



SQUATEX ENERGY AND RESSOURCES INC.
(AN OIL AND GAS EXPLORATION COMPANY)

Condensed Interim Financial Statements
(Unaudited)

For the nine-month periods ended December 31, 2024 and 2023

Notice of Disclosure of Non-auditor Review of Condensed Interim Financial Statements

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

The accompanying condensed interim financial statements of the Company for the interim periods ended December 31, 2024 and 2023 have been prepared in accordance with International Financial Reporting Standards. The accompanying condensed interim financial statements are the responsibility of the Company's management.

The Company's independent auditors, MNP S.E.N.C.R.L., s.r.l. / LLP, have not performed a review of these condensed interim financial statements in accordance with the standards established by Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.



President



Vice-President, Finance

February 26, 2025

SQUATEX ENERGY AND RESOURCES INC.

(An oil and gas exploration company)

Statements of Financial Position

	Notes	December 31	March 31
		2024	2024
		\$	\$
<i>(Unaudited - in Canadian dollars)</i>			
ASSETS			
Current			
Cash		2 957	16 787
Accounts receivable	5	10 352	10 812
Total assets		13 309	27 599
LIABILITIES			
Current			
Trade payables and other payables	6	763 112	596 380
Provisions	7	1 083 234	1 083 234
Due to a company under common control , bearing interest at the rate of 15 %, payable on demand		1 103 600	948 600
Total liabilities		2 949 946	2 628 214
SHAREHOLDERS' DEFICIENCY			
Share capital	8	6 504 107	6 504 107
Contributed surplus		1 352 946	1 352 946
Deficit		(10 793 690)	(10 457 668)
Total shareholders' deficiency		(2 936 637)	(2 600 615)
Total liabilities and shareholders' deficiency		13 309	27 599

Going concern 2

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



Jean-Claude Caron
President



René Guimond
Vice-President, Finance

SQUATEX ENERGY AND RESOURCES INC.

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Condensed Interim Statements of Net loss and Comprehensive loss

	Notes	For the three-month periods ended	
		December 31	
<i>(unaudited - in Canadian dollars)</i>		2024	2023
		\$	\$
Exploration and evaluation expenses	9	4 620	-
General and administrative expenses	10	58 357	5 968
Operating loss		(62 977)	(5 968)
Financial expenses	11	(39 132)	(34 456)
Net loss and comprehensive loss for the period		(102 109)	(40 424)
Net loss per share, basic and diluted		(0,0008)	(0,0003)
Weighted average number of common shares outstanding		123 850 656	123 850 656

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

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Condensed Interim Statement of Changes in Shareholders' Deficiency

<i>(Unaudited - in Canadian dollars)</i>	Note	Number of shares Number	Share capital \$	Deficit \$	Contributed surplus \$	Total shareholders' deficiency \$
Balance as at April 1, 2023		123 850 656	6 504 107	(10 119 749)	1 352 946	(2 262 696)
Net loss and comprehensive loss		-	-	(191 073)	-	(191 073)
Balance as at December 31, 2023		123 850 656	6 504 107	(10 310 822)	1 352 946	(2 453 769)
Balance as at April 1, 2024		123 850 656	6 504 107	(10 457 668)	1 352 946	(2 600 615)
Net loss and comprehensive loss		-	-	(336 022)	-	(336 022)
Balance as at December 31, 2024		123 850 656	6 504 107	(10 793 690)	1 352 946	(2 936 637)

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

SQUATEX ENERGY AND RESOURCES INC.

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Condensed Interim Statements of Cash Flows

	For the nine-month periods ended December 31	
	2024	2023
<i>(Unaudited - in Canadian dollars)</i>	\$	\$
OPERATING ACTIVITIES		
Net loss	(336 022)	(191 073)
Adjustments:		
Unpaid interest	111 720	100 072
Changes in working capital items :		
Accounts receivable	460	466
Tax credits receivable	-	560
Trade payables and other payables	55 012	(1 156)
Cash outflows used by operating activities	(168 830)	(91 131)
FINANCING ACTIVITIES		
Due to a company under common control	155 000	88 000
Cash flow from financing activities	155 000	88 000
NET INCREASE (DECREASE) IN CASH	(13 830)	(3 131)
CASH AT BEGINNING OF YEAR	16 787	5 180
CASH AT END OF YEAR	2 957	2 049

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SQUATEX ENERGY AND RESOURCES INC.

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Notes to the Condensed Interim Financial Statements

DECEMBER 31, 2024

(Unaudited - in Canadian dollars)

1. Nature of operations and generalities

Squatex Energy and Resources inc ("the Company) specializes in oil and gas exploration of oil sites in the Basses-Terres du St-Laurent, Bas St-Laurent and Gaspésie in Quebec, Canada. Since April 3, 2017, the Company has been listed on the Canadian Stock Exchange, under the symbol SQX.

