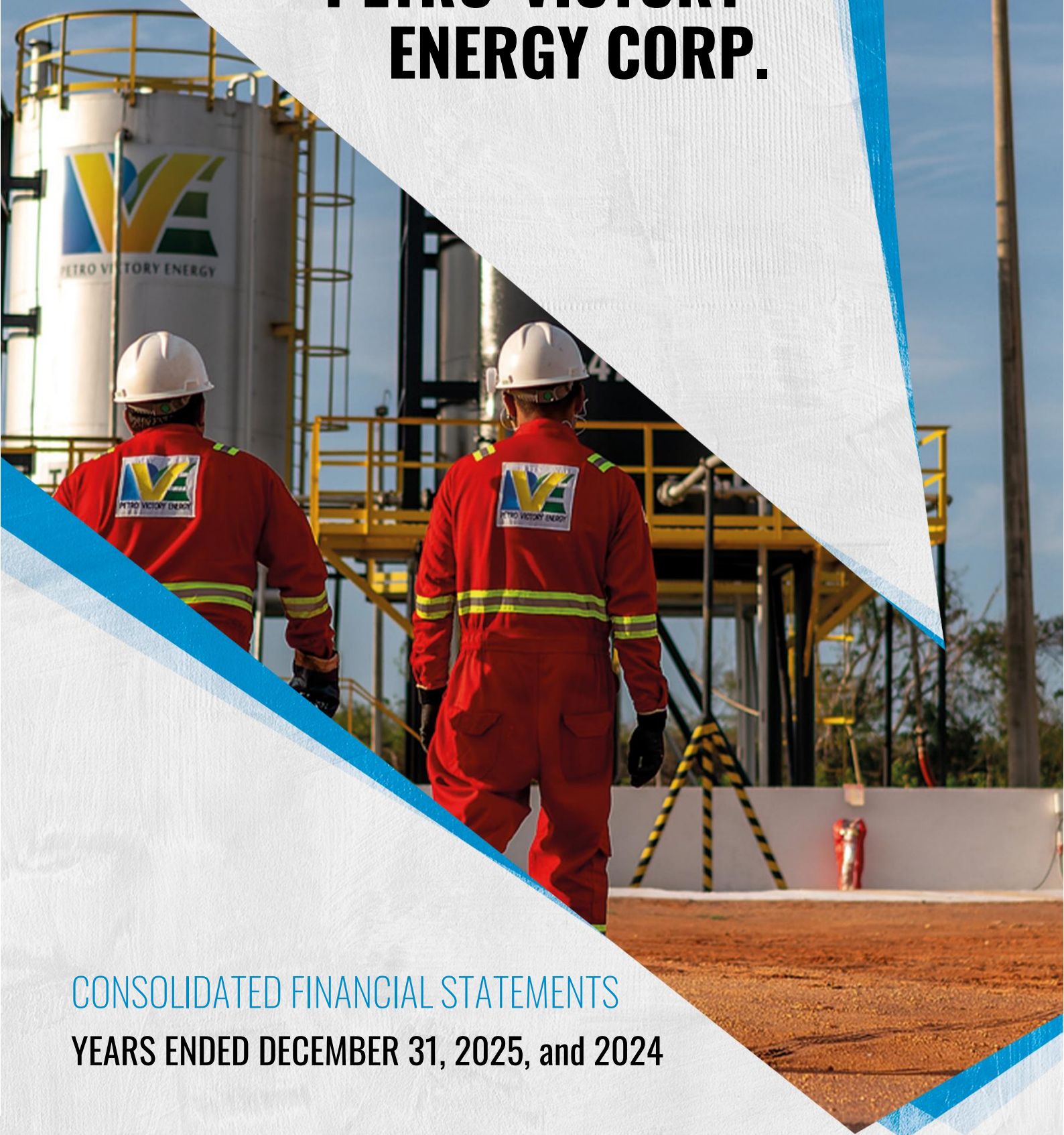




PETRO VICTORY ENERGY

PETRO-VICTORY ENERGY CORP.



CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025, and 2024

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

**To the Management and Shareholders of
Petro-Victory Energy Corp.**

Opinion

We have audited the consolidated financial statements of Petro-Victory Energy Corp. ("Company"), which comprise the consolidated statement of financial position as of December 31, 2025 and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board – IASB.

Basis for Opinion

We conducted our audit in accordance with International generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 of the consolidated financial statements which describes the material uncertainty that may cast doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Rio de Janeiro - RJ | Av. Graça Aranha 416 / 11º andar - CEP 20030-001 | Tel.: 55 21 2156-5800 - Fax: 55 21 2262-6806 | rj@bkr-lopemachado.com.br

Filiais e Empresas Ligadas

São Paulo - SP | Tel.: 55 11 5041-4610 - Fax: 55 11 5041-4536 | sp@bkr-lopemachado.com.br

Belo Horizonte - MG | Tel.: 55 31 2122 3216 | bh@bkr-lopemachado.com.br

Recife - PE | Tels.: 55 81 3325-6041 / 6040 / 6171 - Fax: 55 81 3325-6041 / 6171 | recife@bkr-lopemachado.com.br

Brasília - DF | Tel.: 55 61 3548-2152 | novosnegocios@bkr-lopemachado.com.br

BKR INTERNATIONAL

www.bkr.com

Américas - Nova York - NY - EUA | Tel.: 1 212 964-2115 - Fax: 1 212 964-2133 | bkr@bkr.com | Contato: Maureen M. Schwartz - Diretora Executiva



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of Exploration and Evaluation Assets and Property, plant and equipment, net

We draw attention to Notes 2, 3, 7 and 8 to the consolidated financial statements. At each reporting period end, management applies judgment in assessing whether there are any indicators of impairment relating exploration and evaluation assets and property, plan and equipment. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of any impairment. Indicators of impairment may include (i) the period during which the entity has the right to explore in the specific area has expired during the year or will expire in the near future and is not expected to be renewed; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and (iv) sufficient data exists to indicate that the carrying amount of the mining claims and deferred exploration costs is unlikely to be recovered in full from successful development or by sale.

Company evaluated impairment indicators for the respectively (“CGU’s”) in which assets were allocated. For the calculation of the recoverable value, and assessment of the register of impairment, Company used the discount cash flow that presents significant judgments concerning factors related to the level of future production, commodities price, production cost and economic assumptions such as discount rates, inflation rates and exchange rates of the countries with which the Company operates. Due to the materiality of PP&E, and to the level of uncertainty for determining the related impairment, which may impact the value of those assets in the consolidated financial statements, we considered this subject as a significant matter for the audit.

We considered this a key audit matter due to (i) significance of exploration and evaluation assets and PP&E, and to the level of uncertainty for determining the related impairment (ii) the judgments made by management in its assessment of indicators of impairment related to exploration and evaluation and PP&E assets, which have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management which may impact the value of those assets in the consolidated financial statements.

Rio de Janeiro - RJ | Av. Graça Aranha 416 / 11º andar - CEP 20030-001 | Tel.: 55 21 2156-5800 - Fax: 55 21 2262-6806 | rj@bkr-lobesmachado.com.br

Filiais e Empresas Ligadas

São Paulo - SP | Tel.: 55 11 5041-4610 - Fax: 55 11 5041-4536 | sp@bkr-lobesmachado.com.br

Belo Horizonte - MG | Tel.: 55 31 2122 3216 | bh@bkr-lobesmachado.com.br

Recife - PE | Tels.: 55 81 3325-6041 / 6040 / 6171 - Fax: 55 81 3325-6041 / 6171 | recife@bkr-lobesmachado.com.br

Brasília - DF | Tel.: 55 61 3548-2152 | novosnegocios@bkr-lobesmachado.com.br



BKR INTERNATIONAL

www.bkr.com

Américas - Nova York - NY - EUA | Tel.: 1 212 964-2115 - Fax: 1 212 964-2133 | bkr@bkr.com | Contato: Maureen M. Schwartz - Diretora Executiva

How the matter was addressed in our audit

We have evaluated management's assessment of impairment indicators per IFRS 6 Exploration for and Evaluation of Mineral Resources, including but not limited to reviewing the Company's rights to explore in the relevant exploration areas and assessing whether the rights to tenure remained current at the balance sheet date, considering the status of the relevant exploration areas by holding discussions with management, and reviewing the Group's exploration plans and assessing whether any data exists to suggest that the carrying value of the Exploration and Evaluation assets is unlikely to be recovered through development or sale.

Our procedures included, among others, the assessment of Company's valuation procedures for its assets, the assessment of the Company's assumptions and estimates to determine the recoverable value of its assets, including the ones related to production, production cost, capital investments, discount rates and exchange rates, the arithmetic checking of the economic models regarding future cash flows and forecast results, and the appropriateness assessment of the related disclosures made by the Company.

Fair value of financial instruments

The Company has balances of financial instruments recorded at market value. For financial instruments that are not actively traded and for which market prices and parameters are not available, determination of market value is subject to a significant judgment to estimate those amounts. The use of specific valuation techniques and assumptions may result in significantly different market value estimates. Due to the complexity and judgment involved in the evaluation and measurement of financial instruments, which may impact the amount of this provision in the consolidated financial statements, we consider this subject as a significant matter for the audit.

How the matter was addressed in our audit

Our procedures included, among others, the assessment of Company's valuation procedures and assumptions to determine the market value of its financial instruments. With the assistance of our corporate finance specialists, we reviewed the methodology used to measure the fair value of the financial instruments, and evaluated the reasonableness of the assumptions used and the calculations made by comparison with market data, to the extent available, and we evaluated the sensitivity analysis of the key assumptions used and the impacts of any changes in those assumptions on fair-value determinations and their relevance to the financial statements as a whole, as well as assessing the adequacy of the related disclosures in the explanatory notes of the consolidated financial statements.

