 30, 2025.

The Company capitalized $459,777 (nine months ended September 30, 2024 - $114,010) of general and administrative costs and $47,046 (nine months ended September 30, 2024 - $11,562) of stock-based compensation to PP&E for the nine months ended September 30, 2025.

7. Warrant liability

		September 30, 2025		December 31, 2024
Balance, beginning of period	**$**	**881,399**	$	487,923
Exercised		**(100,338)**		-
Remeasurement (gain) loss		**(772,399)**		393,476
Balance, end of period	**$**	**8,662**	$	881,399

On July 15, 2022, as part of the Recapitalization Transaction, the Company issued 51,941,773 Units comprised of one common share and one common share purchase warrant at $0.09 per unit. Each warrant entitles holders to acquire one common share at an exercise price of $0.11 prior to the date that is four years from the date of issuance of the warrants. The warrants will vest and become exercisable as to one-third upon the 20-day volume weighted average trading price of the common shares equaling or exceeding $0.13,

$0.155 and $0.18, respectively. The warrants issued were classified as a financial liability as a result of a cashless exercise provision. In no event will the Company be required to settle the warrants through a cash payment.

During the nine months ended September 30, 2025, 1,564,074 warrants were exercised for cash proceeds of $172,048 and 374,012 warrants were exercised on a cashless basis. The warrants were fair valued on the exercise date. The total fair value, along with the proceeds received, were credited to share capital. As at September 30, 2025 there were 50,003,687 warrants outstanding of which 32,689,763 have vested and are exercisable.

The fair value of the warrants on September 30, 2025 and on December 31, 2024 was determined using the Black-Scholes pricing model with the following inputs:

		September 30, 2025		December 31, 2024
Share price	**$**	**0.04**	$	0.09
Risk-free interest rate		**2.46%**		3.01%
Expected life (years)		**0.79**		1.54
Expected volatility [(1)]		**52%**		50%
Fair value	**$**	**0.0002**	$	0.017

[(1)] Expected volatility is based on a historical peer group volatility

The Company recorded a $285,014 remeasurement gain on the warrant liability for the three months ended September 30, 2025 (three months ended September 30, 2024: $1,390,284 loss).

The Company recorded a $772,399 remeasurement gain on the warrant liability for the nine months ended September 30, 2025 (nine months ended September 30, 2024: $1,108,015 loss).

8. Promissory note

		September 30, 2025		December 31, 2024
Balance, beginning of period	**$**	**792,846**	$	-
Addition		**-**		1,234,834
Repayment		**(261,903)**		(230,911)
Initial fair value adjustment		**-**		(246,425)
Revisions to estimates		**(14,454)**		(82,112)
Accretion expense		**101,065**		117,460
Balance, end of period	**$**	**617,554**	$	792,846
Current	**$**	**319,697**	$	296,676
Long-term	**$**	**297,857**	$	496,170

On May 13, 2024, Tuktu agreed to a $1,234,834 promissory note from an arm's length third party. The proceeds from the promissory note were used to fund deposits with the Alberta Energy Regulator required as a condition of licence transfers for certain asset acquisitions.

The promissory note is interest free, senior secured over the Company's assets, matures on or before June 1, 2027, and requires monthly payments beginning on July 25, 2024. The monthly payments are calculated by multiplying the Company's production times a percentage ranging from 10% to 20% depending on WTI price times the realized commodity price. The Company repaid $261,903 of the principal balance during the nine months ended September 30, 2025. As at September 30, 2025, the principal balance on the promissory note is $742,020.

The promissory note was initially measured at fair value and then subsequently measured at amortized cost using an effective interest rate of 20%.

9. Decommissioning obligations

The Company's decommissioning obligations result from net ownership interests in oil and gas assets. The Company estimated the total inflated and undiscounted amount of cash flows required to settle its decommissioning obligations is approximately $12,152,111 (December 31, 2024 - $11,927,932). These payments are expected to be made between 1 and 51 years. A risk-free rate of 3.61% (December 31, 2024 – 3.33%) and an inflation rate of 1.95% (December 31, 2024 – 1.82%) was used to calculate the decommissioning obligations.

