NEW STRATUS ENERGY INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024, AND 2023

NEW STRATUS ENERGY INC.

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Independent Auditor's Report

To the Shareholders of New Stratus Energy Inc.

Opinion

We have audited the consolidated financial statements of New Stratus Energy Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of operations and comprehensive loss, changes in (deficit) equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group 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 in the financial statements, which indicates that the Group incurred a net loss of $31.7 million during the year ended December 31, 2024 and an accumulated deficit of $46.7 million. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon,and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Accounting for Joint Ventures in Mexico and Venezuela

Description of the key audit matter

We refer to Notes 10 and 11 of the consolidated financial statements, whereby the Group recognized investments in two joint ventures during the year ended December 31, 2024: Desarrolladora de Oriente Oil & Gas Ltd. ("DOOG") in Venezuela and Operaciones Petroleras Soledad S. de R.L. de C.V. ("OPS") in Mexico. The Group recognized total share purchases of $16.7

million in DOOG and $61.7 million in OPS, along with its share of income totaling $6.3 million across both entities. The Group fully impaired its $20.0 million carrying amount in DOOG, resulting in a year-end balance of $nil, while the investment in OPS was recognized at $61.7 million as at December 31, 2024.

The accounting for these investments required significant judgment in determining whether joint control existed, whether equity method accounting was appropriate, the effective dates for investment recognition, the classification of capital contributions, and the timing of income or loss recognition. Further judgment was applied in assessing the cessation of joint control over DOOG and the recoverability of the investment, which was fully impaired as at year-end. The complexity and significance of the judgments involved make this a key audit matter.

How the key audit matter was addressed in the audit

Our approach in addressing this matter included the following procedures, among others:

- Obtained and reviewed executed agreements, side letters, and the DOOG termination agreement.
- Evaluated management's assessment of joint control and application of equity method accounting under IFRS 11 *Joint Arrangements* and IAS 28 *Investments in Associates and Joint Ventures*.
- Assessed the effective dates of investment recognition by reviewing funding flows and supporting documentation.
- Evaluated the classification and recognition of capital contributions related to OPS.
- Assessed management's basis for ceasing equity pickup of DOOG after September 30, 2024, and fully impairing the investment.
- Assessed the adequacy of the disclosures in Notes 10 and 11 for consistency with IFRS requirements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis for the years ended December 31, 2024 and December 31, 2023.

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 Management Discussion and Analysis 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 IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 Canadian 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Group 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Justin Friesen.

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
May 2, 2025

NEW STRATUS ENERGY INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in Canadian dollars)

	Note	December 31, 2024	December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents		**$ 749,180**	$ 33,114,273
Restricted cash	5	**100,000**	510,539
Other receivables	6	**6,858,824**	20,631
Recoverable taxes	7	**584,060**	7,434,764
Prepaid and advance payments	8	**21,478**	6,941,808
		8,313,542	48,022,015
Non-current assets			
Property, plant, and equipment	9	**574,436**	629,306
Investments in joint venture and loan commitment	10,12b	**61,706,854**	-
Other assets		**-**	7,057
		62,281,290	636,363
Total assets		**$ 70,594,832**	$ 48,658,378
LIABILITIES AND (DEFICIT) EQUITY			
Current liabilities			
Trade and other payables	12 a	**$ 4,801,609**	$ 2,374,147
Loan commitment	12 b	**40,003,230**	-
Taxes payable		**1,080,899**	121,149
Employee benefit obligation	13	**313,519**	483,446
Defined benefit obligations	14	**263,162**	854,911
Asset retirement obligation	15	**12,261**	102,392
		46,474,680	3,936,045
Non-current liabilities			
Other liabilities	16	**28,981,443**	22,662,562
Total liabilities		**75,456,123**	26,598,607
Shareholders' (deficit) equity			
Share capital	17	**36,932,501**	31,828,122
Warrants	17	**-**	1,142,388
Contributed surplus	17	**5,050,968**	4,316,215
Cumulative translation adjustment		**(130,236)**	(177,408)
Deficit		**(46,714,524)**	(15,049,546)
Total (deficit) equity		**(4,861,291)**	22,059,771
Total liabilities and (deficit) equity		**$ 70,594,832**	$ 48,658,378

Commitments and Contingencies (Note 27), Going Concern (Note 2) and Subsequent Events (Note 29)

Approved by the Board of Directors

See accompanying notes to the Consolidated Financial Statements.

NEW STRATUS ENERGY INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in Canadian dollars)

For the year ended December 31,	Notes	2024	2023
General and administrative	18	**(14,507,600)**	(17,108,396)
Income from investments in Joint Venture	10	**1,663,979**	-
Stock-based compensation	17	**(494,185)**	-
Foreign exchange (loss) gain		**(874,379)**	152,374
Write off receivables and deposits	8	**(1,325,150)**	(670,005)
Other income	20	**7,697,351**	7,006,965
Operating loss from continuing operations		**(7,839,984)**	(10,619,062)
Financial cost ,net	19	**(2,675,275)**	(727,127)
Accretion expenses on the loan commitment	12b	**(4,235,742)**	-
Net loss before income taxes from continuing operations		**(14,751,001)**	(11,346,189)
Income tax expense	21	**(1,572,559)**	(3,883)
Net loss from continuing operations		**(16,323,560)**	(11,350,072)
Discontinued operations			
Income from discontinued operations	11	**4,639,305**	-
Loss on disposal of discontinued operations	11	**(19,980,723)**	-
Net loss from discontinued operations		**(15,341,418)**	-
Net loss		**$ (31,664,978)**	$ (11,350,072)
Other comprehensive loss:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences in translation of the companies' subsidiaries.		**47,172**	(1,493,341)
Net loss and comprehensive loss		**$ (31,617,806)**	$ (12,843,413)
Net loss per share			
Basic from continuing operations	22	**$(0.13)**	$(0.09)
Basic from discontinued operations	22	**$(0.12)**	$ -
Total Basic	22	**$(0.25)**	$(0.09)
Diluted	22	**$(0.25)**	$(0.09)

See accompanying notes to the Consolidated Financial Statements.

NEW STRATUS ENERGY INC.
CONSOLIDATED STATEMENTS OF CHANGES IN (DEFICIT) EQUITY
(in Canadian dollars)

For the year ended December 31,	Notes	2024	2023
Share capital			
Balance, beginning of the year	17	**$ 31,828,122**	$ 31,227,085
Share repurchase	17	**(99,111)**	-
Warrants exercise	17	**5,172,490**	593,837
Options exercise	17	**31,000**	7,200
Balance, end of the year		**36, 932,501**	31,828,122
Warrants			
Balance, beginning of the year		**1,142,388**	1,260,010
Fair value of warrants exercised	17	**(901,820)**	(117,622)
Warrants expired	17	**(240,568)**	-
Balance, end of the year		**-**	1,142,388
Contributed surplus			
Balance, beginning of the year		**4,316,215**	4,316,215
Warrants expired		**240,568**	-
Stock based compensation		**494,185**	-
Balance, end of the year		**5,050,968**	4,316,215
Cumulative translation adjustment			
Balance, beginning of the year		**(177,408)**	1,315,932
Translation reserve		**47,172**	(1,493,340)
Balance, end of the year		**(130,236)**	(177,408)
Accumulated deficit			
Balance, beginning of the year		**(15,049,546)**	(3,699,474)
Net loss for the year		**(31,664,978)**	(11,350,072)
Balance, end of the year		**(46,714,524)**	(15,049,546)
Total shareholders' (deficit) equity		**$ (4,861,291)**	$ 22,059,771

See accompanying notes to the Consolidated Financial Statements.

NEW STRATUS ENERGY INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in Canadian dollars)

For the year ended December 31,	Notes	2024	2023
Net loss from		**$ (31,664,978)**	$ (11,350,072)
Adjustment for non-cash items:			
Income from investments - discontinued operation	11	**(4,639,305)**	-
Loss on disposal of discontinued operations	11	**15,341,418**	-
Depletion and depreciation	9	**402,764**	504,352
(Income) from investments in joint venture	10	**(1,663,979)**	-
Write off advances and deposit	8(1)	**1,325,150**	670,005
Foreign currency exchange		**152,374**	(152,374)
Accretion on loan commitment		**4,235,742**	-
Stock-based compensation	17	**494,185**	-
Change in estimate of asset retirement obligation	15	**-**	(5,204,913)
Payments of defined benefit obligations	14	**(533,269)**	-
Payments of employee benefit obligations	13	**(609,223)**	(1,358,194)
Payments of asset retirement obligation	15	**(99,135)**	(413,478)
Tax credit refund	7	**6,850,704**	19,399,222
Net change in non-cash working capital items	26	**1,375,728**	25,356,099
Cash (used in) provided by operating activities-continuing operations		**(9,031,824)**	27,450,647
Investing activities			
Consideration paid on investment in joint ventures OPS	10	**(23,160,249)**	-
Purchase of property, plant, and equipment	9	**(342,099)**	(112,186)
Purchase price consideration paid for a business combination	12	**-**	(6,772,000)
Payments to Repsol	12	**-**	(7,139,042)
Cash used in investing activities-continuing operations		**(23,502,348)**	(14,023,228)
Cash flow from discontinued operations			
Cash used in investing activities- discontinued operations	11	**(5,412,955)**	-
Total cash used in discontinued operations		**(5,412,955)**	-
Financing activities			
Warrants exercised	17	**4,270,670**	476,215
Options exercised	17	**31,000**	-
Share repurchases	17	**(99,111)**	7,200
Cash provided by financing activities-continuing operations		**4,202,559**	483,415
Net change in cash and restricted cash		**(33,744,568)**	13,910,834
Impact of foreign exchange on foreign currency-denominated cash balance		**968,936**	(1,446,733)
Cash and restricted cash, the beginning of the year		**33,624,812**	21,160,711
Cash and restricted cash, end of the year		**$ 849,180**	$ 33,624,812

See accompanying notes to the Consolidated Financial Statements.

NOTE 1 – REPORTING ENTITY

New Stratus Energy Inc. ("**New Stratus**" or the "**Company**" or the **"Corporation"**) is a publicly traded company domiciled in Canada. The Company was incorporated on April 12, 2015, under the Business Corporations Act (Alberta). The Company's registered office is 1500, 850 2nd Street S.W., Calgary, Alberta, Canada.

The Company's operations involve the acquisition, exploration, and development of oil and gas properties and, between January 14 and December 31, 2022, the operation and production of oil and gas deposits. These operations are subject to risks and challenges like those of companies in a comparable stage. These risks include but are not limited to, the challenges of securing adequate capital; exploration, development and operational risks inherent in the oil and gas industry; changes in government policies and regulations; the ability to obtain the necessary environmental permitting; challenges in profitable production or, New Stratus' ability to dispose of its interest on an advantageous basis; as well as global economic and commodity price volatility; all of which are uncertain.

NOTE 2 - BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board ("IASB") as at and for the year ended December 31, 2024, and 2023 and have been prepared in accordance with the accounting policies and methods of computation as set forth in note 3 below. These consolidated financial statements were approved by the Board of Directors on April 30, 2025.

Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for where the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on financial instruments accounting policy. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The financial statements consolidate the accounts of New Stratus Energy Inc. and its subsidiaries. Subsidiaries are those entities (including special purpose entities) which the Company controls by having the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by New Stratus and are de-consolidated from the date that control ceases. Intercompany transactions, balances, income and expenses, and profits and losses are eliminated. The Company conducts a portion of its business through investments in joint ventures, In a joint operation, the investor has rights and obligations to the separate assets and liabilities of the investee. For a joint operation, the Company recognizes its share of the assets, liabilities, revenue, and expenses of the joint arrangement directly.

The consolidated financial statements of the Company on December 31, 2024, include the Company and its subsidiaries, Petrolia SARL, New Stratus Minerals Inc., Petrolia Ecuador, S.A. and its Branch, New Stratus Latin America, and New Stratus Power Inc and Operadora NSE Mexico. The Company is primarily in the business of acquiring, exploring, and developing oil and gas properties, for the purpose of producing oil and gas, principally in South America.

Functional and presentation currency

The functional currency of the parent company and its subsidiaries is measured using the currency of the primary economic environment in which that entity operates. The presentation currency for a company is the currency in which the company chooses to present its consolidated financial statements.

The functional currency of Petrolia SARL, New Stratus Minerals Inc., Petrolia Ecuador, S.A. and its Branch, New Stratus Latin America, and New Stratus Power Inc and Operadora NSE Mexico. is the United States dollar ("USD"); the functional currency of the Company is the Canadian dollar ("CAD").

These financial statements are presented in Canadian dollars, which is the Company's functional currency. The items in the Company's financial statements are expressed, unless otherwise indicated, in Canadian dollars.

Transactions in foreign currencies are translated into functional currency using the exchange rates in effect at the dates of the transactions. Exchange gains and losses resulting from the settlement of such transactions are recognized in the statement of income, except when they are deferred in equity in transactions that qualify as cash flow hedges.

Going Concern

The Company's consolidated financial statements for the year ended December 31, 2024, have been prepared on a going concern basis, which assumes that the Company has adequate resources to continue in operational existence for the foreseeable future.

For the year ended December 31, 2024, the Company reported a net loss of $31.7 million and a working capital deficiency of $38.2 million. As of that date, the Company had cash and restricted cash of $0.74 million, a deficit of $46.7 million, and a total shareholders' equity deficit of $4.9 million. Total liabilities amounted to $75.5 million, including $46.5 million in current liabilities primarily driven by trade and other payables of $44.8 million, of which $40.0 million relates to short-term commitments under the OPS transaction (Note 10).

In addition, during 2024 the Company recognized loss from discontinued operation of $20.0 million on its investment in Desarrolladora de Oriente Oil & Gas, Ltd. as a result of a Termination Agreement which waived all future obligations and participation rights under that venture (Note 11). This contributed significantly to the reported loss and reflects the operational and strategic risks associated with the Company's international investment portfolio.

The ability of the Company to continue as a going concern is dependent on management's ability to secure additional sources of funding through equity issuance, debt arrangements, or asset sales and to generate sufficient cash flow from its current investments. While management is actively pursuing such financing arrangements and has taken measures to preserve liquidity, there can be no assurance these efforts will be successful or sufficient to meet the Company's short-term obligations and capital commitments.

These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern. The consolidated financial statements do not reflect the adjustments that would be necessary if the going concern assumption were inappropriate, such as the realization of assets and settlement of liabilities in amounts other than those reported. Such adjustments could be material.

Use of Estimates and Judgements

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The accounting policies subject to such judgments and the key sources of estimation uncertainty that the Company believes could have the most significant impact on the reported results and financial position are as follows:

Critical accounting judgments

i. Functional currency: The determination of the functional currency for the Company and each of its subsidiaries was based on management's judgment of the underlying transactions, events, and conditions relevant to each entity.

ii. Impairment: Judgments are required to assess when impairment indicators are evident and impairment testing is required.

iii. Exploration and evaluation assets: The application of the Company's accounting policy for exploration and evaluation assets requires management to make certain judgments as to future events and circumstances as to whether economic quantities of reserves have been found.

iv. Joint venture investment recognition: Management exercised judgment in recognizing the $30 million funding commitment as part of the investment in the joint venture, concluding it formed part of the acquisition cost based on the contractual obligation to fund capital expenditures under the shareholder and loan agreements.

v. Business combinations: Also require judgements, estimates and assumptions in regard to contingent consideration, and fair value estimates on assets purchased and liabilities assumed. If determined to be a business combination the Company applies the acquisition method to account for the recognition and measurement of identifiable assets acquired, the liabilities assumed, any non-controlling interest and, if applicable, goodwill or a gain on the transaction. Significant changes could occur which could materially impact the assumptions and estimates made in these consolidated financial statements. The business combinations of the Company are discussed in Note 4.

vi. Contingencies: By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

vii. Determination of Joint Control with Less Than 50% Ownership: The Group holds interest in certain arrangements where it owns less than 50% of the voting rights but exercises joint control. Management assesses joint control based on contractual agreements that require unanimous consent for key decisions, indicating that no single party controls the arrangement unilaterally. This assessment involves judgment in interpreting the terms of the agreements and the practical conduct of the parties involved.

viii. Recoverable Taxes: The Group incurs various taxes that are recoverable from tax authorities, such as value-added taxes (VAT). Judgment is applied in assessing the recoverability of these taxes, considering the applicable tax laws, the nature of the transactions, and the jurisdictional practices. While recoverable taxes are generally presented under income taxes, significant judgments regarding their recoverability are disclosed here due to their impact on the financial statements.

Key sources of estimation uncertainty

i. Crude oil reserves: Proved and probable reserves are estimated quantities of crude oil determined based on studies performed by independent professionals. Proved plus probable developed reserves are those that can be recovered through existing wells with existing equipment and operating methods. Estimates of oil reserves are not exact and are subject to future revision. Accordingly, financial accounting estimates (such as the standard estimate of discounted cash flows and amortization of exploration and production assets) that are based on proved and probable reserves and proved, and probable developed reserves are also subject to change. The estimation of reserves is a key decision-making process for the Company. Changes in reserve volumes could have a significant impact on the Company's results.

ii. Decommissioning provision: Amounts recorded for the Company's decommissioning provision require the use of management's best estimates of future decommissioning expenditures, expected timing of expenditures and future inflation rates. The estimates are based on internal and third-party information and calculations and are subject to change over time and may have a material impact on profit and loss or financial position.

iii. Income taxes: Management evaluates tax positions, annually or when circumstances require, which involves judgment and could be subject to differing interpretations of applicable tax legislation. The company recognizes a tax provision when a payment to tax authorities is considered probable. However, the results of audits and reassessments and changes in the interpretations of standards may result in changes to those positions and, potentially, a material increase or decrease in the company's assets, liabilities and net earnings.

iv. Impairment of assets, including investments in joint ventures: Estimates of the recoverable amount of non-financial assets, including investments in joint ventures, require management to make assumptions regarding future cash flows, discount rates, production profiles, commodity prices, and other market factors. The impairment of the Venezuelan investment during the year required significant estimation of the likelihood of recovering invested amounts through future operations or cash settlements.

Adoption of amended accounting standards

The Company adopted the following amendments to IFRS Accounting Standards that are mandatorily effective for accounting periods beginning on or after January 1, 2024. Their adoption has not had a material impact on disclosures or amounts reported in these consolidated financial statements.

i. IAS1 'Presentation of Financial Statements' – On January 1, 2024, the Company adopted amendments to IAS 1 which requires entities to classify liabilities as current or non-current based on rights that exist at the end of the reporting period. Such classification shall be unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. For liabilities that contain covenants, the amendments clarify that only covenants with which an entity is required to comply on or before the reporting date will affect the classification as current or non-current. The adoption of the amendments to IAS 1 did not affect the financial results or disclosures in the Company's consolidated financial statements.

ii. IFRS16 'Leases' – On January 1, 2024, the Company adopted amendments to IFRS16 which added subsequent measurement requirements for sale and leaseback transactions, particularly those with variable lease payments. The amendments require the seller-lessee to subsequently measure lease liabilities in such a way that it does not recognize any gain or loss relating to the right of use it retains. The adoption of the amendments to IFRS 16 did not affect the financial results or disclosures in the Company's consolidated financial statements

New and Revised IFRS Accounting Standards Issued but not yet Effective

i. IFRS 18 – Presentation and Disclosure in Financial Statements On April 9, 2024, the IASB issued IFRS 18 "Presentation and Disclosure in the Financial Statements" ("IFRS 18") replacing IAS 1. IFRS 18 introduces categories and defined subtotals in the statement of profit or loss, disclosures on management-defined performance measures, and requirements to improve the aggregation and disaggregation of information in the financial statements. As a result of IFRS 18, amendments to IAS 7 were also issued to require that entities use the operating profit subtotal as the starting point for the indirect method of reporting cash flows from operating activities and also to remove presentation alternatives for interest and dividends paid and received. Similarly, amendments to IAS 33 "Earnings per Share" were issued to permit disclosure of additional earnings per share figures using any other component of the statement of profit or loss, provided the numerator is a total or subtotal defined under IFRS 18. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and is to be applied retrospectively, with early adoption permitted. The Company is currently assessing the impact of the standard on its financial statements.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICIES

An accounting policy is considered material to the Company if it provides information to facilitate the understanding of other material information reported and disclosed in the Company's consolidated financial statements. Accounting policy information may be material because of the nature of the related transactions, other events, or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Company's material accounting policies are as follows:

Business Combination

The Company accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Parent. In determining whether a particular set of activities and assets is a business, the Company assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any gain on a bargain purchase is recognized in the consolidated statement of income immediately. Transaction costs are expenses as incurred, except if related to the issue of debt or equity securities.

Fair value

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Fair value measurement for invested assets is categorized into levels within a fair value hierarchy based on the nature of the valuation inputs (Levels 1, 2 or 3). The three levels are defined based on the observability of significant inputs to the measurement, as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as "active" if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Financial Instruments

The Company classifies its financial instruments in the following measurement categories:

a) subsequently measured at fair value (either through profit or loss ("FVTPL") or other comprehensive loss ("FVOCI"); and
b) subsequently measured at amortized cost.

Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, trade and other receivables, other non-current assets, restricted cash, trade and other payables, and contingent consideration liability. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at FVTPL, and any directly attributable transaction costs. Transaction costs of financial assets measured at FVTPL are expensed in profit or loss.