Rio de Janeiro - RJ | Av. Graça Aranha 416 / 11º andar - CEP 20030-001 | Tel.: 55 21 2156-5800 - Fax: 55 21 2262-6806 | rj@bkr-lopemachado.com.br

Filiais e Empresas Ligadas

São Paulo - SP | Tel.: 55 11 5041-4610 - Fax: 55 11 5041-4536 | sp@bkr-lopemachado.com.br

Belo Horizonte - MG | Tel.: 55 31 2122 3216 | bh@bkr-lopemachado.com.br

Recife - PE | Tels.: 55 81 3325-6041 / 6040 / 6171 - Fax: 55 81 3325-6041 / 6171 | recife@bkr-lopemachado.com.br

Brasília - DF | Tel.: 55 61 3548-2152 | novosnegocios@bkr-lopemachado.com.br



BKR INTERNATIONAL

www.bkr.com

Américas - Nova York - NY - EUA | Tel.: 1 212 964-2115 - Fax: 1 212 964-2133 | bkr@bkr.com | Contato: Maureen M. Schwartz - Diretora Executiva

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Rio de Janeiro - RJ | Av. Graça Aranha 416 / 11º andar - CEP 20030-001 | Tel.: 55 21 2156-5800 - Fax: 55 21 2262-6806 | rj@bkr-lobesmachado.com.br

Filiais e Empresas Ligadas

São Paulo - SP | Tel.: 55 11 5041-4610 - Fax: 55 11 5041-4536 | sp@bkr-lobesmachado.com.br

Belo Horizonte - MG | Tel.: 55 31 2122 3216 | bh@bkr-lobesmachado.com.br

Recife - PE | Tels.: 55 81 3325-6041 / 6040 / 6171 - Fax: 55 81 3325-6041 / 6171 | recife@bkr-lobesmachado.com.br

Brasília - DF | Tel.: 55 61 3548-2152 | novosnegocios@bkr-lobesmachado.com.br



BKR INTERNATIONAL

www.bkr.com

Américas - Nova York - NY - EUA | Tel.: 1 212 964-2115 - Fax: 1 212 964-2133 | bkr@bkr.com | Contato: Maureen M. Schwartz - Diretora Executiva

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Rio de Janeiro - RJ | Av. Graça Aranha 416 / 11º andar - CEP 20030-001 | Tel.: 55 21 2156-5800 - Fax: 55 21 2262-6806 | rj@bkr-lopemachado.com.br

Filiais e Empresas Ligadas

São Paulo - SP | Tel.: 55 11 5041-4610 - Fax: 55 11 5041-4536 | sp@bkr-lopemachado.com.br

Belo Horizonte - MG | Tel.: 55 31 2122 3216 | bh@bkr-lopemachado.com.br

Recife - PE | Tels.: 55 81 3325-6041 / 6040 / 6171 - Fax: 55 81 3325-6041 / 6171 | recife@bkr-lopemachado.com.br

Brasília - DF | Tel.: 55 61 3548-2152 | novosnegocios@bkr-lopemachado.com.br



BKR INTERNATIONAL

www.bkr.com

Américas - Nova York - NY - EUA | Tel.: 1 212 964-2115 - Fax: 1 212 964-2133 | bkr@bkr.com | Contato: Maureen M. Schwartz - Diretora Executiva



Lopes, Machado
Auditors, Tax, Consultants & Business Advisers



**INDEPENDENT
MEMBER**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

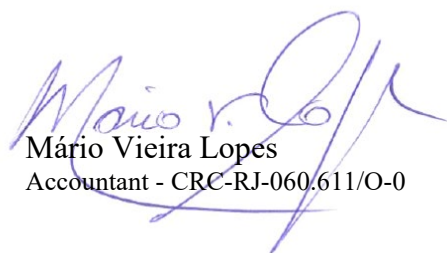
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

April 22, 2026



BKR - Lopes, Machado Auditores

CRC-RJ-2026/O-5



Mário Vieira Lopes
Accountant - CRC-RJ-060.611/O-0

Rel077 - Parecer

Rio de Janeiro - RJ | Av. Graça Aranha 416 / 11º andar - CEP 20030-001 | Tel.: 55 21 2156-5800 - Fax: 55 21 2262-6806 | rj@bkr-lopemachado.com.br

Filiais e Empresas Ligadas

São Paulo - SP | Tel.: 55 11 5041-4610 - Fax: 55 11 5041-4536 | sp@bkr-lopemachado.com.br

Belo Horizonte - MG | Tel.: 55 31 2122 3216 | bh@bkr-lopemachado.com.br

Recife - PE | Tel.: 55 81 3325-6041 / 6040 / 6171 - Fax: 55 81 3325-6041 / 6171 | recife@bkr-lopemachado.com.br

Brasília - DF | Tel.: 55 61 3548-2152 | novosnegocios@bkr-lopemachado.com.br



BKR INTERNATIONAL

www.bkr.com

Américas - Nova York - NY - EUA | Tel.: 1 212 964-2115 - Fax: 1 212 964-2133 | bkr@bkr.com | Contato: Maureen M. Schwartz - Diretora Executiva

PETRO-VICTORY ENERGY CORP.
Consolidated Statements of Financial Position
(In thousands of United States Dollars)

	December 31, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents (Note 4)	\$ 167	\$ 275
Prepaid expenses	76	72
Other assets (Note 5)	365	219
Total current assets	608	566
Deposits (Note 6)	2,613	2,391
Property, plant and equipment, net (Note 7)	3,575	4,788
Exploration and evaluation assets (Note 8)	6,757	5,052
Right of use assets, net (Note 9)	39	54
Total assets	13,592	12,851
LIABILITIES AND MEMBERS' CAPITAL		
Current liabilities:		
Accounts payable	3,292	1,963
Accrued liabilities	4,495	2,928
Lease liability, current (Note 9)	27	21
Current portion of long-term debt (Note 11)	13,045	8,061
Total current liabilities	20,859	12,973
Long-term debt (Note 11)	-	2,105
Derivative warrant liability (Note 11)	1,912	501
Lease liability, net of current portion (Note 9)	16	37
Decommissioning liabilities (Note 12)	442	2,134
Other liabilities	131	-
Total liabilities	23,360	17,750
Shareholders' Equity		
Share capital (Note 13)	90,721	87,963
Contributed surplus	5,673	4,973
Retained earnings (deficit)	(107,051)	(95,551)
Accumulated other comprehensive gain (loss)	889	(2,284)
Total shareholders' equity	(9,768)	(4,899)
Total liabilities and shareholders' equity	13,592	12,851

Approved by the Board of Directors and authorized for issuance on April 22, 2026.

"Richard F. Gonzalez"
Richard F. Gonzalez, CEO

"Daniel R. Wray"
Daniel R. Wray, CFO

See accompanying notes to consolidated financial statements.

PETRO-VICTORY ENERGY CORP
Consolidated Statements of Operations and Comprehensive Income (Loss)

(In thousands of United States dollars)

	For the Year Ended	
	December 31, 2025	December 31, 2024
Revenues:		
Net revenues from oil sales	\$ 597	\$ 1,128
Less: royalties	(31)	(63)
Net oil revenue (Note 14)	566	1,065
Expenses:		
Production costs	523	660
Depletion, depreciation and amortization	805	618
Exploration costs	1,584	537
Share-based compensation (Note 13)	700	748
General and administrative (Note 15)	4,855	5,285
Total expenses	8,467	7,848
Operating income (loss)	(7,901)	(6,783)
Finance and other expenses (income)		
Interest expense (Note 15)	1,678	1,100
Interest income (Note 15)	(184)	(162)
Loss (gain) on fair value of warrants (Note 11)	(1,599)	(1,224)
Other financing expenses (Note 15)	2,263	913
Other non-operating loss (gain) (Note 15)	(844)	(58)
Total finance and other expenses	1,314	569
Income (loss) before taxes	(9,215)	(7,352)
Income taxes		
Current	-	-
Deferred	-	-
Total	-	-
Net income (loss)	(9,215)	(7,352)
Exchange gain (loss) on translation of foreign operations	889	(2,284)
Comprehensive income (loss)	(8,326)	(9,636)
Weighted average shares outstanding	21,637	20,118
Income (loss) per share (basic and diluted)	(0.38)	(0.48)

See accompanying notes to consolidated financial statements.

PETRO-VICTORY ENERGY CORP.
Consolidated Statements of Changes in Shareholders' Equity
(In thousands of United States Dollars)

	Share Capital				Contributed Surplus	Accumulated Deficit	Total
	Class A common shares		Class B common shares				
	Shares	Amount	Shares	Amount			
Balance at December 31, 2023	11,090	\$ 48,031	7,546	\$ 36,627	\$ 4,238	\$ (88,199)	\$ 697
Compensation expense recognized in connection with stock options	-	-	-	-	748	-	748
Private placement issuance of Class A common stock	1,205	2,677	-	-	-	-	2,677
Issuance of Class A common stock for warrants	64	118	-	-	-	-	118
Issuance of Class A common stock for stock options	684	510	-	-	(13)	-	497
Transfer of Class B shares to Class A shares	3,213	4,892	(3,213)	(4,892)	-	-	-
Net loss for the twelve months ended December 31, 2024	-	-	-	-	-	(7,352)	(7,352)
Accumulated Other Comprehensive Income (Loss)	-	-	-	-	-	(2,284)	(2,284)
Balance at December 31, 2024	16,256	56,228	4,333	31,735	4,973	(97,835)	(4,899)
Compensation expense recognized in connection with stock options	-	-	-	-	700	-	700
Private placement issuance of Class A common stock	2,218	2,424	-	-	-	-	2,424
Issuance of Class A common stock for stock options	597	333	-	-	-	-	333
Net loss for the twelve months ended December 31, 2025	-	-	-	-	-	(9,215)	(9,215)
Accumulated Other Comprehensive Income (Loss)	-	-	-	-	-	889	889
Balance at December 31, 2025	19,071	58,985	4,333	31,735	5,673	(106,161)	(9,768)

PETRO-VICTORY ENERGY CORP
Interim Condensed Consolidated Statements of Cash Flows

(In thousands of United States Dollars)

	Twelve Months Ended December 31,	
	2025	2024
Operating Activities		
Net income (loss)	\$ (9,215)	\$ (7,352)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Accretion of transaction costs	2,224	595
Accretion of decommissioning obligations	(404)	1
Depletion, depreciation and amortization	781	595
Share-based compensation	700	748
Impairment on exploration assets	1,194	86
Lease Interest Expense	4	5
Accretion and depletion of Right of use asset	23	20
Interest income on guarantee deposits	(203)	-
Change in fair value of derivative warrant liability	(1,186)	(1,024)
Extinguishment of warrants in connection with debt	(413)	(199)
Changes in other assets and liabilities:		
Other assets	101	(87)
Accounts payable	1,119	738
Accrued liabilities and other	1,627	1,163
Net cash used in operating activities	(3,648)	(4,711)
Investing Activities		
Property, Plant and Equipment additions	(1,331)	(2,204)
Exploration and Evaluation asset additions	(1,420)	(360)
Redemption (deposits) of work program guarantees	286	2
Net cash used in investing activities	(2,465)	(2,562)
Financing Activities		
Proceeds from issuance of common stock	2,424	2,663
Proceeds from exercise of warrants	-	118
Proceeds from exercise of stock options	333	510
Loan proceeds	3,250	3,660
Lease liabilities payments	(27)	(24)
Repayment of debt	(727)	(549)
Interest accrued	1,390	832
Interest paid	(248)	(241)
Net cash provided by financing activities	6,395	6,969
Increase (decrease) in cash	282	(304)
Effect of exchange rates on cash and cash equivalents	(390)	472
Cash and cash equivalents (including restricted cash)		
Beginning of the period	275	107
End of the period	\$ 167	\$ 275
Supplemental Disclosure of Cash Flow Information		
Warrants issued in connection with debt (Non-Cash Item)	3,010	1,056
Revision of asset retirement obligation (Non-Cash Item)	(1,525)	1,112

NOTE 1 - GENERAL INFORMATION

Petro-Victory Energy Corp. and its subsidiaries (“Petro-Victory” or the “Corporation” or the “Company”) are engaged in petroleum and natural gas exploration, development, and production activities in Brazil. The Corporation is domiciled in the British Virgin Islands (“BVI”) and maintains its United States (“US”) headquarters and registered office at 5960 Berkshire Lane, 6th Floor, Dallas, Texas. The Corporation’s common shares are listed on the TSX Venture Exchange (“TSX-V”) under the symbol “VRY.”