A reconciliation of the decommissioning obligations is provided below:

		September 30, 2025		December 31, 2024
Balance, beginning of period	**$**	**7,575,233**	$	3,914,607
Acquisition		**-**		3,852,714
Additions		**61,778**		-
Revisions to estimates [(1)]		**(116,485)**		(300,683)
Accretion expense		**84,091**		108,595
Balance, end of period	**$**	**7,604,617**	$	7,575,233
Current	**$**	**140,358**	$	138,874
Long-term	**$**	**7,464,259**	$	7,436,359

(1) The revisions to estimates in 2025 are due to the change in estimated abandonment and reclamation cost of $nil (December 31, 2024 – ($322,300)) and change in discount and inflation rates totaling ($116,485) (December 31, 2024 – $21,617).

10. Lease obligation

The following table reconciles the changes in the lease obligation for the periods:

		September 30, 2025		December 31, 2024
Balance, beginning of period	**$**	**61,329**	$	-
Additions		**54,362**		61,329
Interest expense		**8,527**		-
Lease payments		**(32,115)**		-
Balance, end of period	**$**	**92,103**	$	61,329
Current	**$**	**44,276**	$	9,219
Long-term	**$**	**47,827**	$	52,110

11. Share capital

<u>Common shares</u>

a) Authorized - unlimited common shares without nominal or par value.

b) Issued and outstanding:

	September 30, 2025			December 31, 2024		
	Number of Shares		**Amount**	Number of Shares		Amount
Balance, beginning of period	**259,813,919**	**$**	**22,778,134**	114,944,858	$	13,672,322
Issued pursuant to the private placement	**-**		**-**	27,950,000		1,028,830
Issued pursuant to offering	**-**		**-**	111,664,805		9,195,513
Share issue costs	**-**		**-**	-		(1,548,196)
Exercise of broker warrants	**70,400**		**4,283**	1,292,256		78,617
Exercise of warrants	**5,679,228**		**628,697**	3,962,000		351,048
Balance, end of period	**265,563,547**	**$**	**23,411,114**	259,813,919	$	22,778,134

Warrants

	September 30, 2025		December 31, 2024	
	Number of Warrants	**Amount**	Number of Warrants	Amount
Balance, beginning of period	**123,050,957**	**$ 1,954,029**	41,938,299	$ 766,758
Issued pursuant to the private placement	**-**	**-**	27,950,000	368,670
Issued pursuant to the offering	**-**	**-**	55,832,402	854,320
Issued on exercise of broker warrants	**70,400**	**991**	1,292,256	18,179
Exercised	**(4,012,000)**	**(55,410)**	(3,962,000)	(53,898)
Balance, end of period	**119,109,357**	**$ 1,899,610**	123,050,957	$ 1,954,029

During the nine months ended September 30, 2025, 70,400 warrants were issued upon the exercise of broker warrants. The allocated value of the warrants was $991.

During the nine months ended September 30, 2025, 4,012,000 warrants were exercised for 4,012,000 common shares for total proceeds of $300,900. The allocated value of $55,410, along with the proceeds received, were credited to share capital.

Summary information with respect to warrants outstanding at September 30, 2025 is provided below:

Issued	Number outstanding	Exercise price ($)	Contractual life remaining (years)
17-Mar-23	10,000,000	0.300	0.46
28-Dec-23	28,626,955	0.075	1.24
28-May-24	24,650,000	0.075	1.66
21-Nov-24	55,832,402	0.130	1.14
	119,109,357	0.120	1.22