Subsequent to initial recognition, the Company's non-derivative financial instruments are measured as described below

a) Financial assets

The classification of financial assets is based on the Company's assessment of its business model for holding financial assets and the contractual terms of the cash flows. The classification categories are as follows:

i) Financial assets measured at amortized cost: assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
ii) Financial assets at fair value through other comprehensive loss ("FVOCI"): assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
iii) Financial assets at fair value through profit or loss ("FVTPL"): assets that do not meet the criteria for amortized cost or FVOCI.
iv) Financial assets are initially recognized at fair value and subsequently measured at amortized cost: Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Cash, Restricted cash, Trade and other receivables, Recoverable taxes, Prepaid and advances payments and Other assets have been classified as amortized cost.

b) Financial liabilities

The classification of financial liabilities is determined by the Company at initial recognition. The classification categories are as follows:

i) Financial liabilities measured at amortized cost: financial liabilities initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in the consolidated statement of operation and comprehensive loss. Trade and other payables, Employee and benefit obligation, Taxes payable and Other liabilities have been classified as amortized cost.
ii) Financial liabilities measured at fair value through profit or loss: financial liabilities measured at fair value with changes in fair value and interest expense recognized in the consolidated statement of operation and comprehensive loss and the total gain or loss attributed to the change of the Company's credit risk, recorded in the consolidated statement of other comprehensive loss. **Loan commitments**: Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. A loan commitment may involve fixed or variable terms, provided the conditions are sufficiently specified at inception. Loan commitments that can be settled net in cash or by delivering another financial instrument are accounted for as derivative financial instruments and measured at fair value through profit or loss. Loan commitments to provide a loan at a below-market interest rate are initially recognized at fair value and subsequently measured at the higher of (i) the amount determined in accordance with IFRS 15 and (ii) the expected credit loss allowance under IFRS 9. Loan commitments that do not fall into these categories are not separately recognized until they become onerous.
iii) Financial liabilities are derecognized when the obligation is discharged, cancelled, or expired.
iv) A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operation and comprehensive loss.

c) Modification/Extinguishment

The impact of amendments to terms of financial instruments such as loans payable are assessed to determine if the change is a modification or an extinguishment. The Company reviews both quantitative and qualitative factors in determining whether the changes in terms are substantial and extinguishment accounting is required.

Qualitative factors involve assessing whether the amendments represent a significant change in the terms and conditions of the instruments, including changes in conversion price, settlement options or introducing variability in such terms such that the accounting treatment of the instrument changes. A gain or a loss is recorded in the consolidated statement of operation and comprehensive loss related to the modification or extinguishment. Under extinguishment accounting, the old instrument is derecognized, and the amended instruments are recognized at the estimated fair value of the date the amendment was substantially effective.

Investments in Joint Venture

The Company conducts a portion of its business through investments in joint ventures.

Joint arrangement	Location	Ownership interest	Classification and accounting method	Property

To Operaciones Petroleras Soledad S. de R.L	Mexico	49%	Joint Venture, equity method	Soledad block

In a joint arrangement, the parties are bound by contractual arrangements establishing joint control, and decisions about the activities that significantly affect the returns of the investee require unanimous consent. A joint arrangement is classified as either a joint operation or a joint venture, subject to the terms that govern each investor's rights and obligations in the arrangement.

In a joint operation, the investor has rights and obligations to the separate assets and liabilities of the investee. For a joint operation, the Company recognizes its share of the assets, liabilities, revenue, and expenses of the joint arrangement directly.

A joint venture is an entity over which the company has significant influence and can participate in the financial and operational policy decisions of the associate but does not have control or joint control over those policies. In a joint venture, investors have rights to the net assets of the joint arrangement, and a company accounts for its investment in joint ventures using the equity method.

The Company accounts for investments in joint ventures and associates using the equity method. The investment is initially recognized at cost, which includes the fair value of consideration transferred and any directly attributable costs incurred as part of the acquisition. These capitalized costs form part of the carrying amount of the investment. and subsequently increased or decreased to recognize the company's share of net earnings and losses of the joint venture or associate, after any adjustments necessary to conform with accounting policies, to show any movement in the joint venture or associate's reserves, and for impairment losses after the initial recognition date. The company's share of a joint venture or an associate's losses that are in excess of its investment are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. The company's share of earnings and losses of joint ventures and associates are recognized in net earnings during the period. Dividends and repayment of capital received from a joint venture or an associate are accounted for as a reduction in the carrying amount of the Company's investment. Unrealized gains and losses between the company and its joint ventures and associates are recognized only to the extent of unrelated investors' interests in the joint ventures and associates. Intercompany balances and interest expense and income arising on loans and borrowings between the company and its joint ventures and associates are not eliminated.

If the investment ceases to be an associate or joint venture, the Company shall discontinue the use of the equity method from the date the Company loses significant influence. Any items previously recognized in other comprehensive loss are reclassified to profit and loss on discontinuation of the equity method.

As disclosed in Notes 10 and 11, the Company has disposed accounts for its investments in Operaciones Petroleras Soledad S. de R.L using the equity method

Impairment of financial assets carried at amortized cost - expected credit loss allowances

At each reporting date, the Company assesses whether a financial asset or group of financial assets is impaired under the expected credit loss ("ECL") model. Loss allowances are measured based on (i) ECLs that result from possible default events within the 12 months after the reporting date ("12-month ECL"), or (ii) ECLs that result from all possible default events over the expected life of a financial instrument ("lifetime ECLs").

The amortized cost of the financial asset is reduced by impairment losses at an amount equal to the lifetime expected credit losses. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amounts of the assets and the loss is recognized in the consolidated statements of operation and comprehensive loss. When a trade receivable is uncollectible, it is written off against the allowance for doubtful accounts.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than E&E assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The Company does not have any other non-financial assets.

Cash and cash equivalents and restricted cash

Includes cash on hand, demand deposits in banks and other highly liquid equivalents. The fair value of cash and cash equivalents approximated their carrying value due to their liquidity and relatively short terms to maturity, respectively**.**

Interests in Joint Operations – Rights to Assets and Obligations for Liabilities

In Ecuador, the Company participates in the joint operations of Oil Consortium Block 16 and Oil Consortium Block 67. In accordance with IFRS 11 Joint Arrangements, these arrangements have been classified as joint operations, as the Company has direct rights to the assets and obligations for the liabilities related to the operations of the Consortium.

Accordingly, the Company recognizes in its financial statements its share of the assets, liabilities, revenues, and expenses arising from these joint operations, on a line-by-line basis. This recognition reflects the Company's contractual rights to the assets and obligations for the liabilities associated with the joint activities.

Property, plant, and equipment

The Company classifies its property, plant, and equipment in the following categories: "Oil and gas production investments" and "other assets". Management determines the aforementioned classification at the date of initial recognition and its allocation depends on the function for which it was acquired, considering that it is probable that future economic benefits will be derived from these costs and the cost of the items can be measured reliably.

The main characteristics by category are described below:

Oil and gas production investments

Exploration and production operations are recorded using accounting policies based mainly on the successful efforts method. In accordance with these policies, the accounting treatment of the different costs incurred is as follows:

a. Costs originated in the acquisition of interests in areas with proved reserves are capitalized when incurred.
b. Drilling costs for wells that have resulted in a positive discovery of commercially exploitable reserves are capitalized.
c. Wells qualify as "commercially exploitable" only if they are expected to generate a volume of reserves that justifies their commercial development considering the conditions existing at the time of recognition.
d. Development costs incurred to extract proved reserves and for treatment, transportation and storage of crude oil are capitalized.
e. The costs related to the retirement of assets are recognized as a provision in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. These costs reflect Management's best estimate of the present value of the expenditure required to settle the obligation at the end of the contracts, considering operating and environmental conditions resulting from hydrocarbon exploitation activities in the Blocks.

   The asset retirement obligation is initially recognized at the present value of the estimated future costs, discounted using a risk-free rate adjusted for the risks specific to the obligation. The obligation is reviewed periodically to reflect changes in estimates or circumstances. The accretion of the discount is recognized as a finance cost over the period until settlement.

   The related asset is amortized on a units-of-production basis consistent with the depreciation policy applied to exploration and production investments..

Investments capitalized according to the above criteria are amortized in accordance with the following methods

Investments corresponding to the acquisition of total proved and probable reserves are amortized over the estimated commercial life of the field based on the relationship between the production of the period and the total proved and probable reserves of the field at the beginning of the amortization period certified by the Ministry of Energy and an independent professional.

Investments in productive wells are amortized over the estimated commercial life of the field based on the relationship between production for the period and the proved developed and probable reserves updated at the beginning of each quarter. Investments in facilities (platforms, transportation facilities, separation, measurement, and storage plants, among others) are amortized over the estimated commercial life of the field based on the relationship between production for the period and the total proved reserves of the field at the beginning of the amortization period. Changes in reserve estimates are updated quarterly for the amortization calculation.

The unit of production criterion used for the calculation of amortization and for the evaluation of the recoverability of investments, considers the total amount of reserves expected to be produced with the investments made (proved plus probable reserves or proved plus probable developed reserves). Management believes that this amortization ratio provides a better reflection of the pattern of consumption of the economic benefits of this asset class.

Exploration and evaluation assets

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the acquisition date fair value of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized as exploration and evaluation ("E&E") assets. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the consolidated statements of operations and comprehensive loss.

Acquisition costs, including general and administrative costs, are only capitalized to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Where the Company's exploration commitments for an oil and gas property are performed under option agreements with a third party, the proceeds of option payments under such agreements are applied to the property to the extent costs are incurred. The excess, if any, is recorded to the statement of operation and comprehensive loss.

Property, plant and equipment

Property, plant and equipment are recorded at historical cost, less accumulated depreciation, and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition or construction of the asset. Post-purchase or post-acquisition expenditures are capitalized only when it is probable that future economic benefits associated with the investment will flow to the operation and the costs can be reasonably measured. Other subsequent expenditures for repairs or maintenance are expensed as incurred. Depreciation of fixed assets is calculated on a straight-line basis based on the estimated useful lives of the assets or significant identifiable components that have different useful lives and does not consider residual values, since it is estimated that the realizable value of its fixed assets at the end of their useful lives will be immaterial. Estimates of useful lives and residual values of property, plant and equipment are reviewed and adjusted, if necessary, at each balance sheet date.

The estimated useful lives of fixed assets are as follows:

Asset	Method	Depreciation Period
Vehicles	Straight-line	5 years
Furniture's and equipment	Straight-line	10 years
Office equipment	Straight-line	10 years
Computer equipment	Straight-line	3 years

Stock options and warrants

The fair values of stock options and warrants are measured based on a Level 2 fair value measurement using a Black Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, forfeiture rate, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds).

Impairment indicators and calculation of impairment

At each reporting date, the Company assesses whether or not there are circumstances that indicate a possibility that there are indicators of impairment in the property, plant, and equipment as well as in exploration and evaluation assets. Such circumstances include incidents of physical damage, deterioration of commodity prices, changes in the regulatory environment, or increases in estimates of costs required to reach technical feasibility and related estimates of proved and probable reserves.

Asset retirement obligation

In accordance with the provisions of the Service Contracts in Ecuador and the Cost Accounting Regulations applicable to Service Contracts, the Contractors must make the necessary provisions for the closure, termination or partial or total abandonment of operations and for the environmental remediation of the areas affected by the hydrocarbon activity.

The present value of the costs for these obligations is capitalized together with the assets that gave rise to them (exploration and production investments) and amortized in the same manner. The liability is recognized based on management estimates, substantiated by studies carried out by internal technical specialists. The liability will decrease to the extent that the costs are incurred, until the date of termination of the contracts. If an adjustment to the estimate results in the accumulated amortization exceeding the asset, the difference is charged to the productive asset that generated the provision.

Based on technological changes and variations in the recovery costs necessary to protect the environment, the operation periodically reassesses the future costs of the asset retirement obligation.

Employee benefits - Ecuador

Current benefits: These are recorded under employee benefits in the consolidated statement of financial position and correspond mainly to:

- Additional salaries (denominated 13th and 14th salaries) and reserve funds are provided for and paid in accordance with current Ecuadorian legislation.
- Liabilities related to management achievement bonuses are recognized based on human resources models that measure accountability, development, and achievements. Performance is evaluated annually based on unit objectives and individual achievements.