As of the date of this filing, the Company’s portfolio comprises 31 concession contracts totaling 210,583 net acres held directly by Petro-Victory, as well as an additional 4 concessions representing 11,413 net acres held jointly with BlueOak through Capixaba Energia. The Company’s assets are located across three producing basins: the Potiguar Basin, the Barreirinhas Basin, and the Espírito Santo Basin.

The Company’s strategy is focused on disciplined execution, scaling production, and enhancing profitability and free cash flow through strategic partnerships. These arrangements primarily relate to asset development activities and are reflected in the consolidated financial statements through the relevant disclosures, where applicable.

The consolidated financial statements were authorized for issuance by the Corporation’s Board of Directors on April 22, 2026.

NOTE 2 - BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

2.1. Statement of Compliance

The consolidated financial statements (the “financial statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee.

Management confirms that all relevant pieces of information characteristic of financial statements are being evidenced and incorporated herein.

2.2. Going Concern and Uncertainties

The financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

As of December 31, 2025, the Company had a working capital deficiency of approximately \$20.3 million and cash of \$167 thousand, which was not sufficient to fund anticipated operating expenditures, debt service requirements, and planned activities for the twelve-month period following the reporting date without additional financing.

NOTE 2 - BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.2. Going Concern and Uncertainties (continued)

The working capital deficiency primarily comprises approximately \$13.0 million of short-term debt and approximately \$7.8 million of accounts payable and accrued liabilities. Management continues to evaluate and implement initiatives intended to improve the Company's liquidity position and working capital. Subsequent to year-end, the Company undertook the following actions to address its near-term liquidity requirements:

- In March and April 2026, the Company implemented a warrant incentive program under which proceeds of approximately \$0.8 million were received and applied toward the repayment of existing promissory notes and general working capital requirements. As of the date of authorization of these financial statements, approximately 40% of the warrants subject to the incentive program had been exercised, with 1,239,976 warrants remaining exercisable through April 27, 2026.
- In March 2026, the Company amended a debt facility, extending the maturity of \$1.7 million of indebtedness to March 31, 2028.
- In March 2026, the Company completed the contribution of certain assets and liabilities to ATE in exchange for a 10.25% equity interest. As part of this transaction, ATE assumed approximately \$1.8 million of contingent liabilities associated with the Andorinha partnership, previously included in short-term accrued liabilities, and settled approximately \$0.2 million of related outstanding vendor payables.
- In April 2026, the Company announced a proposed debt-for-shares private placement of up to \$6.2 million, intended to reduce short-term obligations. The completion of this transaction remains subject to acceptance by the TSX Venture Exchange.

The Company has incurred losses since inception and expects that it will continue to require external financing while it advances its development activities. Management believes that the ability of the Company to meet its obligations as they come due is dependent upon its ability to generate additional cash flows from operations, complete planned financing transactions, and obtain waivers or extensions of existing obligations, as necessary.

The factors above give rise to a material uncertainty that may cast significant doubt on the Corporation's ability to continue as a going concern. The ability of the Corporation to continue as a going concern and meet its commitments as they become due is dependent on continued support from key creditors and lenders, the Corporation's ability to achieve profitable operations, and obtaining the necessary debt and equity financing required to execute its business plans. If the going concern assumption was not appropriate for these financial statements, material adjustments might be necessary to the carrying values of assets and liabilities, reported expenses, and the financial statement classifications and presentation.

NOTE 2 - BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.3. Basis of Measurement

The financial statements have been prepared on the historical cost basis except as otherwise noted.

2.4. Functional and Presentation Currency

These financial statements are presented in United States dollars which is the Corporation's functional currency. The Company has defined its functional currency as the United States dollar because it represents the currency that best reflects the economic environment in which the Company operates and how it is managed. Unless otherwise indicated, all "dollar" amounts or references to "\$" refer to United States dollars.

2.5. Significant Estimates and Management Judgements

The timely preparation of financial statements in accordance with IFRS requires that management make estimates, assumptions and use judgement regarding the measured amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. The ultimate settlement of transactions involving these estimates may result in significantly different values from those currently recognized in the Financial Statements, due to risks inherent to the estimation process. The Company reviews its estimates and assumptions on an ongoing basis in order to most accurately reflect the transactions involved. The following discussion relates to amounts determined by management which required significant estimation and/or judgement:

Significant estimation is involved in determining the fair value of the derivative warrant liability associated with debt financings. The Corporation uses the Black-Scholes model, which requires the use of estimation and assumptions for key inputs, to calculate the fair value.

The calculation of stock-based compensation expense is subject to uncertainty as the key assumptions used in the stock-based compensation calculation are based on estimated volatility and estimated forfeiture rates for stock options that will not vest.

The application of the Corporation's accounting policy for Exploration and Evaluation ("E&E") expenditures requires judgment in determining whether it is likely that future economic benefit exists when activities have not reached a stage where technical feasibility and commercial viability can be reasonably determined. Factors such as drilling results, future capital programs, future operating expenses, as well as estimated reserves and resources are considered. In addition, Management uses judgment to determine when E&E assets are reclassified to PP&E. In making this determination, various factors are considered, including the existence of reserves, and whether the appropriate approvals have been received from regulatory bodies and the Corporation's internal approval process.

NOTE 2 - BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.5. Significant Estimates and Management Judgements (continued)

Petroleum and natural gas assets are depleted on a unit-of-production basis at a rate calculated by reference to proved reserves determined in accordance with National Instrument 51-101, Standards of disclosure for Oil and Gas Activities (“NI 51-101”) and incorporating the estimated future cost of developing and extracting those reserves. Proved reserves are estimated using independent reservoir engineering reports and represent the estimated quantities of crude oil, natural gas and natural gas liquids, which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs, and which are considered commercially producible.

Reserves estimates, although not reported as part of the Corporation’s financial statements, can have a significant effect on net income (loss), assets and liabilities as a result of their impact on depletion, decommissioning liabilities, deferred taxes and asset impairments. Independent reservoir engineers perform evaluations of the Corporation’s oil and gas reserves on an annual basis. The estimation of reserves is an inherently complex process requiring significant judgment. Estimates of economically recoverable oil and natural gas reserves are based upon a number of variables and assumptions such as geoscientific interpretation, production forecast, commodity prices and costs and related future cash flows, all of which may vary considerably from actual results.

Natural gas and crude oil assets are grouped into cash generating units (“CGUs”) identified as having largely independent cash flows and are geographically integrated. The determination of the CGUs was based on management’s interpretation and judgement. The recoverability of development and production asset carrying values is assessed at the CGU level. The asset composition of a CGU can directly impact the recoverability of the assets included therein.

Provisions are recorded for the future decommissioning and restoration of the Corporation’s exploration and evaluation and production assets and infrastructure at the end of their economic lives. Management uses judgment to assess the existence and to estimate the future liability. The actual cost of decommissioning and restoration is uncertain and cost estimates may change in response to numerous factors including changes in legal requirements, technological advances, inflation and the timing of expected decommissioning and restoration. In addition, management determines the appropriate discount rate at the end of each reporting period. This discount rate is used to determine the present value of the estimated future cash outflows required to settle the obligation and may change in response to numerous market factors.

Provisions are made in the Financial Statements for contingencies related to judicial processes for which it is probable that an outflow of resources will be required to liquidate the contingency/liability and a reasonable estimate can be made. The evaluation of the loss probability includes the evaluation of the evidence available, the hierarchy of laws, the available jurisprudence, the most recent decisions in court and their relevance, as well as the opinions of external legal advisors. The provisions are revised and adjusted taking into consideration changes in circumstances, such as applicable filing deadlines conclusions from fiscal inspections or additional exposures identified based on new court decisions.

NOTE 2 – BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.5. Significant Estimates and Management Judgements (continued)

The estimate of fair value on initial recognition and subsequent measurement for financial instruments classified as fair value through profit and loss and fair value through other comprehensive income. Estimates of this nature rely on Level 1 through Level 3 inputs, which can vary significantly from one reporting period to another and have different degrees of measurability and observation. The fair value of these instruments may be subject to material fluctuations.

NOTE 3 - MATERIAL ACCOUNTING POLICIES

3.1. Principles of consolidation

The financial statements include the accounts of the Corporation and its wholly owned subsidiaries, as follows: Petro Victory Energy Service Company (“PV Service Company”), a Texas company; Pirity Hidrocarburos, SRL (“PHSRL”), a Paraguayan company; Petro-Victory, LLC, a Texas limited liability company; Universal Geophysics, LLC, an inactive Texas limited liability company; and Petro-Victory Energia, a Brazilian company. Subsidiaries are entities over which the Corporation has control. Subsidiaries are consolidated from the date of acquisition of control and continue to be consolidated until the date that there is a loss of control. All intercompany balances and transactions are eliminated on consolidation.

Interests in joint arrangements are classified as either joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangement. Joint operations arise when the Corporation has rights to the assets and obligations for the liabilities of the arrangement.

3.2. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The purchase price used in a business combination is based on the fair value at the date of the acquisition. The acquiree’s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS

Business Combinations are recognized at their fair values at the acquisition date. All acquisition costs are expensed as incurred. The interest of non-controlling shareholders in the acquiree, if any, is initially measured at the non-controlling shareholder’s proportion of the net fair value of the assets, liabilities and contingent liabilities recognized or at the fair value of the non-controlling interest. Increases or decreases in the Corporation’s ownership interest while retaining control is a capital transaction.

On April 29, 2025, the Corporation holds a minority equity interest in Blue Oil Ltda. (“Blue Oil”), an entity formed in partnership with BlueOak Investments for purposes related to the acquisition of oil and gas assets in Brazil. The Company’s interest represents one quota out of 57,000,000 outstanding quotas, corresponding to a capital contribution of R\$1.00.

NOTE 3 - MATERIAL ACCOUNTING POLICIES (continued)

3.2. Business combinations (continued)

As of December 31, 2025, the Company does not have control, joint control, or significant influence over Blue Oil.; accordingly, the investment is accounted for in accordance with IFRS 9 and, considering its immateriality, is measured at cost and presented within other long-term investments.

3.3. Cash equivalents

Cash and cash equivalents in the consolidated statements of financial position is comprised of highly liquid instruments with original maturities of three months or less on the date of purchase. At December 31, 2025 and December 31, 2024, the Corporation did not have any cash equivalents.

3.4. Foreign currency translation

United States dollar (“USD”) is the functional currency for the BVI and US entities. The functional currency of Petro-Victory Energia is the Brazilian Real (“BRL” or “R\$”). The presentation currency for the consolidated financial statements is USD. In the event the accounts of the Corporation’s subsidiaries have a functional currency different from the Corporation’s presentation currency, the transactions and balances are translated into the Corporation’s presentation currency at period-end exchange rates for assets and liabilities and using average rates over the period for revenues and expenses. Translation gains and losses relating to these foreign operations are recognized in other comprehensive income (“OCI”) as a cumulative translation adjustment.