Broker Warrants

	September 30, 2025		December 31, 2024	
	Number of Warrants	**Amount**	Number of Warrants	Amount
Balance, beginning of period	**7,993,365**	**$ 213,953**	1,398,400	$ 34,844
Issued pursuant to the private placement	**-**	**-**	1,854,000	43,679
Issued pursuant to the offering	**-**	**-**	6,033,221	167,613
Exercised	**(70,400)**	**(1,754)**	(1,292,256)	(32,183)
Balance, end of period	**7,922,965**	**$ 212,199**	7,993,365	$ 213,953

During the nine months ended September 30, 2025, 70,400 broker warrants were exercised for 70,400 common shares and 70,400 warrants for total proceeds of $3,520.
Summary information with respect to broker warrants outstanding at September 30, 2025 is provided below:

Issued	Number outstanding	Exercise price ($)	Contractual life remaining (years)
28-Dec-23	47,744	0.050	1.24
28-May-24	1,842,000	0.050	1.66
21-Nov-24	6,033,221	0.090	1.14
	7,922,965	0.080	1.26

12. Share-based compensation

The following table reflects the Company's stock options for which shares have been reserved:

	September 30, 2025			December 31, 2024		
	Number of Options		**Weighted average exercise price**	Number of Options		Weighted average exercise price
Balance, beginning of period	**20,240,000**	**$**	**0.09**	6,800,000	$	0.14
Granted	**660,000**		**0.09**	13,640,000		0.07
Forfeited	**(3,506,667)**		**0.08**	(200,000)		0.15
Balance, end of period	**17,393,333**	**$**	**0.09**	20,240,000	$	0.09

On January 6, 2025, the Company granted 220,000 stock options with a five-year term and a $0.095 exercise price. The fair value of each option was estimated on the date of grant using the Black Scholes pricing model using the following assumptions:

Share price	**$**	**0.10**
Risk-free interest rate		**2.82%**
Expected life (years)		**5.00**
Expected volatility [(1)]		**82%**
Fair value	**$**	**0.067**

(1) Expected volatility is based on a historical peer group volatility

On January 27, 2025, the Company granted 200,000 stock options with a five-year term and a $0.14 exercise price. The fair value of each option was estimated on the date of grant using the Black Scholes pricing model using the following assumptions:

Share price	**$**	**0.14**
Risk-free interest rate		**2.82%**
Expected life (years)		**5.00**
Expected volatility [(1)]		**81%**
Fair value	**$**	**0.093**

(1) Expected volatility is based on a historical peer group volatility

On August 22, 2025, the Company granted 240,000 stock options with a five-year term and a $0.05 exercise price. The fair value of each option was estimated on the date of grant using the Black Scholes pricing model using the following assumptions:

Share price	**$**	**0.05**
Risk-free interest rate		**2.90%**
Expected life (years)		**5.00**
Expected volatility [(1)]		**67%**
Fair value	**$**	**0.029**

(1) Expected volatility is based on a historical peer group volatility

Summary information with respect to options outstanding at September 30, 2025 is provided below:

Number outstanding	Exercise price ($)	Contractual life remaining (years)	Number exercisable	Exercise price ($)
1,000,000	0.08	1.48	1,000,000	0.08
4,650,000	0.15	1.82	4,650,000	0.15
950,000	0.15	2.20	950,000	0.15
4,933,333	0.05	3.80	2,000,000	0.05
5,200,000	0.09	4.18	-	-
220,000	0.10	4.27	-	-
200,000	0.14	4.33	-	-
240,000	0.05	4.90	-	-
17,393,333	0.09	3.12	8,600,000	0.12

For the three months ended September 30, 2025, the Company recorded stock-based compensation expense of $14,500 (three months ended September 30, 2024 - $21,842) and capitalized stock-based compensation expense of ($12,467) (three months ended September 30, 2024 - $11,562) for stock options outstanding.

For the nine months ended September 30, 2025, the Company recorded stock-based compensation expense of $143,388 (nine months ended September 30, 2024 - $63,940) and capitalized stock-based compensation expense of $47,046 (nine months ended September 30, 2024 - $11,562) for stock options outstanding.