Non-current benefits - Ecuador

Obligation for defined benefits: Includes bonus for termination, bonus for severance, and employer retirement pension, all of them regulated and required by Ecuadorian labor laws.

Termination of employment initiated by either the employer or the worker, the employee will receive as compensation, the equivalent of twenty-five percent of the last month's remuneration for each year of service provided by the employee to the company. The bonus for severance applies when the employer ends the labor contract with no cause, paying the equivalent of one month of salary for each year of services.

Finally, the employer retirement pension is a reserve created for those employees who have completed 25 years of service with the Branch.

These reserves are determined annually based on actuarial studies carried out by an independent professional and are reserved against the Other comprehensive loss of the year, applying the Projected Unit Credit Costing method and represent the present value of the obligations at the date of the statement of financial position, which is obtained by discounting the cash outflows at a rate of 4.82% in 2024 and 5.840.95% for 2023, which was determined by applying the rate of high-quality US corporate bonds, which are denominated in the same currency in which the benefits will be paid and have terms that approximate the terms of the pension obligations until maturity.

The actuarial hypotheses include variables such as, in addition to the discount rate, mortality rate, age, gender, years of service, remuneration, future increases in remuneration, turnover rate, among others.
Actuarial gains and losses arising from adjustments based on experience and changes in actuarial assumptions are charged to equity as other comprehensive loss in the period in which they arise.

Other liabilities

The Company records provisions when: (i) it has a present obligation, whether legal or implicit, as a result of past events, (ii) it is probable that an outflow of resources will be necessary to settle the obligation and, the amount has been reliably estimated.

The amounts recognized as a provision are management's best estimate at the closing date of the financial statements, of the disbursements necessary to settle the obligation.

Share capital

Common shares 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 any tax effects.

Revenue recognition

Revenue is recognized when the amount can be measured reliably, it is probable that future economic benefits will flow to the Company and the specific criteria for each type of revenue are met, as described below. The amount of revenue cannot be measured reliably until all contingencies related to the provision of the service have been resolved. The Company bases its estimates on historical results, considering the type of client, transaction, and specific conditions of each agreement.

Stock based compensation

As the fair value of the services rendered cannot be estimated reliably, the Black-Scholes option valuation model has been used to estimate the fair value of equity instruments granted. The grant date fair value of options granted to employees, warrants, and non-employees is recognized as compensation expense, within general and administrative expenses, with a corresponding increase in contributed surplus over the vesting period. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest.

Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the statement of financial position 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 tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred 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 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.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred 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.

Discontinued operation

A discontinued operation is a component of the Company that either has been disposed of or is classified as held for sale, and (i) represents a separate major line of business or geographical area of operations, (ii) is part of a single coordinated plan to dispose of such a line of business or area of operations, or (iii) is a subsidiary acquired exclusively with a view to resale.
Discontinued operations are presented separately in the consolidated statement of operation and comprehensive loss, net of tax, from continuing operations. Comparative figures are re-presented for consistency.

The assets and liabilities of a discontinued operation that are classified as held for sale are presented separately from other assets and liabilities in the consolidated statement of financial position. Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Cash flows associated with discontinued operations are disclosed separately in the notes to the consolidated financial statements.

Net loss per share amounts

The Company presents basic and diluted earnings per share data for its common shares. Earnings per share are calculated by dividing the net earnings attributable to equity holders of the Company by the weighted average number of common shares outstanding.

Diluted earnings per share is determined by adjusting the net earnings attributable to equity holders of the Company and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares. The calculation of diluted earnings per share assumes that outstanding options and warrants which are dilutive to earnings per share are exercised and the proceeds are used to repurchase

shares of the Company at the average market price of the shares for the period. The effect is to increase the number of shares used to calculate diluted earnings per share.

Segment reporting

As of December 31, 2024, the Company operated in four reportable operating segments – the exploration and evaluation of oil and gas properties in Ecuador, Colombia, Mexico and the fourth being the corporate administration office in Canada responsible for oversight and financing for the group. Operating segments are defined as components of an enterprise for which separate financial information is available. Such financial information is evaluated regularly by the Chief Executive Officer, who is responsible for deciding how to allocate resources and assessing performance.

NOTE 4 – BUSINESS COMBINATION

Petrolia Ecuador S.A.

On January 14, 2022, the Company acquired from Repsol 100 percent of the shares of Petrolia Ecuador S.A. (“Petrolia”) for $7.2 million (USD $5.0 million) (the “Petrolia Acquisition”), comprised of a $6.2 million (USD $5.0 million) purchase price, initially payable in two equal instalments of $3.1 million (USD $2.5 million) on the first and second anniversary dates of the closing of the transactions, respectively, and a preliminary closing adjustment of $1.0 million (USD $0.8 million.)

On February 23, 2023, the Company entered into agreement with REPSOL to settle certain matters and differences in connection with the

in Canadian dollars except as otherwise noted)

Purchase Agreement of the Shares of Petrolia Ecuador S.A. The Company agreed to:

a) Pay a cash equivalent amount of $5,227,984 (US$3,860,000) by March 31, 2023. Cash equivalents payment refers to some recoverable taxes in Ecuador that originally were contingent payments to Repsol upon collection. With this agreement NSE assumed the obligation to pay for those cash equivalents.
b) Perform a Benefit Payment of $1,911,058 (US$1,411,000) by May 31, 2023.
c) Pay the second installment of the Purchase price of $3,386,000 (US$2,500,000), which was previously due January 14, 2024, by May 31, 2023.

As at December 31, 2024, there are no outstanding obligations with REPSOL with respect to this transaction.

Service Contracts and Joint Operation Agreement

Service Contracts for two oil production blocks in Ecuador identified as Block 16 and Block 67 (the “Service Contracts”), were signed between Petrolia Ecuador S.A. (formerly known as Repsol Ecuador S.A.), and other companies making up the consortiums for each block (the “Consortiums”), and the Ecuador Ministry of Energy. On these Service Contracts the Consortiums were entitled to collect a fixed service tariff for each barrel delivered (See Note 20).

Currently, after several assignments of rights and obligations, the companies that signed the Service Contracts, among them Petrolia Ecuador S.A. (then Repsol Ecuador S.A.), formed the Block 16 Oil Consortium and the Tivacuno Block Oil Consortium or Block 67, which are structured as follows:

	Shares of Stock
Petrolia Ecuador S.A.	35%
Overseas Petroleum and Investment Corp.	31%
Amodaimi – Oil Company, S.L.	20%
CRS Resources Ecuador LDC.	14%

By means of a joint operating agreement, the members of the Consortiums have appointed Petrolia Ecuador S.A. as operator for the exploration and exploitation of Block 16 and Block 67.

This agreement establishes that the members of the Consortiums maintain the right over the assets, the obligation over the liabilities, the benefit of the revenues and the responsibility for the costs and expenses of the joint operation in accordance with their portion of participating interest

Extension of service contract agreement – Blocks 16 and 67 – Ecuador

On December 5, 2022, the Company announced that following a meeting in Quito, the Government of Ecuador informed the Corporation that it does not intend to extend nor migrate the service contracts for Blocks 16 & 67. Government of Ecuador decided that Company shall revert the blocks to the Ministry of Energy and Mines without starting any negotiation with the Company.

As a direct result of the decision made by the Government of Ecuador, the Company announced a formal claim through international arbitration under the terms contemplated in the service contract agreements. As of December 31, 2024, there has not been any significant development on the trigger letter sent to the Government of Ecuador.

Termination of the Service Contracts

Due to the event described above, on December 31, 2022, the Company transferred to the Ministry of Energy and Mines, at no cost and in good operational conditions, all the facilities and infrastructure of Blocks 16 & 67, in accordance with the Hydrocarbons Law and regulations. On the service contract termination date, the Company has terminated its contracts with all its employees, paying their severance as per the labor law and terminated all suppliers’ contracts.

The hydrocarbon regulations stipulate that a minute (the “Minute”) shall be executed between the Ministry of Energy and the Company, reflecting the actual transfer of the operation of the Blocks and the delivery of all the facilities on the service contract termination date. This Minute shall also address the reversion process that was led by the hydrocarbons authorities and summarizes the activities carried out by five commissions covering technical, social - environmental, assets, legal and economic issues. All individual commissions have signed off and no significant concern remains unsolved. The final minute was signed on July 26, 2023.

The Company has concluded most of the required environmental audits, as established by local law and the service contracts, including a specific environmental reversion audit. None of these audits have indicated the existence of any material environmental liability. The Company is working with the environmental authorities in order to conclude some minor outstanding items.

As the execution of the Minute on July 26, 2023, defined Petrolia’s remaining wind-up responsibilities Petrolia has adjusted accordingly its Assets Retirement Obligations (“ARO”) liability accordingly during 2023 (see Note 15).

in Canadian dollars except as otherwise noted)

NOTE 5 – RESTRICTED CASH

December 31,	2024	2023
GIC- USD term deposit	$ -	$ 410,539
GIC - One year cashable	100,000	100,000
	$ 100,000	$ 510,539

As at December 31, 2024, restricted cash balance of $0.1 million corresponds to a deposit on corporate credit card (December 31, 2023, $0.5 million corresponds to $0.1 million deposit on corporate credit card and $0.4 million Letter of Credit issued to warrantee Block VMM-18 obligations performance)

NOTE 6 – OTHER RECEIVABLES

December 31,	2024	2023
Other receivables	$ 6,858,824	$ 20,631
	$ 6,858,824	$ 20,631

As of December 31, 2024, other receivables include $6.8 million (US$4.7 million) related to compensation receivable from the Government of Ecuador. This amount pertains to a claim recognized in favor of the Company in connection with tax changes enacted during the term of the Service Contracts, which concluded on December 31, 2022. Pursuant to the tax stabilization clause included in the Service Contracts, the Company is protected against the adverse economic impact of new taxes or regulatory changes introduced during the contract period. Following the introduction of new tax measures by the Government of Ecuador during the execution of these contracts, the Company filed for compensation, which was formally recognized in 2024. Under the terms of the compensation agreement, settlement will be made through payment in kind, specifically in the form of crude oil.

NOTE 7 – RECOVERABLE TAXES

December 31,	2024	2023
Tax credits	$ 584,060	$ 7,434,764
	$ 584,060	$ 7,434,764

As of December 31, 2024, recoverable taxes include $0.26 million (USD$0.19 million) related to income tax withheld by the Government of Ecuador (December 31, 2023, $7.4 million related to income tax withheld) and $0.32 million of Colombian VAT tax credit. During the year ended December 31, 2024, $6.8 million related to the Ecuadorian withholding income tax for fiscal year 2023 were refunded and $0.6 million have been credited against current income tax.

NOTE 8 – PREPAID AND ADVANCE PAYMENTS

December 31,	2024	2023
Prepaid expenses	$ 21,478	$ 156,827
Advances and deposits ((1,2)	-	6,784,981
	$ 21,478	$ 6,941,808

(1) As of December 31, 2024, an advance of $1.3 million (US$ 1.0 million) related to an advance made to Sucre Gas Iberoamérica ("Sucre") as part of a gas supply agreement between Sucre and NSE was written off. A corresponding loss of $1.3 million was recognized in the statement of operations. Under this agreement, subject to the satisfaction of certain conditions, Sucre and Ypergas were to supply natural gas to NSE for further liquefaction and export. Considering the initial memorandum of understanding had a 2-year term and no significant developments have occurred with respect to this project, the Company has decided to write off the advance (As of December 31, 2023, the outstanding amount was $1.3 million / US$ 1.0 million).