When the Corporation disposes of an entire interest in a foreign operation or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in OCI related to the foreign operation are recognized in net loss. When the Corporation disposes of part of an interest in a foreign operation that continues to be a subsidiary, a proportionate amount of gains and losses accumulated in OCI is allocated between controlling and non-controlling interests.

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates in effect on the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated into the functional currency at the rates of exchange in effect at the period-end date. Any gains or losses are recorded in the Consolidated Statement of Operations and Comprehensive Income (Loss).

3.5. Income taxes

As a Foreign Reporting Issuer, the Corporation is generally exempt from all provisions of the United States Internal Revenue Code. In addition, the Corporation is generally exempt from all provisions of the Income

Tax Act of the BVI, including with respect to all dividends, interests, rents, royalties, compensation and other amounts payable by the Corporation to persons who are not persons resident in the BVI.

NOTE 3 - MATERIAL ACCOUNTING POLICIES (continued)

3.5. Income taxes (continued)

Certain subsidiaries of the Corporation are subject to taxation in the United States, Brazil and Paraguay; however, there have been no taxable profits earned to date.

Income tax expense comprises current and deferred income taxes. Income tax expense is recognized in the consolidated statements of operations and comprehensive income (loss) except to the extent that it relates to items recognized directly in equity, in which case it is recognized in the statement of financial position.

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

Deferred income tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred income tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.6. Property, Plant and Equipment and Exploration and Evaluation Assets

Exploration and evaluation ("E&E") assets – E&E costs, including the costs of acquiring licenses, farming into or acquiring rights to working interest and directly attributable general and administrative costs, initially are capitalized either as tangible or intangible E&E assets according to the nature of the assets acquired. The costs are accumulated in cost centers by well, field or exploration area pending determination of technical feasibility and commercial viability.

When E&E assets are determined to be technically feasible and commercially viable, the accumulated costs are transferred to Property, Plant and Equipment ("PP&E").

NOTE 3 – MATERIAL ACCOUNTING POLICIES (continued)

3.6. Property, Plant and Equipment and Exploration and Evaluation Assets (continued)

When E&E assets are determined not to be technically feasible and commercially viable or the Corporation decides not to continue with its activity, the unrecoverable costs are charged to the consolidated statements of operations and comprehensive loss as exploration costs.

E&E assets are allocated into CGUs and assessed for impairment when they are transferred to PP&E or in any circumstances where sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Development and production (“D&P”) assets – Items of property, plant and equipment, which include natural gas and crude oil development and production assets, are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. D&P assets are grouped into CGUs for impairment testing. D&P assets are presented together with PP&E in the statement of financial position.

When significant parts of an item of PP&E, including natural gas and crude oil interests, have different useful lives, they are accounted for as separate items (major components).

Gains and losses on disposal of an item of PP&E are determined by comparing the proceeds from disposal, net of transaction costs with the carrying amount of PP&E and are recognized net within the consolidated statements of operations and comprehensive income (loss).

Subsequent costs – Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property, plant and equipment are recognized as PP&E only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in the consolidated statements of operations and comprehensive income (loss) as incurred. Such capitalized PP&E generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves. The carrying amount of any replaced or sold component is de-recognized. The costs of the day-to-day servicing of PP&E are recognized in the consolidated statements of operations and comprehensive income (loss) as incurred.

Depletion and depreciation – The net carrying value of D&P assets is depleted using the units-of-production method by reference to the ratio of production in the period to the related proved reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated by taking into account the level of development required to produce the reserves.

Proved reserves are estimated using independent reserve engineer reports and represent the estimated quantities of natural gas, crude oil and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible.

Reserves may be considered commercially producible if management has the intention of developing and producing them and such intention is based upon:

NOTE 3 – MATERIAL ACCOUNTING POLICIES (continued)

3.6. Property, Plant and Equipment and Exploration and Evaluation Assets (continued)

- A reasonable assessment of the future economics of such production.
- A reasonable expectation that there is a market for all or substantially all the expected natural gas and crude oil production; and
- Evidence that the necessary production, transmission and transportation facilities are available or can be made available.

Other property and equipment are stated at historical cost less accumulated depreciation.

3.7. Non-current assets held for sale and discontinued operations

A discontinued operation is a component of the Company's business that has operations and cash flows that can be clearly distinguished from the rest of the Company and that:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

A component of the Company is classified as a discontinued operation either upon its disposal or when it meets the criteria set out in IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations for classification of its assets and liabilities as held for sale, whichever occurs first.

A non-current asset or disposal group is classified as held for sale when its carrying amount is expected to be recovered principally through a sale transaction rather than through continuing use. This classification is applied when the asset or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for such transactions, and when the sale is considered highly probable, as defined by IFRS 5.

As mentioned in Note 22 Subsequent Events, the transaction initiated by the Company and Azevedo e Travassos Energia S.A ("ATE") for the contribution of Andorinha field and a portfolio of six Potiguar Basin exploration blocks.

As of December 31, 2025, the criteria for classification as assets held for sale and discontinued operation had not been met, as the completion of the transaction was subject to certain customary conditions precedent, including the approval by the Company's board through a binding resolution. Accordingly, management concluded that, considering the specific circumstances of this transaction, the requirements were satisfied only upon approval of the transaction by the Company's Board of Directors and execution of the Association Agreement and Other Covenants.

As a result, the assets and liabilities to be contributed, as well as the results of operations related to this field, will be reclassified as assets held for sale and discontinued operations, respectively, in the first set of financial statements issued after such approval.

NOTE 3 – MATERIAL ACCOUNTING POLICIES (continued)

3.8 Reduction of the recoverable value of non – financial assets

The carrying amounts of the Corporation's non-financial assets, other than E&E assets and deferred income tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the asset is estimated.

E&E assets are assessed for impairment when they are reclassified to PP&E, and also if facts and circumstances suggest that their carrying amount exceeds the recoverable amount. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. The recoverable amount of an asset or a CGU is the greater of its value in use or its fair value less costs to sell.

E&E assets are allocated to related CGUs when they are assessed for impairment, both at the time of any triggering facts and circumstances as well as upon their eventual reclassification to D&P assets. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

All impairment losses are recognized in the consolidated Statements of Operations and Comprehensive Income (Loss).

3.9. Financial instruments

Financial instruments are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

NOTE 3 – MATERIAL ACCOUNTING POLICIES (continued)

3.9. Financial instruments (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss (“FVTPL”) are financial assets held for trading or financial assets designated as such by Management on initial recognition. Such assets are held for trading if they are acquired principally for the purpose of selling in the short-term. These assets are initially recognized, and subsequently carried, at fair value, with changes recognized in the consolidated statement of operations and comprehensive income (loss). Transaction costs are expensed. Financial liabilities, such as derivatives, are classified as FVTPL; hence, the Corporation carries the derivative warrant liability at FVTPL.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (“FVOCI”) are those that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest. Alternatively, an entity can make an irrevocable election at initial recognition for particular investments in equity instruments to present subsequent changes in fair value in other comprehensive income. The Corporation carries investments at FVOCI.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or liabilities, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets or liabilities. Financial assets and liabilities at amortized cost are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method. The Corporation has designated cash and cash equivalents, other current assets, accounts payable, accrued liabilities and long-term debt at amortized cost.

3.10. Share Capital

Financial instruments issued by the Corporation are classified as equity only to the extent that they do not meet the definition of a financial liability or asset. Common shares, warrants issued on private placements and share purchase options are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of tax effects if any. In the case where common shares and warrants are issued as part of a unit offering, the Corporation uses the residual value method in valuing the offering’s shares and warrants. The residual value method first allocates value to the more easily measurable component based on fair value and the residual value, if any, to the less easily measurable component. The fair value of common shares issued in private placement is determined to be the more easily measurable component and are valued at the trading price on the date of closing. The balance, if any, is allocated to the attached warrants.

NOTE 3 – MATERIAL ACCOUNTING POLICIES (continued)

3.11. Reduction of the recoverable value of financial assets

A financial asset is assessed at each reporting date for being credit-impaired or having significantly increased credit risk since initial recognition; if so determined, an estimated loss allowance is measured at an amount equal to the lifetime expected credit losses (“ECL”). Lifetime ECLs are a probability-weighted estimate of credit losses from all possible default events over the expected life of a financial asset. Credit losses are measured as the PV of all expected cash shortfalls relative to the carrying value of the financial asset. The ECLs are discounted at the effective interest rate.

E&E assets are allocated to related CGUs when they are assessed for impairment, both at the time of any triggering facts and circumstances as well as upon their eventual reclassification to D&P assets. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis. Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

3.12. Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows using the risk-free rate of interest.

3.13. Decommissioning obligations

The Corporation’s activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provisions are made for the estimated cost of site restoration and capitalized in the relevant asset category.

Decommissioning obligations are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the period-end date. Subsequent to initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases or decreases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

NOTE 3 – MATERIAL ACCOUNTING POLICIES (continued)

3.14. Royalty interests and arrangements

Royalty interests and arrangements represent the contractual right to receive a royalty payment or other form of compensation or benefit arising from or contingent upon the production of resources. Royalty assets are assessed based on the terms of the royalty arrangement to determine whether they meet the definition of financial or intangible assets. Acquired royalty assets are initially measured at the fair value of the consideration paid. They are subsequently amortized over the period of expected benefit. When circumstances or events indicate that the assets may be impaired, they are written down to their estimated recoverable values.

3.15. Leases

The Corporation assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets

The Corporation recognizes right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 3.9. Reduction of the recoverable value of non – financial assets.

Lease liabilities

At the commencement date of the lease, the Corporation recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Corporation uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

NOTE 3 – MATERIAL ACCOUNTING POLICIES (continued)

3.15. Leases (continued)

Short-term leases and leases of low-value assets

The Corporation applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

3.16. Earnings (loss) per share

Earnings (loss) per share is calculated using the weighted-average number of common shares outstanding during the periods. Diluted earnings (loss) per share is determined by calculating the earnings (loss) attributable to common shareholders after adjusting the weighted average shares outstanding for the effect of dilutive instruments. Diluted loss per share is not presented when it is anti-dilutive in nature.

Earnings (loss) per share is calculated using the weighted-average number of common shares outstanding during the periods. Diluted earnings (loss) per share is determined by calculating the earnings (loss) attributable to common shareholders after adjusting the weighted average shares outstanding for the effect of dilutive instruments. Diluted loss per share is not presented when it is anti-dilutive in nature.

3.17. Share-based compensation

The Corporation accounts for share-based compensation using the Black-Scholes option-pricing model to determine the fair value of stock options on grant date using various estimates including expected share price volatility, the risk-free interest rate and the expected term of the options. Share-based compensation is measured at fair value on the grant date and expensed over the vesting period of each tranche with a corresponding increase to contributed surplus. Consideration paid upon the exercise of stock options, together with corresponding amounts previously recognized in contributed surplus, is recorded as an increase to share capital. The amount recognized as expense is adjusted for an estimated forfeiture rate for options that will not vest, which is adjusted as actual forfeitures occur, until the shares are fully vested.