The condensed interim financial statements of the Company have been prepared in compliance with IAS 34 Interim Financial Reporting. They use the same accounting policies as those described in the Company's annual financial statements for the year ended March 31, 2024, prepared in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements do not include all disclosures required under IFRS for complete financial statements and should therefore be read in conjunction with the Company's annual financial statements for the year ended March 31, 2024. The annual financial statements of the Company are available on the SEDAR website at: www.sedar.com.

The Company is incorporated under the Canadian Business Corporations Act.

The address of the Company's registered office and its principal place of business is 500-7055, boulevard Taschereau, Brossard (Québec), Canada, J4Z 1A7.

These financial statements were approved and authorized for publication by the Board of Directors on February 26, 2025.

SQUATEX ENERGY AND RESOURCES INC.

(An oil and gas exploration company)

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(Unaudited - in Canadian dollars)

2. Going Concern

These condensed interim financial statements have been prepared in accordance with IFRS and on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. To determine whether the principle of going concern is valid, management takes into account all the information at its disposal concerning the Company's prospects for at least the next 12 months following the end of the period of its financial information presentation.

The Company has not yet found an oil and gas property containing deposits that are economically recoverable, the Company has not yet generated any income or cash flows from its operations. As at December 31, 2024, the Company had a negative working capital of \$ 2,936,637 and an accumulated deficit of \$ 10,793,690.

Furthermore, there is uncertainty about the future of oil and gas exploration in Quebec. Since 2011, a moratorium on shale gas exploration has been imposed in Quebec. This moratorium could have been lifted when the new Hydrocarbons Law (the "Law") was put in place in September 2018. However, certain regulations of this new law cause additional difficulties for oil and gas operations. On April 12, 2022, Bill 21 was passed by the National Assembly of Quebec. This law puts an end to all oil and gas research and exploitation activities in Quebec and the government of Quebec will compensate companies that hold permits, such as Squatex. Squatex is currently considering alternative exploration activities in the energy sector. The obligations, in relation to the exploration permits, are contested by the Company.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing for the pursuit of other activities, on the compensation by the Government of Quebec and the continued support from its suppliers and the company under common control. While management has been successful in securing financing in the past, there can be no assurance that such sources of funding or initiatives will be available to the Company. These material uncertainties cast a significant doubt regarding the Company's ability to continue its operations, and accordingly, the appropriateness of the use of IFRS applicable to a going concern.

The carrying amounts and classification of assets, liabilities, revenues and expenses presented in the condensed interim financial statements and the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate. These adjustments could be material.

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3. Application of International Financial Reporting Standards (IFRS) new and modified

3.1 Standard adopted during the period

There are no new standards and interpretations which were adopted by the Company during the interim period.

3.2 Existing standards not yet in force

At the date of the approval of these condensed interim financial statements, new standards and interpretations of the existing standards and new amendments have been published but are not yet in force and the Company has not adopted them in advance. Management anticipates that all positions will be adopted in the Company's accounting policies for the first fiscal year beginning after the effective date of the Company's accounting policies. Management will continue to assess the potential impact of the new standards and interpretations published which are not expected to have a material impact on the condensed interim financial statements of the Company.

4. Critical accounting estimates, judgements and assumptions

When preparing these condensed interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information on significant judgments, estimates and assumptions that have the greatest impact on the recognition and measurement of assets, liabilities, revenues and expenses with regards to the presentation of the condensed interim financial statements are not different from those presented in the annual financial statements of March 31, 2024.

Estimates and assumptions are continually revised and are based on historical experience and other factors, including expectations regarding future events that are believed to be reasonable under the circumstances.

SQUATEX ENERGY AND RESOURCES INC.

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Notes to the Condensed Interim Financial Statements

DECEMBER 31, 2024

(Unaudited - in Canadian dollars)

5. Accounts receivables

	<u>December 31</u>	<u>March 31</u>
	2024	2024
	\$	\$
Accounts receivable	488 199	423 221
Allowance for expected credit losses	(488 199)	(423 221)
	-	-
Sales tax receivable	10 247	10 812
Other receivable	105	-
Receivables	10 352	10 812

6. Trade payables and other payables

	<u>December 31</u>	<u>March 31</u>
	2024	2024
	\$	\$
Accounts payable	169 573	114 561
Interest payable - company under common control	593 539	481 819
Trade payables and other payables	763 112	596 380

7. Provisions

	<u>December 31</u>	<u>March 31</u>
	2024	2024
	\$	\$
Annual fees for 2019-2020, for 2020-2021 and for 2021-2022	1 075 234	1 075 234
Account to be paid in negotiation	8 000	8 000
Provisions	1 083 234	1 083 234

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DECEMBER 31, 2024

(Unaudited - in Canadian dollars)

8. Equity

8.1 Authorized share capital

Unlimited number of common shares without par value.