(2) Advances to Joint Venture – Desarrolladora de Oriente Oil & Gas Ltd. (DOOG Agreement)

in Canadian dollars except as otherwise noted)

At December 31, 2024, the Company advanced a total of $12.0 million (US$8.9 million) to its joint venture under the DOOG Agreement, in connection with the planned acquisition of a 50% interest in GoldPillar. Under the terms of the agreement, the Company committed to funding the required operational and capital expenditures for the Vencupet project. The advances were made as follows:

Operational Expenditures: A total amount of $6.6 million (US$4.9 million) was advanced to cover operational expenses and was initially recognized as an advance to Desarrolladora de Oriente. (December 31, 2023: $5.5 million, US$ 4.1 million). In January 2024, this total amount was reclassified to Investment in Joint Venture.

Equity Investment: $5.4 million (US$4.0 million) was advanced as part of the purchase price for the acquisition of shares in Petrolera Vencupet S.A. and was recorded as an investment (Note 11).

Subsequent, at December 19, 2024 pursuant to the Termination Agreement (Note 11), the full amount of the advances totaling $12.0 million (US$8.9 million) was written off and recognized in the statement of operations and comprehensive loss as part of the loss from discontinued operations.

NOTE 9 – PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment includes the Company's Oil and Gas production investments such as machinery, processing facilities, equipment, vehicles, office equipment, and furnishings, among other things:

Cost	Oil and gas production investments	Other Assets	Total
Balance on December 31, 2022	$ 29,423,598	$ 1,158,689	$ 30,582,287
Additions	-	112,186	112,186
Effect of change in exchange rates	-	(12,827)	(12,827)
Balance on December 31, 2023	$ 29,423,598	$ 1,258,048	$ 30,681,646
Additions	-	342,099	342,099
Derecognition	(29,423,598)	-	(29,423,598)
Effect of change in exchange rates	-	50,493	50,493
Balance on December 31, 2024	**$ -**	**$ 1,650,640**	**$ 1,650,640**
Accumulated depletion and depreciation			
Balance on December 31, 2022	$ (29,423,598)	$ (133,833)	$ (29,557,431)
Depletion and depreciation	-	(504,352)	(504,352)
Effect of change in exchange rates	-	9,443	9,443
Balance on December 31, 2023	$ (29,423,598)	$ (628,742)	$ (30,052,340)
Depletion and depreciation	-	(402,764)	(402,764)
Derecognition	29,423,598	-	29,423,598
Effect of change in exchange rates	-	(44,698)	(44,698)
Balance on December 31, 2024	**$ -**	**$ (1,076,204)**	**$ (1,076,204)**
Carrying amounts as at:			
December 31, 2023	$ -	$ 629,306	$ 629,306
December 31, 2024	**$ -**	**$ 574,436**	**$ 574,436**

As of December 31, 2024, when the Service Contracts in Ecuador were terminated, all the oil and gas production investments were fully depleted and depreciated, except for Other Equipment representing information systems that remained with the Company. As a result, no depleted and depreciated assets are to be assessed for impairment on either December 31, 2024 or December 31, 2023.

NOTE 10 – INVESTMENT IN JOINT VENTURE

The following table summarizes the Company's investment in Operaciones Petroleras Soledad S. de R.L. de C.V.

	Total
Balances on December 31, 2023	$ -

Investment in shares	24,461,300
Company's share of the income from the joint venture	1,663,979
Balances on December 31, 2024	**$ 26,125,279**

On May 14, 2024, NSE entered into definitive agreements (the "Definitive Agreements") with an arm's-length vendor for the acquisition of an initial 49% equity interest in Operaciones Petroleras Soledad S. de R.L. de C.V. ("OPS"), a private Mexican oil & gas company, with the exclusive right for New Stratus to negotiate the purchase of up to an additional 41% of the equity interest in OPS, as described in further detail below (the "Acquisition").

OPS is the third-party contractor and operator of a hydrocarbons production contract awarded by Pemex Exploracion y Produccion, S.A. de C.V. ("PEP"), a subsidiary of Petroleos Mexicanos the Mexican national oil company, on the Soledad block ("Soledad Block") located in the State of Veracruz in eastern Mexico (the "O&G Contract").

The acquisition of OPS has been structured into two tranches.

The first tranche, which closed on September 27, 2024, involved the purchase by New Stratus of an initial 49% equity interest in OPS. As consideration for this tranche, New Stratus (i) paid the vendor a fixed amount of US$2 million at closing; (ii) committed to fund capital and, in certain cases, operational expenditures for OPS over the next two years under the O&G Contract, totaling US$15 million for the first year (fully advanced as of December 31, 2024) and US$30 million for the next year (the "Commitment") (Note 12(b)); and assumed 49% of the abandonment obligations to be fulfilled by the end of the O&G Contract in 2039, with an estimated net obligation to New Stratus of US$9.95 million. The Commitment will be reimbursed by OPS using cashflow from operations.

According to the terms of the Definitive Agreements, effective May 1, 2024, New Stratus is entitled to the economic benefits, including production revenues and cash flows, associated with holding a 49% equity interest in OPS, with these entitlements accruing in advance of the first tranche closing. With the signing of the first tranche of the Acquisition, NSE has nominated one director to the board of directors of OPS, has filled a number of technical and managerial positions of OPS, and will nominate a member of OPS in the operating committee of the O&G Contract.

The second tranche involves the purchase by NSE of up to an additional 41% of the equity interest of OPS under terms to be negotiated among New Stratus and OPS based on the results of operations on the field. For six months after completion of the two-year Commitment, New Stratus will have the right of exclusivity, a right of first offer and a first right of refusal, subject to regulatory approval, to negotiate the second tranche of the Acquisition.

As of December 31, 2024, the Company has recorded an investment of $24.5 million (US$ 17.0 million) in OPS, allocated as follows:

(1) $21.6 million (US$ 15.0 million) Advanced as at December 31, 2024 to fund capital and operational expenditures under the O&G Contract for OPS.
(2) $2.9 million (US$ 2.0 million) as consideration paid for the acquisition of an initial 49% equity interest in OPS.

The $40.0 million (US$ 30.0 million) remaining commitment under the O&G Contract has been registered as a CAPEX Commitment in joint venture (Note 12b).

During the year ended December 31, 2024, the company recognized an income of $1,663,979 (US$ 1,219,668) in Income from investments in Joint venture. This amount relates to the equity pickup of the company's 49% share of the net income from OPS. As of December 31, 2024, OPS reported a net income of $ USD 2,489,119.

The following tables summarize the financial information of **Operaciones Petroleras Soledad S. de R.L. de C.V.** at 100% expressed in United States dollar ("USD")

	December 31, 2024
Current assets	$ 54,702,919
Non-current assets	27,062,083
Total	**81,765,002**
Current liabilities	57,460,798
Total liabilities	**57,460,798**
Total equity	24,304,204
Total liabilities and equity	$ **81,765,002**

in Canadian dollars except as otherwise noted)

	December 31, 2024
Revenue	$ 13,332,108
Cost of goods sold	8,954,305
Gross profit	4,377,803
Total general administrative	(2,214,019)
Interest income	325,335
Net income	**$ 2,489,119**
Equity pick up at 49%	**$ 1,219,668**
Equity pick up at 49% (CAD)	**$ 1,663,979**

NOTE 11 – DISCONTINUED OPERATIONS

The following table summarizes the Company's discontinued operations

	Total
Investment in shares DOOG (a)	**(16,707,518)**
Company's share of the income from the joint venture (b)	**(4,639,305)**
Advance (cash call provided by New Stratus)	**(6,658,566)**
Accounts payable to Favilla. (Finder Fees)	**8,024,666**
Loss on disposal of discontinued operations	**(19,980,723)**

Desarrolladora de Oriente Oil & Gas Ltd. (DOOG)

On January 2, 2024, New Stratus announced the acquisition (the "Acquisition") of a 50% indirect interest in GoldPillar International Fund SPC Ltd. ("GoldPillar"), a private entity organized and existing under laws of the British Virgin Islands, which has acquired a 40% equity participation (the "Equity Subscription") in a joint venture company, Petrolera Vencupet, S.A. ("Vencupet"), which holds the oil production rights for the fields named "Adas," "Lido," "Limon," "Leona", "Oficina Norte" and "Oficina Central" all located onshore in the Anzoategui and Monagas States in Eastern Venezuela (the "Fields"). Petroleos de Venezuela S.A. ("PDVSA"), the Venezuelan national oil company, through its subsidiary Corporacion Venezolana de Petroleo S.A. ("CVP"), owns the remaining 60% of the share capital of Vencupet.

On May 23rd and May 27th, 2024, the Company executed all the documentation to recognize the investment in GoldPillar, effective retroactively to January 1, 2024. Pursuant to this documentation, the Company has modified its original 50% interest in GoldPillar down to 49%. At the same time, GoldPillar has (i) carved out its interest and capital share from Zenith, the general contractor entity that will provide technical assistance services to Vencupet, and (ii) executed a financing, operating, and logistics agreement with this supplier.

a) During the year ended December 31, 2024 the Company has registered a $16.7 million (USD$ 12.5 million) investment, as follows:
- $0.5 million (USD$ 0.4 million) reclassification from the Advances accounts for considerations cost in share paid to Mr. Franco Favilla ("Favilla") during 2023. Franco Favilla was the beneficial owner of 100% of the share capital of GoldPillar
- $10.8 million (USD$8.0 million) recognizing a finder's fee payable to Favilla, payable in installments over 24 months from May 27, 2024. (Note12(1)) and,
- $5.4 million (USD$4.1 million) consideration paid as 40% equity participation in Vencupet.

b) During the year ended December 31, 2024, the company recognized an income of $4,639,305 in Income from investments in Joint venture. This amount related to the equity pickup of the company's 49% share of the net income from DOOG.

Loss on disposal of discontinued operations (Desarrolladora de Oriente Oil & Gas Ltd.)

On December 19, 2024, New Stratus Energy Inc. ("NSE" or the "Company") entered into a Termination Agreement with Franco Favilla and related parties, effectively cancelling its indirect participation in Petrolera Vencupet, S.A. ("Vencupet") and permanently waiving all associated rights and claims related to the Venezuelan joint venture operations.

The decision to terminate the Company's participation was driven by a combination of operational, financial, and strategic considerations, including:

in Canadian dollars except as otherwise noted)

- The inability to recover invested capital under the original contractual arrangements;
- The absence of future economic benefits from the Venezuelan operations;
- The deterioration of the investment climate for foreign investors in Venezuela; and
- The availability of alternative investment opportunities deemed more viable and strategically aligned with the Company's objectives.

In December 2024, management concluded that the continuation of operations in Venezuela was no longer feasible. Accordingly, the Termination Agreement provided for the following:

Actions by NSE:

- Transfer of its 49% interest in the share capital of Desarrolladora de Oriente Oil & Gas ("DOOG") to Franco Favilla for nominal consideration of USD 1.00.
- Irrevocable waiver of all rights to receive repayment from DOOG, Favilla, Zenith, Seasif, or Goldpillar related to prior cash disbursements.