3.18. Revenue recognition

Revenue associated with the sale of the Corporation's crude oil is recognized when control passes from the Corporation to its customer. This generally occurs when product is physically transferred into a vessel, pipe or other delivery mechanism and it is probable that the economic benefits will flow to the Corporation.

The Corporation sells its production pursuant to variable price contracts. The transaction price for variable price contracts is based on the commodity price and then 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. Revenue is recognized when a unit of production is delivered to the counterparty.

NOTE 3 - MATERIAL ACCOUNTING POLICIES (continued)

3.18. Revenue recognition (continued)

The amount of revenue recognized is based on the agreed transaction price, whereby any variability in revenue relates specifically to the Corporation'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 is sold under contracts of varying price and volume terms of up to one year. The Corporation only had one revenue source being the sale of crude oil and therefore there is no disaggregated revenue by source to disclose.

3.19. Statement of cash flows

The statement of cash flows is prepared by the indirect method, in which cash flows from operations, from investments and from financings are segregated and the net income of the year is reconciled with the net cash flows and with the variation of the cash and cash equivalents. The changes on the items of the balance that did not result in cash flows, such as differences from exchange conversion, variations of fair value and other non-monetary items, were eliminated for means of preparation of this statement, when applicable.

3.20. Standards and new and reviewed interpretations already issued

New accounting standards and amendments adopted in 2025:

Amendments to IAS 21 - Lack of Exchangeability

These amendments clarify how entities determine the exchange rate when a currency is not exchangeable into another currency. The amendments introduce requirements to assess when a currency is exchangeable and, when it is not, require the entity to estimate a spot exchange rate that would have been available in an orderly transaction between market participants at the measurement date.

The adoption of these amendments did not have a material impact on the Corporation's consolidated financial statements, as the Corporation did not have material transactions or balances denominated in currencies subject to long-term lack of exchangeability during the reporting period.

3.21. Standards and new and reviewed interpretations already issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Corporation's financial statements are disclosed below. The Corporation intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments

Effective for annual periods beginning on or after 1 January 2026. These amendments clarify aspects related to the classification of financial assets, derecognition of financial liabilities settled through electronic transfers, and introduce additional disclosure requirements.

NOTE 3 - MATERIAL ACCOUNTING POLICIES (continued)

3.21. Standards and new and reviewed interpretations already issued but not yet effective (continued)

Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity

Effective for annual periods beginning on or after 1 January 2026. These amendments address the application of hedge accounting and classification requirements for contracts whose cash flows vary based on natural factors.

Management is currently assessing the potential impacts of these amendments on the Corporation's consolidated financial statements. Based on the preliminary assessment performed to date, the Corporation does not expect the adoption of these pronouncements to have a material impact on its consolidated financial statements upon initial application.

Tax Reform in Brazil

In December 2023, Constitutional Amendment No. 132 was enacted, establishing a reform of the Brazilian consumption tax system, which provides for the gradual replacement of existing taxes with new value-added taxes: the Goods and Services Tax (IBS) and the Contribution on Goods and Services (CBS). The implementation of the reform is subject to the enactment of complementary legislation, which will define key aspects, including applicable tax rates, specific regimes, and input tax credit rules.

As of December 31, 2025, the Company has assessed the potential effects of this reform and concluded that, due to the current stage of regulatory development, the impacts cannot be reasonably estimated. Accordingly, no amounts have been recognized in the financial statements. The Company will continue to monitor legislative and regulatory developments related to this matter.

IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, replacing IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for the presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes, and discontinued operations, with the first three being new categories. Additionally, IFRS 18 mandates the disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified roles of the primary financial statements (PFS) and the notes.

Furthermore, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, changing the starting point for determining cash flows from operations under the indirect method from 'profit or loss' to 'operating profit or loss' and removing the optionality around the classification of cash flows from dividends and interest. There are also consequential amendments to several other standards. IFRS 18 and the amendments to other standards are effective for reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

NOTE 3 - MATERIAL ACCOUNTING POLICIES (continued)

3.21. Standards and new and reviewed interpretations already issued but not yet effective (continued)

The Corporation is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to apply reduced disclosure requirements while still adhering to recognition, measurement, and presentation requirements in other

IFRS standards. To qualify, an entity must be a subsidiary as defined in IFRS 10, lack public accountability, and have a parent that prepares publicly available consolidated financial statements in compliance with IFRS standards. IFRS 19 becomes effective for reporting periods starting on or after January 1, 2027, with early application permitted. However, as the Corporation's equity instruments are publicly traded, it is not eligible to apply IFRS 19.

NOTE 4 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated statements of financial position is comprised of highly liquid instruments with original maturities of three months or less on the date of purchase. At December 31, 2025 and December 31, 2024, the Corporation did not hold cash equivalents; cash consists of bank balances.

NOTE 5 – OTHER ASSETS

Other assets are as follows:

		As at December 31,	
		2025	2024
Advances to suppliers	\$	106	\$ 2
Taxes to be recovered		145	58
Other assets		114	159
Total other assets	\$	365	\$ 219

Advances to suppliers relates to prepayments made in connection with capital expenditures and exploration and evaluation activities. These amounts are recognized as the related services are rendered.

Taxes to be recovered mainly comprise indirect taxes recoverable in Brazil (PIS and COFINS), which are expected to be realized in the normal course of operating by offsetting taxes payable in the subsequent months.

Other assets item includes other minor items expected to be realized in the normal course of operations.

NOTE 6 - DEPOSITS

The Corporation is required to provide bank guarantees in respect of minimum work program commitments for exploration block concessions (Note 19). To secure these guarantees, cash is deposited with a bank; the deposits earn nominal interest and are released when the related work program obligations are satisfied. The movements in deposits during the year were as follows:

	As at	
	December 31, 2025	December 31, 2024
Balance, beginning of year	\$ 2,391	\$ 3,053
Deposits of work program guarantees	19	60
Interest income on guarantee deposits	203	138
Redemption of work program guarantees	(305)	(7)
Foreign currency translation	305	(853)
Balance, end of year	\$ 2,613	\$ 2,391

NOTE 7 – PROPERTY, PLANT, AND EQUIPMENT

	As at	
	December 31, 2025	December 31, 2024
Balance, beginning of year	\$ 6,659	\$ 5,477
Additions	1,331	2,204
Revisions to asset retirement obligations (i)	(956)	497
Foreign currency translation	984	(1,519)
Balance, end of year	\$ 8,018	\$ 6,659

	As at	
	December 31, 2025	December 31, 2024
Accumulated depletion and depreciation, beginning of year (ii)	\$ 1,734	\$ 1,543
Depletion and depreciation	781	595
Foreign currency translation	204	(404)
Accumulated depletion and depreciation, end of year	2,719	1,734
Impairment, beginning of year	\$ 137	\$ 174
Recognition of impairment	1,381	-
Foreign currency translation	206	(37)
Impairment, end of year	1,724	137
Net book value, end of year	\$ 3,575	\$ 4,788

- (i) *Establishment of abandonment provision, as in explanatory note 12 Decommissioning obligations*
- (ii) *The Company records the depletion and depreciation according to the estimated production capacity for each block, compared to the effective production of the period, based on the “units of production method” (MUP).*

NOTE 7 – PROPERTY, PLANT, AND EQUIPMENT (continued)

During 2024, the Corporation capitalized \$2.2 million in costs associated with the workover program in wells SJ-01, SJ-06 and SJ-11 in São João Field. In 2025, the Corporation allocated \$1.3 million to as part of its interventions at the Andorinha complex and fixed asset inventory to support the future programs.

Impairment of Property, Plant and Equipment

During the year, impairment indicators, including increased water production and reduced production were identified for certain oil and gas assets. An individual impairment loss of \$0.6 million (2024 – nil) was recognized in respect of the SJ-01 well, as management determined that the carrying amount of this asset exceeded its recoverable amount due to the absence of a viable water treatment solution that would enable the recovery of sufficient future economic benefits from this asset.

For impairment testing purposes, the Corporation's oil and gas assets are grouped into CGUs consistent with how management monitors operations. The Potiguar Complex historically comprised the Trapiá, Alto Alegre, and Andorinha fields. Subsequent to the reporting period, the Company entered into an Association agreement relating to the Andorinha field, under which the Corporation expects to recover the carrying amount primarily through disposal. Accordingly, the Andorinha field was assessed separately and determined to be fully recoverable, and no impairment was recognized.

Following the isolation of the Andorinha field, an impairment test was performed for the remaining Potiguar CGU (Trapiá and Alto Alegre fields). As a result, the Company recognized an impairment loss of \$0.7 million (2024 – nil) in profit or loss, as the carrying amount of this CGU exceeded its recoverable amount.

The recoverable amounts were determined using discounted cash flow projections considered long-term views of oil prices, externally evaluated reserve volumes, and discount rates specific to the asset. The estimated future cash flows were estimated as the proved developed producing value for the property in each CGU discounted at rates ranging from 10% (2024 – 10%) per annum and were based on the Corporation's external independent reserve report.

NOTE 8 - EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation ("E&E") assets represent permits and other intangible and tangible costs incurred and capitalized pending evaluation of the prospect or concession. Occasionally, the Corporation is required to acquire permits pursuant to farm-in and other acquisition agreements. The following amounts were included in E&E assets at the end of each period.

NOTE 8 - EXPLORATION AND EVALUATION ASSETS (continued)

	As at	
	December 31, 2025	December 31, 2024
Balance, beginning of year	\$ 5,052	\$ 5,695
Additions	1,420	360
Revisions to asset retirement obligations	(569)	383
Exploration costs	188	(79)
Foreign currency translation	666	(1,307)
Balance, end of year	\$ 6,757	\$ 5,052

The Corporation recognized an Asset Retirement Obligation (“ARO”) related to initial development site preparation in the Andorinha field. The measurement was made at fair value as described in Note 12 – Decommissioning Obligations.

NOTE 9 - RIGHT-OF-USE (“ROU”) ASSETS AND LIABILITIES

The Corporation leases office space in Brazil, under a lease which has an expiration date in 2027. The net book value of the Corporation’s ROU assets is as follows:

	As at	
	December 31, 2025	December 31, 2024
Net book value, beginning of year	\$ 54	\$ 90
Additions	2	-
Depreciation	(23)	(20)
Foreign currency translation	6	(16)
Net book value, end of year	\$ 39	\$ 54

	As at	
	December 31, 2025	December 31, 2024
Lease liabilities, beginning of year	\$ 58	\$ 94
Additions	2	-
Lease interest	4	5
Lease payments	(27)	(24)
Foreign currency translation	6	(17)
Lease liabilities, end of year	\$ 43	\$ 58

Current	\$ 27	\$ 21
Non-current	16	37
Total	\$ 43	\$ 58

NOTE 10 – ACCRUED LIABILITIES

		As at December 31,	
		2025	2024
Azevedo e Travassos Petróleo (“ATP”) partnership	\$	(1,829)	\$ (582)
Accrued compensation		(2,061)	(1,716)
Other liabilities		(605)	(630)
Total accrued liabilities	\$	(4,495)	\$ (2,928)

Accrued liabilities include amounts arising from the partnership arrangement with ATP related to the development of the Andorinha field, which, in accordance with the contractual terms, are settled through production. Accrued liabilities also include deferred compensation, primarily comprising directors’ fees and related costs.