13. Per share amounts

Basic and diluted net loss per share is calculated as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	**2025**	2024
Net loss	**$ (1,331,016)**	$ (1,886,337)	**$ (2,131,863)**	$ (3,056,271)
Weighted average common shares outstanding				
Basic and diluted	**265,563,547**	143,037,749	**264,694,852**	123,625,665
Net loss per common share:				
Basic and diluted	**$ (0.01)**	$ (0.01)	**$ (0.01)**	$ (0.02)

Basic per share amounts are calculated using the weighted average number of common shares outstanding. The Company uses the treasury stock method to determine the impact of dilutive securities. The reconciling items between the basic and diluted average common shares outstanding are stock options, warrants and broker warrants. Stock options, warrants and broker warrants that were out of the money were excluded from the diluted average common shares outstanding calculation. In periods where the Company recognizes a net loss, the effect of stock options, warrants and broker warrants are removed as they are anti-dilutive. For the three and nine months ended September 30, 2025, there were 17,393,333 stock options (September 30, 2024: 12,600,000), 169,113,044 warrants (September 30, 2024: 122,442,072) and 7,922,965 broker warrants (September 30, 2024: 2,040,400) excluded from the calculation of diluted shares outstanding as their effect was anti-dilutive.

14. Revenue

The Company sells its production pursuant to variable-price contracts. The transaction price is based on the commodity price, adjusted for quality, location or other factors. Under the contracts the Company is required to deliver a variable volume of crude oil, condensate, natural gas or natural gas liquids to the customer.

The amount of revenue recognized is based on the agreed transaction price, whereby any variability in revenue relates specifically to the Company’s efforts to transfer production, and therefore the resulting revenue is allocated to the production delivered in the period during which the variability occurs. As a result, none of the variable revenue is considered constrained.

Crude oil and natural gas are sold under contracts of varying terms. Revenues are typically collected on the 25th day of the month following production.

The following table summarizes the Company's petroleum and natural gas sales:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	**2025**	2024
Crude oil	**$ 1,572,750**	$ 2,381,725	**$ 6,554,106**	$ 2,779,137
Natural gas	**122,082**	132,256	**853,896**	887,090
Petroleum and natural gas revenues	**$ 1,694,832**	$ 2,513,981	**$ 7,408,002**	$ 3,666,227

Included in accounts receivable as at September 30, 2025, is $446,399 (December 31, 2024 – $1,037,522) of accrued petroleum and natural gas sales related to September 2025 production.

15. General and administrative expenses

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	**2025**	2024
Salaries and benefits	**$ 846,176**	$ 273,201	**$ 1,812,789**	$ 692,633
Professional fees	**82,109**	78,138	**284,593**	195,706
Consulting fees	**25,767**	32,544	**86,099**	62,220
Directors fees	**45,067**	10,018	**122,239**	30,000
Insurance	**10,516**	10,612	**31,562**	32,412
Office and miscellaneous	**99,222**	62,956	**297,875**	140,519
Transfer agent, filing fees and news releases	**7,246**	10,002	**52,183**	33,342
Overhead recoveries	**(8,856)**	(500)	**(14,382)**	(500)
Capitalized salaries	**(118,150)**	(121,614)	**(524,512)**	(121,630)
	$ 989,097	$ 355,357	**$ 2,148,446**	$ 1,064,702

16. Finance income and expense

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	**2025**	2024
Finance income				
Interest on short term investments	**$ 19,478**	$ 2,028	**$ 100,753**	$ 4,041
Finance expense				
Part XII.6 interest on flow-through expenditures under the look-back rule	**(3,843)**	(4,532)	**(12,235)**	(14,134)
Accretion (note 9)	**(30,747)**	(30,339)	**(84,091)**	(79,674)
Promissory note (note 8)	**(72,723)**	66,813	**(86,611)**	286,499
Interest on lease obligation (note 10)	**(2,567)**	-	**(8,527)**	-
Other finance expense	**-**	(1,078)	**(812)**	(2,417)
Net finance income (expense)	**$ (90,402)**	$ 32,892	**$ (91,523)**	$ 194,315