Actions by Favilla:

- Irrevocable waiver of any rights to request further disbursements from NSE, whether pending or future.
- Assumption of full responsibility for all outstanding expenses and amounts owed to third parties. :

As a result of the termination and classification of the Venezuelan operations as a discontinued operation, the Company recognized a loss of $19.9 million for the year ended December 31, 2024. This loss reflects the difference between the carrying amount of the related investment and the consideration received, measured in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, and IAS 28, Investments in Associates.

The results of the discontinued operation have been separately presented in the consolidated statement of operation and comprehensive loss for all periods presented.

Contingency Disclosure:

In connection with a Side Letter Agreement, NSE has acknowledged a contingent obligation of up to USD 4.1 million, conditional upon the non-recovery of PDVSA receivables by Goldpillar. As at year-end, based on information available, the Company assessed that collection is probable and no provision has been recorded.

NOTE 12 – TRADE AND OTHER PAYABLES AND LOAN COMMITMENT

a) Trade and other payable

	Trade Payable	Purchase price Obligations (1)(2)	Provisions	Total
Balance, December 31, 2022	$ 9,975,475	$ 6,772,000	$ 7,489,898	$ 24,237,373
Increases	1,909,927	-	464,220	2,374,147
Payments	(9,975,475)	(6,772,000)	(7,474,835)	(24,222,310)
Effect of change in exchange rates	-	-	(15,063)	(15,063)
Balance, December 31, 2023	$ 1,909,927	$ -	$ 464,220	$ 2,374,147
Increases	8,004,511	8,248,845	220,902	16,474,258
Termination of agreement	-	(8,024,666)	-	(8,024,666)
Payments	(6,298,858)	(681,571)	(102,142)	(7,082,571)
Effect of change in exchange rates	603,049	457,392	-	1,060,441
Balance, December 31, 2024	**$ 4,218,629**	**$ -**	**$ 582,980**	**$ 4,801,609**

(1) As of December 31, 2023, the company paid the two installments of the Purchase Price to Repsol, as described in Note 4.

As of December 31, 2024 Purchase price Obligation included a finder's fee payable to Favilla in the amount of $8.0 million (USD$5.6 million), payable in installments over 24 months from May 27, 2024. This account payable was settled as part of the termination agreement (See Note 11).

(2) Provisions as of December 31, 2022, included:

a. $5,227,984 (US$3,860,000) related to some recoverable taxes in Ecuador
b. $1,911,058 (US$1,411,000) related to taxes paid due to changes in tax laws during the execution of the Service Contracts in Ecuador, initially contingent payments to Repsol upon collection.

The above provisions were originally contemplated as contingent payments to Repsol upon collection by Petrolia. On February 23, 2023, the company agreed with Repsol to settle certain matters and differences concerning the purchase agreement of Petrolia. During the year ended December 31, 2023, the company satisfied its obligation as per the Agreement by paying the total amount of $7.1 million.

in Canadian dollars except as otherwise noted)

b) Loan Commitment

Investment- loan commitment

Balance, December 31, 2023	$ -
Increases	41,016,000
Accretion	(7,266,488)
Effect of change in exchange rates	1,832,063
Balance, December 31, 2024	**$ 35,581,575**

Liability

Balance, December 31, 2023	$ -
Increases	(41,016,000
Accretion	3,030,746
Effect of change in exchange rates	(2,017,976)
Balance, December 31, 2024	**$ (40,003,230)**
Net accretion expenses on loan commitment	**$ (4,235,742)**

As described in Note 10, Operaciones Petroleras Soledad S. de R.L. de C.V. ("OPS"), on May 14, 2024, the Company entered into an agreement to fund capital expenditures and, in certain cases, operational expenditures for OPS under the terms of the Oil & Gas (O&G) Contract. The total commitment amounts to USD 45 million, of which USD 15 million had been fully advanced as at December 31, 2024. The remaining USD 30 million (equivalent to approximately CAD 43.2 million) is required to be funded by June 15, 2025, in accordance with the contractual schedule.

The commitment does not bear interest under the terms of the agreements.

NOTE 13 – EMPLOYEE BENEFIT OBLIGATION

The employee benefits obligations are summarized as follows:

Balance, December 31, 2022	$ 1,076,723
Increases	776,253
Payments	(1,358,194)
Effect of change in exchange rates	(11,336)
Balances on December 31, 2023	$ 483,446
Increases	405,119
Payments	(609,223)
Effect of change in exchange rates	34,177
Balances on December 31, 2024	**$ 313,519**

As of December 31, 2024, the employee benefits include mainly obligations payable to employees for vacations, thirteenth and fourteenth salary, reserved funds, and variable bonuses for goal achievement.

NOTE 14 – DEFINED BENEFIT OBLIGATION

Balance, December 31, 2022	$ -
Increases	854,911
Balance, December 31, 2023	$ 854,911
Reverse provision	(533,269)
Payments	(133,655)
Effect of change in exchange rates	75,175
Balances, December 31, 2024	**$ 263,162**

in Canadian dollars except as otherwise noted)

During 2023, Petrolia Ecuador S.A. hired some employees who had been employed by Petrolia as of December 31, 2022, and were terminated on that date. As required by government employment regulations, the termination and immediate rehiring of an employee require the continuance of the original employee's rights to pension, severance bonus, and compensation.

NOTE 15 – ASSET RETIREMENT OBLIGATION

Balance, December 31, 2022	$ 5,751,312
Change in estimate	(5,204,913)
Liabilities settled	(413,478)
Effect of change in exchange rates	(30,529)
Balances on December 31, 2023	$ 102,392
Liabilities settled	(99,135)
Effect of change in exchange rates	9,004
Balances on December 31, 2024	**$ 12,261**

During the year ended December 31, 2024, the Company reduced its estimated asset retirement obligation provision. This change was due to the execution of the Minute between the Company and the Ministry of Energy, which outlines and identifies the primary activities involved in the reversion process.

NOTE 16 – OTHER LIABILITIES

	Provision tax Credit and others (1) (2)	Provision Solidarity Contribution tax and others (3)	Total
Balance, December 31, 2022	$ 335,154	$ -	$ 335,154
Increases	19,378,709	2,160,439	21,539,148
Interest accrued	1,190,700	-	1,190,700
Payments	(335,154)	-	(335,154)
Effect of change in exchange rates	(67,286)	-	(67,286)
Balances on December 31, 2023(1)	20,502,123	2,160,439	22,662,562
Increases	-	1,394,031	1,394,031
Interest accrued (Note 19)	2,980,846	-	2,980,846
Reverse provision	-	(207,886)	(207,886)
Effect of change in exchange rates	2,009,109	142,781	2,151,890
Balances on December 31, 2024	**$ 25,492,078**	**$ 3,489,365**	**$ 28,981,443**

(1) Correspond to advances received from Oil Consortium Block 16 and Oil Consortium Block Tivacuno partners.

(2) On July 12, 2023, the Company announced that Consortium Block 16 had been notified of a final and definitive ruling by the National Court of Justice of Ecuador regarding a prior-year tax claim. The ruling granted the Consortium the right to obtain a tax credit of $19.4 million (US$14.6 million). The corresponding amount was received in cash. As a result of agreements and covenants entered by the Company during past years related to this income tax credit, the Company recognized a reserve for contractual responsibilities in the same amount refunded. As of December 31, 2024, the balance of the provision related to this reserve is $25.4 million (US$17.7 million) (December 31, 2023: $ 19.4 million (US$14.6 million)). During the twelve months ended December 31, 2024 and 2023, Petrolia accrued interests associated with this provision recognized through a comprehensive loss of $2.9 million (US$2.1 million) and $1.2 million (US$0.9 million) respectively. The Company aims to reach an amicable settlement on all the outstanding issues derived from the Service Contracts, including this fiscal year refund.

(3) As of December 31, 2024, the Company has a provision of (i) $2.1 million (US$ 1.6 million) related to the 2016 Solidarity Contribution Tax trial. (December 31, 2023: $2.2 million), and (ii) $ 1.4 million (US$1.0 million) related to foreign currency outflow tax.

in Canadian dollars except as otherwise noted)

NOTE 17– SHARE CAPITAL

Authorized
The Company is authorized to issue an unlimited number of common shares.

Issued and Outstanding

	Number	Amount
Balance, December 31, 2022	122,913,523	$ 31,227,085
Stock-based compensation exercised	30,000	7,200
Warrants exercised	1,058,255	476,215
Warrants exercised FV allocation	-	117,622
Balance, December 31, 2023	124,001,778	$ 31,828,122
Warrants exercised	9,594,995	4,280,054
Warrants exercised FV allocation	-	892,436
Option exercised	240,000	31,000
Shares repurchased	(190,500)	(99,111)
Balance, December 31, 2024	**133,646,273**	**$ 36,932,501**

Warrants:
As part of the July 30, 2021, financing, the Company issued 16,095,376 warrants valued at $186,776. Each warrant will entitle the holder to purchase one common share at an exercise price of $0.45 until the second anniversary of the warrant issuance. For accounting purposes, the Company uses the Black-Scholes valuation methodology to value the warrants at the date of issuance. The significant inputs into the model were a share price of $0.32, an exercise price of $0.45, volatility of 70%, a dividend yield of 0%, an expected warrant life of two years and an annual risk-free interest rate of 0.45%. Volatility was estimated based on the average volatility of a sample of peer companies with available public pricing data.

	Exercise price	Number of warrants	Fair value
Balance, December 31, 2022	$ 0.45	14,050,355	$ 1,260,010
Warrants exercise	0.45	(1,058,255)	(117,622)
Balance, December 31, 2023	$ 0.45	12,992,100	$ 1,142,388
Non-cash exercised	-	(104,617)	(9,384)
Warrants exercise	-	(9,490,378)	(892,436)
Warrants expired	-	(3,397,105)	(240,568)
Balance, December 31, 2024	**-**	**-**	**-**

During the years ended December 31, 2024, and 2023, a total of 9,594,999 and 1,058,255 warrants, respectively, were exercised. These warrants were issued at an exercise price of $0.45 and remained exercisable until July 30, 2024. The remaining 3,397,105 warrants expired unexercised on July 31, 2024.

Stock-based compensation:
The Company has a stock option plan for employees, officers, directors and consultants (the “Plan”). The Company uses a Black- Scholes valuation methodology for accounting purposes to value the stock options at the award date. The maximum number of stock options reserved for issuance under the plan may not exceed 10 percent of the number of common shares issued and outstanding.

On April 28, 2022, the Company granted an aggregate of 2,340,000 stock options to employees of its subsidiaries under the Company’s Plan. The options are vested on granting and are exercisable at $0.65 for five years. The fair value of each option was estimated on the date of the grant using the Black-Scholes option pricing model, with the following assumptions: expected dividend yield of 0%, expected volatility of 70%, risk-free interest rate of 2.66%, and an expected average life of 5 years. The fair value of all these options was estimated at $904,568.