NOTE 11 - DEBT AND DERIVATIVE WARRANT LIABILITY

Debt

		As at	
		December 31, 2025	December 31, 2024
Balance, beginning of year	\$	10,166	\$ 6,925
Loan proceeds		3,250	3,660
Amortization of deferred financing		2,224	595
Loan payments		(727)	(549)
Accrued Interest		1,390	832
Interest Paid		(248)	(241)
Warrants issued with new debt		(3,010)	(1,056)
Balance, end of year	\$	13,045	\$ 10,166
Less current portion		(13,045)	(8,061)
Long-term debt, end of year	\$	-	\$ 2,105

During the year ended December 31, 2025, the Corporation issued short-term promissory notes to existing shareholders with aggregate principal proceeds of \$3.3 million and issued 6,175,238 warrants in connection therewith. During the year, certain existing promissory notes were extended. In connection with these extensions, 4,267,504 warrants were cancelled and re-issued and a further 1,847,184 warrants that expired concurrently with the extensions were re-issued on substantially the same terms, thereby extending the warrant expiry dates. The short-term promissory notes bear interest at 14% per annum. Of the 4,267,504 warrants cancelled and re-issued 475,000 warrants were cancelled and an additional 100,000 warrants were issued in connection with the extension of an existing loan.

During 2024, the Corporation issued short-term unsecured promissory notes totaling \$3.7 million payable to existing shareholders of the Corporation. In connection with those short-term unsecured promissory notes the Corporation issued 3,605,488 warrants.

NOTE 11 - DEBT AND DERIVATIVE WARRANT LIABILITY (continued)

On September 15, 2022, the Corporation obtained a \$1.7 million secured loan from 579 Max Ltd., bearing interest at 12% per annum and originally maturing March 31, 2024, and issued 500,000 warrants exercisable for three years at CAD \$3.00 per share. On February 13, 2024, the loan was amended to extend the maturity to March 31, 2025 and increase the interest rate to 14% per annum; the 500,000 warrants were cancelled and replaced with 600,000 warrants exercisable at CAD \$3.00 per share. On March 31, 2025, the loan was further amended to extend the maturity to March 31, 2026; the 600,000 warrants were cancelled and replaced with 600,000 warrants exercisable at CAD \$1.25 per share (the market price on the amendment date).

Amortization of deferred costs including the warrants' fair value costs at the issue date and other financing fees incurred to secure the credit facilities are recorded as a reduction of the outstanding loan balances in the year incurred and are amortized as accretion expense over the term of the respective loans.

Legal costs and other financing fees incurred to secure the credit facilities are recorded as a reduction of the outstanding loan balances in the year incurred and are amortized as accretion expense over the term of the respective loans.

Warrants Issued with Debt

(Note 13 for other warrants)

	December 31, 2025		As at December 31, 2024	
	Warrants	Weighted Average Exercise Price (CAD)	Warrants	Weighted Average Exercise Price (CAD)
Outstanding, beginning of year	4,580	\$ 1.52	1,169	\$ 2.70
Issued	12,390	0.92	4,205	1.52
Exercised	-	-	-	-
Extinguished	(4,267)	(1.21)	(500)	(3.00)
Expired	(1,847)	(1.25)	(294)	(3.05)
Outstanding, end of year	10,856	\$ 0.91	4,580	\$ 1.52
Exercisable, end of year	10,856	\$ 0.91	4,580	\$ 1.52

Details of the warrants that were issued with debt that were outstanding at December 31, 2025 are as follows:

Warrants outstanding	Weighted average exercise price (CAD)	Warrants exercisable	Weighted average years to expiry
10,856	\$ 0.91	10,856	0.5803

NOTE 11 - DEBT AND DERIVATIVE WARRANT LIABILITY (continued)

Warrants Issued with Debt (continued)

The number of common shares to be issued on the exercise of warrants and the price per share are fixed; however, since the functional currency of the Corporation and the loans are USD denominated, the warrants do not meet the requirements of an equity instrument. Based on IFRS requirements and specifically IAS 32, the warrants are instead classified as derivative financial liabilities. Accordingly, the value of the warrants is to be measured at their fair value on initial recognition and subsequent measurement.

For valuation purposes, the Corporation used the Black-Scholes method to determine the fair value at December 31, 2025 to be \$1.9 million (December 31, 2024 - \$0.5 million). The net change in the fair value of the derivative liability is charged to the Statement of Operations and Comprehensive Income (Loss) and resulted in recognizing a \$1.6 million gain for the year ended December 31, 2025 (year ended December 31, 2024 - \$1.2 million gain). The average fair values of each warrant at December 31, 2025 and December 31, 2024 were \$0.17 and \$2.12, respectively.

Derivative warrant liability

	As at	
	December 31, 2025	December 31, 2024
Balance, beginning of period	\$ 501	\$ 668
Change in fair value of derivative warrant liability (i)	(1,186)	(1,024)
Extinguishment of warrants in connection with debt (i)	(413)	(199)
Warrants issued in connection with debt (ii)	3,010	1,056
Balance, end of period	\$ 1,912	\$ 501

- (i) *Recognized in loss (gain) on fair value in accordance with IFRS 9 – Financial Instrument, the total fair value change as at and for the year ended December 31, 2025 was \$1,599 thousand.*
- (ii) *During the period, the Corporation issued 6,175,238 warrants in connection with short-term debts to insiders. As part of the credit facilities, the fair value of the warrants at initial recognition was recorded within the loan balances on the issue date and is amortized as accretion expense over the term of the respective loans.*

NOTE 12 - DECOMMISSIONING OBLIGATIONS

The Corporation's decommissioning obligations result from its ownership interests in petroleum and natural gas assets, including well sites, facilities, and gathering systems. The total decommissioning obligations are estimated based on net ownership interests, estimated costs to reclaim and abandon these wells and facilities, and the estimated timing of the costs to be incurred in future years.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements could be significant. The total undiscounted amount of the estimated cash flows required to settle its decommissioning liabilities are approximately \$1.1 million (2024 - \$2.1 million) which will be settled over the operating lives of the underlying assets, estimated to occur between 2034 and 2039.

NOTE 12 - DECOMMISSIONING OBLIGATIONS (continued)

A risk-free interest rate of 10% (2024 – 10%) and an inflation rate of 3.5% (2024 – 3.8%) were used to calculate the decommissioning liability.

Decommissioning liabilities

	As at	
	December 31, 2025	December 31, 2024
Balance, beginning of year	\$ 2,134	\$ 1,486
Revisions in estimates capitalized to assets	(1,525)	1,112
Revisions in estimates recognized in P&L	(484)	-
Accretion expense	80	1
Foreign currency translation	237	(465)
Balance, end of year	\$ 442	\$ 2,134

During 2025, the Company recognized a net reduction of \$2 million in decommissioning liabilities, primarily resulting from revisions to estimated abandonment costs based on updated cost estimates in accordance with Brazil's Agency of Petroleum, Natural Gas and Biofuels ("ANP") requirements, benchmarked to an analogous well decommissioning completed.

during the year. Revisions to estimated costs were recognized as adjustments to the carrying amount of the related PP&E and E&E assets when such assets remained recognized, and directly in profit or loss when the related wells were no longer recognized as assets.

The provision is accreted over time to reflect the passage of time, with accretion expense recognized in finance costs.

NOTE 13 - SHARE CAPITAL

13.1. Authorized share capital

The Corporation's authorized share capital consists of an unlimited number Class A Common Stock, no par value, an unlimited number of Class B Restricted Voting Shares, no par value, immediately convertible to Class A shares, and an unlimited number of Preferred Shares, no par value, which can be issued in one or more series with the terms for each series determined by the Board of Directors.

13.2. Issued share capital and exercises

During the year ended December 31, 2025, the Corporation issued 2,217,808 Class A common shares for cash through private placements at a price of C\$1.50 per share and issued 596,502 Class A common shares upon the exercise of stock options at a weighted-average exercise price of C\$0.80 per share.

During the year ended December 31, 2024, the Corporation issued 1,205,350 units at a price of C\$3.00 per unit, with each unit comprised of one Class A common share and one transferable common share purchase warrant exercisable at C\$4.00 per share for a period of twelve months. During 2024, the Corporation also issued 684,312 Class A common shares upon the exercise of stock options at weighted-average exercise

NOTE 13 - SHARE CAPITAL (continued)

13.2. Issued share capital and exercises (continued)

prices ranging from C\$0.80 to C\$1.07, including cashless exercises, and 64,000 Class A common shares upon the exercise of warrants for aggregate proceeds of \$118 thousand.

The Corporation has issued common share purchase warrants in connection with (i) equity financings and other transactions, which are classified in equity and presented in Note 13, and (ii) certain debt financings, which are denominated in Canadian dollars while the Corporation's functional currency is U.S. dollars and therefore are classified as derivative financial liabilities in accordance with IAS 32 and presented in Note 11.

13.3. Private Placement and Other Warrants

The Corporation has issued transferable common share purchase warrants in connection with private placements that are classified as equity instruments. Warrants issued in connection with certain debt financings are denominated in Canadian dollars while the Corporation's functional currency is the U.S. dollar and are therefore classified as derivative financial liabilities; such warrants are excluded from this note and are disclosed in Note 11 – Debt and Derivative Warrant Liability.

The continuity of equity-classified warrants is as follows:

	December 31, 2025		As at December 31, 2024	
	Number of Warrants	Weighted Average Exercise Price (CAD)	Number of Warrants	Weighted Average Exercise Price (CAD)
Outstanding, beginning of year	3,553	\$ 3.32	7,756	\$ 2.97
Issued with private placements	-	-	1,205	4.00
Exercised	-	-	(64)	(2.50)
Expired	(496)	(4.00)	(5,344)	(2.50)
Outstanding, end of year	3,057	\$ 3.32	3,553	\$ 3.32
Exercisable, end of year	3,057	\$ 3.32	3,553	\$ 3.32
Weighted average life remaining- 0.21 years				

As at December 31, 2025, private placement warrants outstanding had a weighted-average remaining contractual life of approximately 0.21 years. Certain warrants had their expiration dates extended during 2025. After the year end, the Company amended the warrant terms as part of a warrant incentive program, which is detailed in Note 21 – Subsequent Events.

NOTE 13 - SHARE CAPITAL (continued)

13.4. Stock Options

The Corporation's Stock Option Plan (the "Plan") permits the granting of options to purchase common shares to directors, officers, employees and consultants of the Corporation and its subsidiaries. The Plan allows for the granting of stock options for the purchase of outstanding common shares of the Corporation up to an annual limit established by the Board, and subject to the annual approval of a majority of the Corporation's shareholders. The Plan was most recently approved in June 2025 at the Annual General Meeting of shareholders.