17. Change in non-cash working capital

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	**2025**	2024
Accounts receivable	**$ 253,300**	$ (584,608)	**$ 633,097**	$ (926,177)
Prepaid expenses and deposits	**177,958**	81,028	**(148,658)**	1,194,474
Accounts payable and accrued liabilities	**571,338**	691,728	**902,363**	1,089,211
	$ 1,002,596	$ 188,148	**$ 1,386,802**	$ 1,357,508
Operating activities	**$ 1,002,596**	$ 210,648	**$ 1,371,083**	$ 85,030
Investing activities	**-**	-	**52,972**	1,330,134
Financing activities	**-**	(22,500)	**(37,253)**	(57,656)
	$ 1,002,596	$ 188,148	**$ 1,386,802**	$ 1,357,508

18. Capital management

The Company's objective when managing capital is to maintain a flexible capital structure and sufficient liquidity to meet its financial obligations and to execute its business plans. The Company considers capital structure to include shareholder's equity and working capital.

The Company monitors its current and forecasted capital structure in response to changes in economic conditions and the risk characteristics of its future oil and gas development. Value-creating activities may be financed with a combination of working capital and other sources of capital.

19. Financial instruments and risk management

The Company's financial instruments include cash and cash equivalents, accounts receivable, mineral property security deposits, deposits, investments, accounts payable and accrued liabilities and promissory note.

Fair value measurement

IFRS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lower priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those inputs for the asset or liability that are not based on observable market data.

The fair value of cash and cash equivalents, accounts receivables, deposits, mineral property security deposits and accounts payable and accrued liabilities approximate their carrying value due to the short term to maturity. The fair value of the Company's investments have been assessed on the fair value hierarchy described above using level 1 for common shares traded on the Canadian Securities Exchange and level 2 for warrants. The fair value of the promissory note has been assessed using level 2 inputs.

The Company has exposure to credit risk, liquidity risk, interest rate risk and equity price risk as a result of its use of financial instruments. The Company has policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations that arise principally from the Company's accounts receivable from oil and natural gas marketers and joint operators in the oil and natural gas industry. Receivables from oil and natural gas marketers are normally collected on the 25th day of the month following production.

The Company mitigates credit risk by maintaining relationships with large, established, reputable and creditworthy purchasers. The Company attempts to mitigate risk from joint venture receivables by obtaining partner approval of significant capital and operating expenditures prior to expenditure. Joint venture receivables are from partners in the oil and natural gas industry that are subject to the risks and conditions of the industry. Significant changes in industry conditions and risks that negatively impact partners' ability to generate cash flow will increase the risk of not collecting receivables. The Company has the ability to withhold production from joint interest partners in the event of non-payment.

As at September 30, 2025, the Company's accounts receivable was $669,966 (December 31, 2024: $1,303,063) of which $524,884 (December 31, 2024: $1,221,413) is current and $145,082 (December 31, 2024: $81,650) is past due.

b) Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. The Company prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary.

As at September 30, 2025, the Company's financial liabilities were comprised of accounts payable and accrued liabilities and promissory note which have maturities of less than one year and promissory note which has a maximum maturity of three years.

c) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk primarily through its variable interest rate on its cash and cash equivalents as it has not entered into any interest rate hedging contracts. For the nine months ended September 30, 2025 and 2024, if interest rates had been 1% higher with all other variables held constant, the change in net loss would have been insignificant.

d) Equity price risk

Equity price risk refers to the risk that the fair value of the investments will fluctuate due to changes in equity markets. Equity price risk arises from the realizable value of the investments that the Company holds which are subject to variable equity market prices which on disposition gives rise to a cash flow equity price risk. The Company will assume full risk in respect of equity price fluctuations.