On October 4, 2022, the Company granted an aggregate of 3,550,000 stock options to employees of its subsidiaries under the Company’s Plan. The options are exercisable at $0.85 for five years and fully vested on the issuance date. The fair value of each option was estimated on the date of the grant using the Black-Scholes option pricing model, with the following assumptions: expected dividend yield of 0%, expected volatility of 70%, risk-free interest rate of 3.38%, and an expected average life of 5 years. The fair value of all these options was estimated at $1,788,845.

in Canadian dollars except as otherwise noted)

On September 4, 2024, the Company granted an aggregate of 1,800,000 stock options to employees of its subsidiaries under the Company's Plan. The options are exercisable at $0.46 for five years and fully vested on the issuance date. The fair value of each option was estimated on the date of the grant using the Black-Scholes option pricing model, with the following assumptions: expected dividend yield of 0%, expected volatility of 70%, risk-free interest rate of 2.86%, and an expected average life of 5 years. The fair value of all these options was estimated at $494,185.

The following schedule describes the stock-based compensation transactions as of December 31, 2024:

	Number of Stock Options	weighted average Exercise price	Fair value
Balance, March 31, 2023	12,115,000	$ 0.42	$ 3,610,009
Options cancelled	(590,000)	0.62	(199,258)
Options exercised	(30,000)	0.24	(4,149)
Balance, December 31, 2023	11,495,000	$ 0.51	$ 3,406,602
Options granted	1,800,000	$ 0.46	494,185
Option canceled	(300,000)	$ 0.30	(47,274)
Option canceled	(60,000)	$ 0.50	(17,470)
Option canceled	(270,000)	$ 0.65	(104,373)
Option canceled	(150,000)	$ 0.85	(75,585)
Option exercised	(140,000)	$ 0.03	(3,996)
Options exercised	(100,000)	$ 0.10	(13,380)
Balance, December 31, 2024	**12,275,000**		**$ 3,638,709**

The weighted average share price at the date stock options were exercised was $0.61

The following schedules describe the stock options available and their remaining contractual life on December 31, 2024, and December 31, 2023:

	Number of Stock Options	Remaining life (yrs.)	Exercise Price
Granted on July 7, 2020	660,000	0.51	$ 0.05
Granted on April 13, 2021	1,160,000	1.28	0.24
Granted on October 1, 2021	3,200,000	1.75	0.30
Granted on December 6, 2021	50,000	1.93	0.56
Granted on January 13, 2022	270,000	2.04	0.50
Granted on April 28, 2022	1,885,000	2.33	0.65
Granted on October 4, 2022	3,250,000	2.76	0.85
Granted on December 31, 2024	1,800,000	4.75	0.46
Balance, December 31, 2024	**12,275,000**	**2.44**	**$ 0.51**

	Number of Stock Options	Remaining life (yrs.)	Exercise Price
Granted on July 7, 2020	800,000	1.52	$ 0.05
Granted on April 13, 2021	1,260,000	2.28	0.24
Granted on October 1, 2021	3,500,000	2.75	0.30
Granted on December 6, 2021	50,000	2.93	0.56
Granted on January 13, 2022	330,000	3.04	0.50
Granted on April 28, 2022	2,195,000	3.33	0.65
Granted on October 4, 2022	3,400,000	3.76	0.85
Balance, December 31, 2023	**11,535,000**	**3.03**	**$ 0.51**

in Canadian dollars except as otherwise noted)

NOTE 18 – GENERAL AND ADMINISTRATIVE

The following schedule describes the general and administrative expenses incurred during the years ended December 31, 2024, and 2023:

Years ended December 31,	2024	2023
Insurances	**$ 121,855**	$ 58,358
Legal and Accounting	**2,108,768**	1,394,038
Management fees and salaries	**6,135,242**	4,799,738
Professional fees	**3,994,482**	4,007,666
Office and administration	**1,647,989**	3,990,478
Shareholders information and investor relations	**96,500**	193,327
Depletion and depreciation	**402,764**	504,352
Accrual for Solidarity contribution tax trial (2016)	**-**	2,160,439
	$ 14,507,600	$ 17,108,396

NOTE 19 – FINANCIAL (COST) GAIN, NET

The following schedule describes Financial (cost) gain, net during the years ended December 31, 2024, and 2023:

For the years ended December 31,	2024	2023
Interest on tax contingency provision (1)	**$ 2,980,846**	$ 1,190,700
Other financial (income) expense, net	**(305,571)**	(463,573)
	$ 2,675,275	$ 727,127

(1) During the years ended December 31, 2024 and 2023 Petrolia accrued interests of $2.9 million (US$2.1 million) and $1.2 million (US$0.9 million) respectively, related to the provision for income tax credit reserve. (December 31, 2023: $0.6 million (US$0.3million).

NOTE 20 – OTHER INCOME, NET

The following schedule describes other income incurred during the years ended December 31, 2024, and 2023:

For the years ended December 31,	2024	2023
Trading operations (1)	**$ -**	$ (171,665)
Operator´s fee income	**(456,677)**	(489,723)
Settlement of 2022 service contract tariff	**-**	(1,131,363)
Change in estimate of asset retirement obligation (Note 15)	**-**	(5,204,913)
Other income	**(429,733)**	(9,301)
Correction Factor (Note 6)	**(6,810,941)**	-
	$ (7,697,351)	$ (7,006,965)

(1) Corresponds to additional revenue obtained from oil marketer (RTSA) on each barrel lifted.

NOTE 21 – INCOME TAX

The determination of the current income tax for the years ended December 31, 2024, and December 31, 2023, is detailed as follows:

For the years ended December 31,	2024	2023
Net loss before income taxes	**$ (31,664,978)**	**$ (11,346,189)**
Expected income tax recovery	(8,391,219)	(3,063,471)
Rate difference between current year and average deferred tax rate	441,244	(1,433,387)
Permanent differences	6,200,667	21,741
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(1,041,165)	
Change in unrecognized deductible temporary differences	4,363,033	4,479,000
Total income tax expense	$ 1,572,560	$ 3,883

in Canadian dollars except as otherwise noted)

The estimated tax expense for the year ended December 31, 2024, is $1,571,559 attributable mainly to Petrolia Ecuador correction factor (December 31, 2023 - $3,883 attributable mainly to New Stratus Latin America succursal Colombia). The enacted tax rate for the year ended December 31, 2024, is 26.5%.

As at December 31, 2024, the Company had unrecognized non-capital losses in Canada of approximately $30,189,272 (December 31, 2023 - $21,938,787) which are available under certain circumstances to reduce future taxable income. These losses expire between 2030 and 2043. A full valuation allowance has been taken on all unrecognized losses.

NOTE 22 – NET LOSS PER SHARE

Basic and diluted net income per share is calculated as follows for the twelve months ended December 31, 2024, and 2023:

For the years ended December 31,	2024	2023
Net loss	**$ (31,664,978)**	$ (11,350,072)
Net loss from continuing operations	(16,323,560)	(11,350,072)
Net loss from discontinued operations	(15,341,418)	-
Weighted-average common share adjustments:		
Weighted-average common shares outstanding, basic	**128,765,626**	122,995,414
Weighted-average common shares outstanding, diluted	**128,765,626**	122,995,414
Basic and diluted loss per share from continuing operations	(0.13)	(0.09)
Basic and diluted loss per share from discontinued operations	(0.12)	-
Total Basic and diluted loss per share	**$ (0.25)**	$ (0.09)
Fully diluted loss per share	**$ (0.25)**	$ (0.09)

Stock options and warrants were anti-dilutive for the years ended December 31, 2024, and 2023, due to the net losses incurred during these periods.

NOTE 23 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Given the short-term nature of these financial instruments, the carrying values of cash, other receivables, trade payables, and other payables approximate their respective fair values as of December 31, 2024, and December 31, 2023.

The Company's financial instruments have been assessed in accordance with the fair value hierarchy outlined in IFRS 13, Fair Value Measurement. This hierarchy categorizes financial instruments into three levels based on the significance of the inputs used in measuring fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of December 31, 2024, and December 31, 2023, all of the Company's financial instruments were classified as Level 1 or Level 2 in the fair value hierarchy. No financial instruments were classified as Level 3 during these periods.

No financial instruments were transferred between Levels 1, 2, or 3 during the years ended December 31, 2024, and December 31, 2023. Assessing the significance of a particular input to fair value measurement requires management's judgment, and such judgment may affect the instrument's placement within the fair value hierarchy.

Market Risk

Market risk is the risk that changes in market factors, such as commodity prices and foreign exchange rates, will affect the Company's cash flows, profit or loss, liquidity, or the value of financial instruments. Market risk management aims to mitigate appropriate market risk exposures and maximize returns.

Commodity Price Risk

Commodity price risk is the risk that a financial instrument's fair value or future cash flows will fluctuate due to changes in commodity prices. Lower commodity prices can also impact the Company's ability to raise capital. World economic events that dictate the supply and demand levels affect crude oil prices. From time to time, the Company may attempt to mitigate commodity price risk by using financial derivatives.

The Company had no commodity contracts between December 31, 2024, and 2023. Since the termination of its service contract on December 31, 2022, the Company has not generated revenue for twelve months ended December 31, 2024.

Foreign Currency Risk

The foreign currency risk is the risk that a financial instrument's fair value or future cash flows will fluctuate due to changes in foreign currency exchange rates. The Company is exposed to foreign currency fluctuations as certain expenditures are denominated in Colombian pesos and US dollars. As of December 31, 2024, the United States dollar to Canadian dollar exchange rate was 0.6950:1 (December 31, 2023 – 0.7561:1). A 1% change in the exchange rate would not generate a material impact in the Company's' US dollar Cash balances held at December 31, 2024. The Company had no forward exchange rate contracts in place as at or during the year ended December 31, 2024. Accounts payable in USD balance as of December 31, 2024, was $32.7 million, and a change of 1% in the exchange rate would have impacted the Canadian dollar equivalent by +/- CAD $0.4 million.

Liquidity Risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as reasonable, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses. As at December 31, 2024, the Company has a working capital deficit of $38.2 million (2023 – Surplus of 44.1 million) which includes $0.74 million (2023 – $33.6 million) of financial assets comprised of cash and restricted cash, trade, other receivables and deposits of $8.3 million (2023 – 14.4 million), and of financial liabilities comprised of trade and other payables, loan commitments, taxes payable, benefits obligations and assets retirement obligations with a contractual maturity of less than one year of $46.5 million (2023 – 3.9 million). During the year ended December 31, 2024, the Company reported net cash used in operating activities in the amount of $10.5 million (2023 – generated from, for $27.5 million). The Company prepares operating and capital expenditure budgets which are regularly monitored and updated as considered necessary.

NOTE 24 – RELATED PARTY TRANSACTIONS

During the years ended December 31, 2024, and 2023, the transactions paid for services provided to directors and officers were as follows:

For the years ended December 31,	2024	2023
Officers and management fees	**$ 3,059,752**	$ 1,769,123
Consulting fees paid to a director	**79,734**	173,106
Share-based payments	**164,011**	160,317
	$ 3,303,497	$ 2,102,546

All the above transactions are in the ordinary course of operations and are measured at fair value, which is the price agreed upon by the related parties.

On August 23, 2023, the Company and its Chief Midstream and Downstream officer agreed to terminate the original Officer's contract, signed on February 1st. 2022. As compensation for bridging the original agreement, the Company agreed to repay the departing officer US$151,500, payable in twelve equal quarterly installments of US$12,625. The departing officer will continue to act as an independent business development consultant for a monthly fee of US$10,000.