A summary of the changes in options is presented below:

	Number of Options	Weighted Average Exercise Price (CAD\$)
Balance as at December 31, 2023	3,979	\$ 1.99
Granted	871	1.25
Exercised	(736)	(1.01)
Expired	(100)	(2.00)
Balance as at December 31, 2024	4,014	\$ 2.01
Granted	919	0.95
Exercised	(597)	(0.80)
Expired	(517)	(1.58)
Balance as at December 31, 2025	3,819	\$ 2.00

The details of the options outstanding at December 31, 2025 are as follows:

Options Outstanding (000's)	Weighted average exercise price (CAD\$)	Weighted Average Remaining Contractual Life	Options Exercisable (000's)	Weighted average exercise price (CAD\$)	Weighted average years to expiry
56	2.00	1.58	56	2.00	1.58
515	2.17	1.00	515	2.17	1.00
835	3.00	1.67	835	3.00	1.67
665	3.00	2.50	577	3.00	2.50
854	1.25	3.75	361	1.25	3.75
894	0.95	4.50	174	0.95	4.50
3,819	\$ 2.00	2.85	2,518	\$ 2.42	2.21

The options granted in September of 2022 have vesting periods ranging from 30 days to 3 years. The fair value of the 2022 options was determined to be approximately \$1.94 (CAD) per share using the Black-Scholes option pricing model with the following key assumptions: (1) exercise price of \$3.00 (CAD); (2) volatility ranging from 159.1% to 328.5%; (3) risk-free rate ranging from 3.3% to 3.57% (4) terms ranging from two years to five years; (5) forfeiture rate of 0%; and (6) expected dividend yield of 0%.

NOTE 13 - SHARE CAPITAL (continued)

13.4. Stock Options (continued)

On July 21, 2023, the Corporation issued 690,000 stock options expiring on July 20, 2028, with vesting periods ranging from 30 days to three years. The fair value of the options was determined using the Black Scholes pricing model with the following key assumptions: (1) average exercise price of \$3.00; (2) average expected volatility of 124.20%; (3) risk-free expected interest rate of 4.57%; (4) expected paid dividends of \$0.00. The estimated fair value of the was calculated at \$1.80.

On November 13, 2023, the Corporation issued 25,000 stock options expiring November 13, 2025, with a vesting period of one year. The fair value of the options was determined using the Black Scholes pricing model with the following key assumptions: (1) exercise price of \$3.00 (CAD); (2) volatility ranging of 116% (3) risk-free rate of 5.22% and (4) expected dividend yield of 0%. The estimated fair value of the was calculated at \$0.75.

On September 25, 2024, the Corporation issued 871,130 stock options expiring September 25, 2029, with a vesting period of three years. The fair value of the options was determined using the Black Scholes pricing model with the following key assumptions: (1) average exercise price of \$1.25; (2) average expected volatility of 79.90%; (3) risk-free expected interest rate of 3.67%; (4) expected paid dividends of \$0.00. The estimated fair value of the was calculated at \$0.72.

During the year ended December 31, 2024, a total of 75,000 stock options were exercised using the net (cashless) settlement method, whereby the Corporation issued only the net number of common shares, equivalent to the intrinsic value of the options, instead of receiving a cash payment for the exercise price. As a result, 23,763 common shares were issued, and no cash proceeds were received. The remaining 51,237 shares that would have been issued were retained by the Corporation to offset the aggregate exercise price of the options.

During the year ended December 31, 2025, the Corporation issued a total of 596,502 common shares through the exercise of stock options by board members and country directors. These options were exercised at a weighted average exercise price of CAD \$0.80 per share.

On May 20, 2025, the Corporation issued 918,507 stock options to officers and directors of the Corporation. These options have an expiry date of May 20, 2030, and a vesting period of three years. The fair value of the options was determined using the Black Scholes pricing model with the following key assumptions: (1) average exercise price of \$0.95; (2) average expected volatility of 85.33%; (3) risk-free expected interest rate of 3.77%; (4) expected paid dividends of \$0.00. The estimated fair value of the options was calculated at \$0.39.

For the year ended December 31, 2025, the Corporation recognized \$700 thousand (\$748 thousand in December 2024) of share-based compensation expense that has been included in the Statements of Operations and Comprehensive Income (Loss). At December 31, 2025 there was \$0.2 million of remaining unamortized share-based compensation costs related to the 2023 grant (\$0.5 million at December 31, 2024), and there was \$0.3 million remaining related to the 2024 grant (\$0.5 million at December 31, 2024).

NOTE 13 - SHARE CAPITAL (continued)

13.4. Stock Options (continued)

At December 31, 2025 there was also \$0.3 million remaining related to the option grant of 2025 (null at 2024).

Basic loss per share is calculated using the weighted average shares outstanding during the year of 21.6 million (2024 – 20.1 million). Stock options and warrants are ant-dilutive in nature; hence, diluted loss and diluted weighted average shares are not reported.

NOTE 14 – NET OIL REVENUE

		Year Ended December 31,	
		2025	2024
Sales of Oil	\$	659	\$ 1,250
Deductions:			
Royalties		(31)	(63)
Sales taxes		(61)	(115)
Cancelled sales		(1)	(7)
Net Oil Revenue		566	1,065

NOTE 15 - SELECTED INCOME AND EXPENSES

Finance and other expenses (income)

	Year Ended December 31,	
	2025	2024
Interest expense on debts	\$ 1,390	\$ 912
Other interest expense	288	188
Interest expense	1,678	1,100
Interest income	(184)	(162)
Fair value change in warrants (Note 11)	(1,599)	(1,224)
Accretion on decommissioning liabilities	80	1
Amortization of deferred financing (Note 11)	2,224	595
Foreign exchange variation	(251)	102
Other financing costs	210	215
Other financing expenses (income)	2,263	913
Other non-operating loss (gain) (i)	(844)	-
Gain on settlement of assets	-	(58)
Other non-operating loss (gain)	(844)	(58)
Total other expenses	\$ 1,314	\$ 569

- (i) During the year ended December 31, 2025, the Company recognized other non-operating income related to the tax credits and corresponding monetary inflation adjustment of these tax credits in Brazil, arising from specific tax recovery initiatives undertaken during the year. The related taxes outstanding to be recovered are presented in Note 5 – Other Assets.

General and administrative expenses

	Year Ended December 31,	
	2025	2024
Salaries and benefits	\$ 2,484	\$ 3,074
Professional fees	989	966
Office expense and other	365	385
Travel and related	315	372
Insurance	113	82
Director fees	293	300
Consulting	296	106
Total general and administrative expenses	\$ 4,855	\$ 5,285

NOTE 16 - SEGMENTED DATA

The Corporation operates in one industry, being the exploration and development of oil and gas resources, but in several geographic locations.

Segmented data for select assets and liabilities is noted in the following table:

December 31, 2025	Brazil	Paraguay	United States	Total
Cash	\$ 124	\$ 1	\$ 42	\$ 167
Exploration and evaluation assets	6,757	-	-	6,757
Property, plant and equipment	3,560	-	15	3,575
Deposits	2,613	-	-	2,613
Accounts payable	1,820	-	1,472	3,292
Accrued liabilities	2,040	-	2,455	4,495
Decommissioning obligations	442	-	-	442
Debt	-	-	13,045	13,045

December 31, 2024	Brazil	Paraguay	United States	Total
Cash	\$ 1	\$ 2	\$ 272	\$ 275
Exploration and evaluation assets	5,052	-	-	5,052
Property, plant and equipment	4,765	-	23	4,788
Deposits	2,391	-	-	2,391
Accounts payable	1,098	-	865	1,963
Accrued liabilities	817	-	2,111	2,928
Decommissioning obligations	2,134	-	-	2,134
Debt	-	-	10,166	10,166

NOTE 17 - FINANCIAL INSTRUMENT RISKS AND CONCENTRATIONS

The Corporation's financial instruments consist of cash and cash equivalents held by regulated financial institutions, other current assets, accounts payable, accrued liabilities and long-term debt. The Company does not make speculative investments in derivatives or any other risk assets.

Fair value

The fair values of cash and cash equivalents, other current assets, accounts payable and accrued liabilities approximate their carrying values due to their short-term nature. The carrying value of long-term debt approximates fair value and is recorded at amortized cost. The fair values of the investment and derivative warrant liability are measured on initial recognition and each subsequent reporting date using Level 3 hierarchy inputs.

NOTE 17 - FINANCIAL INSTRUMENT RISKS AND CONCENTRATIONS (continued)

Risks associated with financial assets and liabilities

The Corporation's activities are exposed to a variety of financial risks such as credit risk, market risk and liquidity risk that arise as a result of its activities. Management has primary responsibility for monitoring and managing financial instrument risks under the direction of the Board of Directors, which has overall responsibility for establishing the Corporation's risk management framework.

Market Risk

Market risk is the possibility that changes in foreign exchange rates, interest rates, access to capital, or the prices of crude oil and natural gas products will adversely affect the value of assets, liabilities and expected future cash flows.

Commodity Price Risk

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted by world and continental/regional economic and other events that dictate the level of supply and demand (Note 3). Fluctuations in these prices may negatively impact the Corporation's ability to economically develop its resource properties and execute its business plans as access to capital could be restricted.

Credit Risk

The Corporation's financial instruments exposed to concentrations of credit risk consist primarily of cash and cash equivalents, which is on deposit with reputable financial institutions. There has been no history of credit losses.

Foreign exchange risk

Foreign currency risk is the risk that the fair value of the Corporation's financial assets and liabilities will fluctuate due to fluctuations in foreign exchange rates. The Corporation is exposed to foreign currency risk with respect to cash, other current assets, accounts payable, accrued liabilities, derivative warrant liability and loans from directors and officers denominated in Canadian dollars and Brazilian reals. The Corporation does not currently manage currency risk through hedging or other currency management tools.

Liquidity risk

Liquidity risk relates to the risk the Corporation will encounter should it have difficulty in meeting obligations associated with the financial liabilities. Financial liabilities consist of accounts payable, accrued liabilities and long-term debt which are due within one to five years. The Corporation manages its liquidity risk by forecasting cash flow requirements for its planned corporate activities and anticipated investing and financing activities. Management and the board of directors are actively involved in the review, planning and approval of significant expenditures and commitments. Liquidity difficulties would emerge if the Corporation was unable to establish a profitable production base to generate sufficient cash

NOTE 17 - FINANCIAL INSTRUMENT RISKS AND CONCENTRATIONS (continued)

Liquidity risk (continued)

flow to cover both operating and capital requirements and service debt financing arrangements. The Corporation anticipates it will continue to have adequate liquidity to fund its financial liabilities through its future funds from operations and issuance of debt or equity instruments.