8.2 Issued share capital

There were no changes in the issued share capital during the nine-month period ended December 31, 2024.

8.3 Stock options

There were no changes in the number of outstanding stock options during the nine-month period ended December 31, 2024.

No stock-based compensation was recognized in condensed interim statement of loss and comprehensive loss during the nine-month period ended December 31, 2024 (nil during the nine-month period ended December 31, 2023).

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DECEMBER 31, 2024

(Unaudited - in Canadian dollars)

9. Exploration and evaluation expenditures

Exploration and evaluation expenditures by region are detailed as follows:

	For the three-month period ended December 31, 2024		
	Additions	Net tax	Net balance
	\$	\$	\$
St.Lawrence Lowlands	-	-	-
Lower St.Lawrence/Gaspe	4 620	-	4 620
Total	4 620	-	4 620

	For the three-month period ended December 31, 2023		
	Additions	Net tax credits	Net balance
	\$	\$	\$
St.Lawrence Lowlands	-	-	-
Lower St.Lawrence/Gaspe	-	-	-
Total	-	-	-

	For the nine-month period ended December 31, 2024		
	Additions	Net tax	Net balance
	\$	\$	\$
St.Lawrence Lowlands	-	-	-
Lower St.Lawrence/Gaspe	6 620	-	6 620
Total	6 620	-	6 620

	For the nine-month period ended December 31, 2023		
	Additions	Net tax credits	Net balance
	\$	\$	\$
St.Lawrence Lowlands	-	-	-
Lower St.Lawrence/Gaspe	2 000	-	2 000
Total	2 000	-	2 000

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DECEMBER 31, 2024

(Unaudited - in Canadian dollars)

9. Exploration and evaluation expenditures (cont'd)

Exploration and evaluation expenditures by nature are detailed as follows:

	For the three-month periods ended December 31	
	2024	2023
	\$	\$
Geology and geophysics	4 620	-
Technical consultation	-	-
Total	4 620	-
Tax credits, net	-	-
Exploration and evaluation expenditures net of tax credits	4 620	-

	For the nine-month periods ended December 31	
	2024	2023
	\$	\$
Geology and geophysics	6 620	2 000
Technical consultation	-	-
Total	6 620	2 000
Tax credits, net	-	-
Exploration and evaluation expenditures net of tax credits	6 620	2 000

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DECEMBER 31, 2024

(Unaudited - in Canadian dollars)

10. General and administrative expenses

Nature of the expenses	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2024	2023	2024	2023
	\$	\$	\$	\$
Professional services	30 102	2 763	138 830	71 559
Registration and publication fees	3 477	3 205	13 696	17 281
Expected credit losses	24 677	-	64 978	-
Regulations and licensing	101	-	101	98
	58 357	5 968	217 605	88 938

11. Financial expenses

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2024	2023	2024	2023
	\$	\$	\$	\$
Interests due to a company under common control	39 097	34 429	111 720	100 072
Interest and other bank expenses	35	27	77	63
	39 132	34 456	111 797	100 135

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12. Transactions with related parties

The related parties of the Company include key executives and companies controlled by them, as explained below.

Unless otherwise specified, none of the transactions include special characteristics or conditions and no guarantees were given or received.

Transactions with key management

Key management includes directors (members of the management committee or not) and senior executives. There is no compensation paid or payable to key management, with the exception of fees charged by them or to a company controlled by them, for their professional and other services which are presented below:

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2024	2023	2024	2023
	\$	\$	\$	\$
Professional services	11 125	2 762	46 367	22 375
Financial expenses	39 097	34 429	111 720	100 072

As at December 31, 2024, there is an outstanding balance of \$ 4,994 (\$ 5,354 at March 31, 2024) resulting from these operations plus interest payable of \$ 593,539 (\$ 481,819 at March 31, 2024). The due to a company under common control of \$ 1,103,600 (\$ 948,600 at March 31, 2024) is also considered a related party transaction.

13. Subsequent events

On January 20, 2025, on February 6, 2025 and on February 7, 2025, a company under common control has made additional advances of \$ 15,000, \$ 20,000, \$ 37,000. This brings the due to a company under common control (bearing interest at 15% payable on demand) to a balance of \$ 1,175,600.