NOTE 25 – CAPITAL MANAGEMENT

The Company's objective when managing capital is to ensure that it has sufficient cash resources to maintain financial liquidity and flexibility, provide returns for shareholders and benefits for other stakeholders, and deploy capital to explore its properties further.

The Company's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to business growth opportunities and changes in economic conditions. To maintain or adjust its capital structure, the Company may, from time to time, issue new shares, issue new debt (secured, unsecured, convertible and other types of debt instruments), acquire or dispose of assets or adjust its capital spending to manage its ability to continue as a going concern.

in Canadian dollars except as otherwise noted)

The Company is not subject to externally imposed capital requirements, and the overall capital risk management strategy did not change during the year ended December 31, 2024.

NOTE 26 – SUPLEMENTAL CASH FLOW INFORMATON

Changes in non-cash working capital are as follows:

For the years ended December 31,	2024	2023
Other receivables	$ **(6,838,193)**	$ 7,341,816
Accounts receivable from consortium partners	**-**	6,892,209
Recoverable taxes	**-**	2,825,060
Advances to suppliers and others	**306,022**	(5,199,150)
Other assets	**7,057**	407,893
Trade and other payables	**2,427,462**	(7,952,184)
Taxes payables	**959,750**	(2,985,403)
Employee benefit obligation	**405,119**	776,253
Defined benefit obligation	**(58,480)**	854,911
Other liability	**4,166,991**	22,394,694
	$ **1,375,728**	$ 25,356,099

NOTE 27 – COMMITMENTS AND CONTINGENCIES

COMMITMENTS

Block VMM-18

Under the terms of the agreement executed concerning the VMM-18 E&P contract, The Company was required to fund an exploration commitment for the second phase of the VMM-18 E&P Contract. As per the contract and a recent extension by ANH, The Company was required to perform and drill an exploration well valued at $4,063,200 (US$3,000,000). All activities that NSE committed were completed except for the drilling of the exploratory well.

Due to significant financial and operational constraints imposed by the exploration area granted to the Company, on September 26, 2022, the Company submitted a request to the ANH to mutually agree to terminate the exploration and production contract for Block VMM-18. In response, the ANH asked for confirmation of the restrictions imposed on the exploration area. The Company provided the requested documentation on March 9, 2023. On May 31, 2024, the ANH issued a formal termination of the Agreement relieving the Company of any further obligations of the Project.

Block 192 Peru

New Stratus, Altamesa Energy Canada Inc., and the shareholders and right-holders of Altamesa Energy Canada Capital Inc., entered a Memorandum of Understanding on November 15, 2024, aimed to, under certain conditions, acquire 85% of the outstanding share capital of Altamesa Energy Canada Capital Inc. Altamesa Energy Canada Capital Inc. holds 61% undivided interest in a license for the production of hydrocarbons in Block 192 in the northeastern of Perú. Altamesa Energy Canada Capital Inc. has 99.99% of the share capital of Altamesa Energy Perú S.A.C.

New Stratus, in its capacity as guarantor, and Banco BTG Pactual S.A. – Cayman Branch ("BTG") entered into an irrevocable corporate guarantee dated December 2, 2024 (the "Guarantee Agreement") pursuant to which New Stratus agreed to guarantee to BTG the punctual payment and discharge of all Obligations from time to time incurred by Altamesa Energy Peru S.A.C , under or in connection with the a bond issued up to US$940,930.27. As per the Guarantee Agreement, upon the bond becoming due, BTG shall first require payment to Altamesa Energy Peru S.A.C. Only if full payment is not made within three (3) business days of such requirement, BTG may proceed against and enforce any other rights or security or claim payment from New Stratus under the Guarantee Agreement. On December 20, 2024 the bond became due, and on January 29, 2025 BTG required payment of all pending obligations under the bond to Altamesa Energy Peru S.A.C. As of the March 31, 2025, BTG has not received any payments from Altamesa Energy Peru S.A.C pursuant to the bond. New Stratus and BTG are currently discussing the payment terms of this commitment.

Consulting agreements

The Company is obligated under a consulting agreement for US$10,000 per month until May 31, 2026. (Note 24)

Executive compensation

On July 1, 2021, the Company entered into employment agreements with its senior executives, which contain clauses requiring additional payments of up to US$3,390,000 upon the occurrence of certain events, such as a change of control. As these triggering events have not occurred, these Financial Statements have not provided contingent payment.

CONTINGENCIES

State Oil Company of Ecuador Petroecuador EP

Shushufindi Agreement: As recommended by the Comptroller General's Office, within the special examination of the contracting process and development of the cooperation agreement with Petroproduccion to increase crude oil production and reserves in the Shushufindi field, EP Petroecuador issued invoices for $4,090,186 (US$3,013,240) and initiated an enforceable by law collection process, proceeding to seize the invoiced amount. The Branch has challenged the procedures initiated by Petroproducción. The Company has recorded a provision for this matter.

Law 122: Ecuador Petroecuador EP ("Petroecuador") is requesting the payment of $22,547,423 (US$16,610,743) to the consortium that operated Block 67 (Tivacuno) where the Company has a 35% interest. On August 14, 2023, a payment request was issued based on a unilateral liquidation performed by Petroecuador under a service contract which ended in 2010, stating that Petroecuador has not withheld the entire tariff of the tax contemplated in Law 122. The Company has challenged such payment request before the Tax Court, stating that the statute of limitations to request such payment has been largely exceeded. On September 19, 2024, Petroecuador intitated a coercive procedure to collect this contingency with interest. On October 4th, Petroecuador, based on the information provided by Petrolia, cancelled the coercive procedure. The Company has not recorded any provision in the financial statements.

Auca Process, Yulebra, Culebra: EP Petroecuador claims payment of $1,387,307.59 (US$1,022,033) for information provided to REPSOL within a failed bidding process called by EP Petroecuador. REPSOL paid the cost of the bidding conditions, which included access to the "data room" and all the information available for this purpose. After several judicial resolutions (both from the Superior Court and the National Court of Justice), the process must be sent to the District Court of Administrative Disputes in the Metropolitan District of Quito for resolution. However, the request was denied. The Company has filed an extraordinary protection action before the Constitutional Court, which has not been admitted yet. During the year ended December 31, 2022, a prepaid balance of $1.4 million was written off. The Company has not recorded any provision in the financial statements.

Special Examination Reports of the Comptroller General's Office

Friction Reduction Chemicals: On May 31, 2005, the Office of the Comptroller General of the State issued audit assessments against the contractor of the Block 16 participation contract for $3,500,208 (US$2,578,612) for the purchase and use of friction reducing chemical, of which $1,225,073 (US$902,514) corresponds to the Company. On November 23, 2006, Petrolia´s Branch, on behalf of the contractor filed a challenge before the Contentious Administrative Court.

Solidarity Contribution tax trial

On October 7, 2019, the Internal Revenue Service of Ecuador requested two additional payments on the denominated solidarity contribution on profits, created by the Organic Law of Solidarity and Citizen Co-responsibility. The Internal Revenue Service requested two additional payments totalizing $2,172,764 (US$1,653,441), including principal, interest and penalties. The Company has challenged such payment requests and currently the matter is being discussed at the Tax Court and at the National Court of Justice in Ecuador. The Company has recorded a provision for the above-mentioned matter.

Based on a final and definitive ruling from the National Court of Justice, one of the additional payment requests was resolved favorably for the Company. Therefore, a reversal on the provision was recorded for $0.19 million (US$0.14 million). As of December 31, the reserve for this contingency is $2.0 million (US$1.5 million).

NOTE 28 – SEGMENTED INFORMATION

The Company's reportable segments are consistent with the Company's geographic regions in which the Company's projects are located. The Company, through its operating segments, is engaged primarily in oil exploration, development and production, and the acquisition of oil and gas properties. The Canadian segment is also considered the corporate segment. The Company has four reportable operating segments: Mexico , Ecuador, Colombia, and Canada. The following table shows the Company's reportable segments and its geographic location:

in Canadian dollars except as otherwise noted)

	Mexico	**Ecuador**	**Colombia**	**Canada**	**Total**
Year ended December 31, 2024					
Net income (loss)	**$ 1,608,067**	**$ 1,942,241**	**$ (1,724,595)**	**$(33,490,691)**	**$ (31,664,978)**
As of December 31, 2024					
Current asset	1,452	7,822,276	358,355	131,459	8,313,542
Non-current asset	26,125,279	289,243	30,929	35,835,839	62,281,290
Total assets	**26,126,731**	**8,111,519**	**389,284**	**35,967,298**	**70,594,832**
Current liabilities	12,679	4,217,489	312,676	41,931,836	46,474,680
Non-current liabilities	-	28,981,443	-	-	28,981,443
Total liabilities	**$ 12,679**	**$ 33,198,932**	**$ 312,676**	**$ 41,931,836**	**$ 75,456,123**

	Ecuador	Colombia	Canada	Total
Year ended December 31, 2023				
Net income (loss)	$ 1,554,174	$ (2,109,875)	$ (10,794,371)	$ (11,350,072)
As of December 31, 2023				
Current asset	$ 39,454,840	$ 345,376	$ 8,221,799	$ 48,022,015
Non-current asset	7,057	120,777	508,529	636,363
Total assets	$ 39,461,897	$ 466,153	$ 8,730,328	$ 48,658,378
Current liabilities	$ 2,704,018	$ 246,238	$ 985,789	$ 3,936,045
Non-current liabilities	22,662,562	-	-	22,662,562
Total labilities	$ 25,366,580	$ 246,238	$ 985,789	$ 26,598,607

NOTE 29 - SUBSEQUENT EVENTS

SINOPETROL Consortium

On February 28, 2025 the Ecuadorian Ministry of Energy and Mines ("MEM") issue Resolution No. MEM-MEM-2025-0002-RM, which accepted the recommendation made by the Hydrocarbon Tender Committee, in which it recommended the award of the Participation Contract for Exploitation and Exploration Additional Hydrocarbons (Crude Oil) in Block 60 Sacha Field in the Ecuadorian Amazónic Region to the SINOPETROL Consortium, made up of the companies Amodaimi Oil Company S.L. ("Amodaimi"), and Petrolia Ecuador S.A. ("Petrolia"). The Award was subject to the completion of certain documentation and the payment of an Entry Bonus of US$1,500 million (US$ 600 million by Petrolia) within 30 days after the Award date.

On March 05, 2025, Mr. Daniel Noboa, president of Ecuador, issue a press release accelerating the payment of the Entry Bonus date to March 11, 2025.

On April 24, 2025, the MEM informed Petrolia Ecuador that it has declare the extinction of Resolution No. MEM-MEM-2025-0002-RM. The Company is currently analyzing with its advisors what are the available resources and actions with respect to this April 24th resolution.

Tariffs

On March 4, 2025, the United States government imposed a 10% tariff on "energy and energy resources" imported from Canada. In response, the Canadian government introduced retaliatory measures, and further responses from either country remain possible. These actions may have an adverse impact on the demand and market pricing of Canadian energy exports, inflationary pressures, and the global supply chain. In particular, additional cross-border trade restrictions, further increases in tariffs, or enhanced regulatory barriers could amplify these effects. At this time, the Company is unable to quantify the impact, or potential impact, of these tariffs and related measures on its financial results.