Market Risk

Following are the contractual maturities of financial liabilities including expected interest payments at the end of each period:

December 31, 2025	Contractual Cash Flows	Less Than One Year	1 - 5 years
Accounts and income taxes payable	\$ 3,292	\$ 3,292	\$ -
Accrued liabilities	4,495	4,495	-
Lease Liabilities	43	27	16
Debt and related interest payable	13,045	13,045	-
Total financial liabilities	\$ 20,875	\$ 20,859	\$ 16

December 31, 2024	Contractual Cash Flows	Less Than One Year	1 - 5 years
Accounts and income taxes payable	\$ 1,963	\$ 1,963	\$ -
Accrued Liabilities	2,928	2,928	-
Lease Liabilities	58	21	37
Debt and related interest payable	10,166	8,061	2,105
Total financial liabilities	\$ 15,115	\$ 12,973	\$ 2,142

Interest rate risk

Interest rate risk consists of three components:

- (a) To the extent that payments made or received on the Corporation's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Corporation is exposed to interest rate cash flow risk.
- (b) To the extent that changes in prevailing market rates differ from the interest rate in the Corporation's monetary assets and liabilities, the Corporation is exposed to interest rate price risk.
- (c) The Corporation is exposed to interest rate risk to the extent the changes in market interest rates will impact the Corporation's cash and cash equivalent balances that are at a floating or short-term rate of interest and the long-term debt, which is at a fixed rate of interest. The Corporation does not have any hedging instruments in place at December 31, 2025 or December 31, 2024 to mitigate this risk.

NOTE 17 - FINANCIAL INSTRUMENT RISKS AND CONCENTRATIONS (continued)

Capital management

The Corporation manages its capital structure and makes adjustments to it, based on the funds available to the Corporation, in order to support its operations. The Board of Directors does not establish quantitative return on capital criteria, but rather relies on the expertise of the Corporation's management to sustain future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Corporation, is reasonable. The Corporation is not subject to externally imposed capital requirements.

Fair value of financial instruments

There are three levels for classification of fair value of financial instruments, the hierarchy provides priority for quoted prices not adjusted in active market regarding a financial asset or liability. The classification of the hierarchical levels can be presented as exposed below:

- Level 1 – Quoted prices (not adjusted) in active markets for identical assets or liabilities that the entity can have access at the measuring date.
- Level 2 – Evaluation techniques for which the lower-level information and significant for measuring the fair value is directly or indirectly observable.
- Level 3 – Evaluation techniques for which the lower-level information and significant for measuring the fair value is not available.

The hierarchic, book and market fair value of the Company's main financial instruments as at December 31, 2025 and 2024 are as follows:

			As at December 31, 2025		As at December 31, 2024	
Category		Level	Book	Fair Value	Book	Fair Value
<u>Assets:</u>						
Cash and cash equivalents	Fair value through income	2	\$ 167	\$ 167	\$ 275	\$ 275
Other assets	Amortized cost	2	365	365	219	219
Deposits	Fair value through income	2	2,613	2,613	2,391	2,391
<u>Liabilities:</u>						
Accounts payable	Amortized cost	2	3,292	3,292	1,963	1,963
Accrued liabilities	Amortized cost	2	4,495	4,495	2,928	2,928
Lease liabilities	Amortized cost	2	43	43	58	58
Debt	Amortized cost	2	13,045	13,045	10,166	10,166
Derivative warrant liability	Fair value through profit or loss	3	1,912	1,912	501	501
Other liabilities	Amortized cost	2	131	131	-	-

NOTE 17 - FINANCIAL INSTRUMENT RISKS AND CONCENTRATIONS (continued)

Fair value of financial instruments (continued)

The fair values of cash and cash equivalents, other current assets, accounts payable and accrued liabilities approximate their carrying values due to their short-term nature. The carrying value of long-term debt approximates fair value and is recorded at amortized cost. The fair values of the investment and derivative warrant liability are measured on initial recognition and each subsequent reporting date using level 3 hierarchy inputs.

NOTE 18 - RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount which is the amount of consideration established and approved by the related parties.

For the year ended December 31, 2025, the Corporation incurred finance charges of \$740 thousand (2024 – \$519 thousand) on long-term debt and notes payable to officers and directors, which are included in accounts payable and accrued liabilities. As at December 31, 2025, there is accrued and unpaid interest of \$1.5 million (2024 – \$736 thousand) relating to outstanding debt of \$1.7 million (2024 – \$1.7 million) and short-term promissory notes payable to officers and directors of \$4.9 million (2024 – \$2.7 million).

At December 31, 2025, there are accrued and unpaid consulting, salary and related charges of \$1.9 million (December 31, 2024 - \$1.1 million) owing to consultants, officers and directors.

The compensation paid or payable to key management for services is as follows:

		Years Ended December 31,	
		2025	2024
Salaries and related and director fees	\$	1,617	\$ 1,840
Share-based compensation		700	748
	\$	2,317	\$ 2,588

NOTE 19 - COMMITMENTS AND CONTINGENCIES

19.1. Commitments with production and exploration activities

Pursuant to farm-in and other acquisition agreements, the Corporation is often obligated to meet minimum work commitments related to exploration and development activities. The Corporation will be required to obtain additional debt or equity financing in 2026 and beyond to fund commitments for future work programs.

The contracts for the granting of exploration rights were recognized by the acquisition cost value. The Andorinha, Trapiá, Alto Alegre and São João fields are in operational phase, and demonstrated below:

NOTE 19 - COMMITMENTS AND CONTINGENCIES (continued)

19.1. Commitments with production and exploration activities (continued)

Basin	Production field	Share %	Concession Expiry	Government royalties	Land owners royalties
Bacia Potiguar	Andorinha	100%	November 21, 2036	5%	1.0%
Bacia Potiguar	Alto Alegre	100%	May 12, 2034	5%	0.5%
Bacia Potiguar	Trapiá	100%	March 01, 2039	5%	0.5%
Bacia Barreirinha	São João	100%	May 12, 2034	5%	0.5%

Minimum Exploratory Program – PEM

As of December 31, 2025, the Company had the commitment of compliance with the PEM regulated by ANP, referring to the granting of the block, as shown below:

Concession Expiry	Quantity of Exploration Blocks	Minimum Work Program (BRL)	Minimum Work Program (USD)
2027	27	\$ 36,303	\$ 7,261
2028	7	8,630	1,726
Total	34	\$ 44,933	\$ 8,987

19.2. Legal claim

The Corporation is party to legal claims and disputes in the normal course of business. The Company establishes reserves for specific legal matters when it determines that the likelihood of an unfavorable outcome is probable, and the loss is reasonably estimable.

The Company is party to a labor dispute litigation trial which resulted in a verdict and subsequent judgement against the Company totaling \$1.3 million and attorney's fees of \$940k, plus interest and court costs. The Company has filed a motion for a new trial and notice of appeal as management and legal counsel believe the jury's findings are contrary to the overwhelming weight of all evidence. The Company's consolidated financial statements do not reflect any provision for a loss with respect to this matter, as management does not believe there is a probable likelihood of an unfavorable outcome. The Company intends to vigorously defend itself on appeal against the claims asserted.

It is possible that an unfavorable outcome in legal claims or commitments or other contingencies could have a material impact on the liquidity, results of operations, or financial condition of the Company.

NOTE 20 – INSURANCE COVERAGE (NOT AUDITED)

The Corporation has insurance coverage to cover operational risks. The coverages were obtained from reputable insurance companies, in amounts considered sufficient by Management, considering the nature of the company's operations, and based on the recommendations of insurance consultants.

NOTE 21 – SUBSEQUENT EVENTS

Subsequent event – Warrant Incentive Plan

On March 13, 2026, the Company announced an amendment to the terms of certain outstanding common share purchase warrants originally issued in connection with private placements completed in March 2023 and February 2024. The amendments relate to 1,205,350 warrants issued on February 27, 2024 and 1,851,960 warrants issued on March 28, 2023, which were originally exercisable at CAD \$4.00 per common share. The Company reduced the exercise price of the February warrants to CAD \$0.60 per share and extended their expiry date to March 29, 2026, and reduced the exercise price of 1,577,156 of the March warrants to CAD \$0.60 per share and extended their expiry date to April 27, 2026, in order to provide an incentive to warrant holders to exercise their warrants.

As a result, subsequent to year-end and up to the date these financial statements were authorized for issuance, a total of 1,120,180 warrants were exercised for the issuance of an equal number of common shares, a total of 422,350 warrants were expired on March 29, 2026 and the Company had 1,239,976 warrants outstanding under its incentive plan that remain exercisable until April 27, 2026.

Subsequent event – Debt arrangements

In January and February 2026, the Company completed borrowing transactions with a third-party lender, 579 Max, Ltd., for aggregate gross proceeds of US\$250,000, and US\$300,000. In connection with these loans common share purchase warrants were issued with expiry dates extending to January and February 2027. On January 26, 2026, the Company issued 622,818 common share purchase warrants at an exercise price of CAD \$0.55. On February 12, 2026, 680,250 warrants were issued at an exercise price of CAD \$0.60.

In addition, on March 4, 2026, the Company issued 224,000 common share purchase warrants to PVE Bridge, LLC in connection with a previously established loan facility LOC – Line of credit that the Company received \$100 thousand dollars from the line of credit established. The warrants are exercisable at CAD \$0.61 per share and expire on July 21, 2026.

On March 23, 2026, the Company announced an extension of its US\$1.7 million secured loan with 579 Max Ltd. Under the amended terms, the loan maturity date was extended from March 31, 2026 to March 31, 2028, and continues to bear interest at 14% per annum, payable quarterly. In connection with the extension, 600,000 previously issued bonus warrants expired, and the Company granted the lender 600,000 common share purchase warrants, exercisable at C\$0.68 per share and expiring on March 31, 2028, subject to approval of the TSX Venture Exchange.

Subsequent event – Shares-for-debt transaction

Subsequent December 31, 2025, the Company announced its intention to enter into shares-for-debt settlement agreements to extinguish outstanding indebtedness of up to approximately US\$6,200,000 owing to certain directors and arm's-length creditors. The indebtedness is proposed to be settled through the issuance of up to 12,664,000 common shares at a deemed price of C\$0.68 per share, subject to customary

NOTE 21 – SUBSEQUENT EVENTS (continued)

Subsequent event – Shares-for-debt transaction (continued)

closing conditions, including approval of the TSX Venture Exchange. The common shares to be issued will be subject to a statutory hold period.

Subsequent event – Transaction with Azevedo & Travassos Energia

On March 26, 2026, the Company announced the execution of a binding agreement with Azevedo & Travassos Energia S.A. (“ATE”), a publicly traded Brazilian energy company, pursuant to which the Company agreed to contribute certain oil and gas assets in exchange for an equity interest in ATE.

As consideration for the transaction, the Company will receive newly issued common shares of ATE representing 10.25% of ATE’s issued and outstanding share capital following issuance at the initial closing.

The assets to be contributed include the Andorinha field concession, a portfolio of six exploration blocks in the Potiguar Basin, and an option to acquire a 50% interest in certain oil and gas assets. The transaction is expected to be completed in the second quarter of 2026, subject to the fulfillment of customary conditions precedent, including required corporate, regulatory and stock-exchange approvals, including approval by ANP.

The related assets and liabilities will be classified as assets held for sale and discontinued operation as from March 26, 2026, being the date of execution of the relevant sale and purchase agreement, when the “highly probable” criterion required by IFRS 5 was met.

These transactions occurred after the reporting period and, accordingly, no amounts have been recognized in the consolidated financial statements as at December 31, 2025.