BGX - Black Gold Exploration Corp.

Consolidated Financial Statements
For the year ended
December 31, 2024 and 2023

(Expressed in Canadian dollars, unless otherwise noted)

BGX - Black Gold Exploration Corp.

Financial Statements

December 31, 2024 and 2023

(Expressed in Canadian Dollars)

BUCKLEY DODDS CPA
Chartered Professional Accountants
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of BGX – Black Gold Exploration Corp.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of BGX – Black Gold Exploration Corp.(the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and December 31, 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' 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 Company as December 31, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 1 to the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Key Audit Matters

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

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Acquisition of Exploration and Evaluation Assets ("E&E Assets")

We draw attention to Note 3 and Note 7 of the consolidated financial statements related to E&E Assets.

We identified the acquisition of E&E Assets as a key audit matter since this matter represented an area of higher assessed risk of material misstatement given the judgement required in management's assessment of the acquisition as an asset acquisition. This in turn led to a high degree of auditor judgement, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgements made by management in their assessment of the acquisition transaction, calculating the fair value of the consideration paid and the assets and liabilities assumed.

The primary procedures we performed to address this key audit matter included, but was not restricted to, the following:

- Obtained and examined management's accounting assessment of the transaction in accordance with IFRS 3.
- Obtained and examined the relevant transaction documents to understand terms, facts and circumstances related to the acquisition transaction.
- Assessed the fair values of the common shares issued for the consideration paid, as well as the fair values determined for the any assets acquired and liabilities assumed in accordance with IFRS 2.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

We draw attention to Note 3 and Note 7 of the consolidated financial statements related to E&E Assets.

We identified the assessment of impairment indicators of E&E Assets as a key audit matter since this matter represented an area of higher assessed risk of material misstatement given the judgement required in management's assessment relating to the assets' carrying amount which is impacted by the Company's intent and ability to explore and evaluate these assets. This in turn led to a high degree of auditor judgement, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgements made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

The primary procedures we performed to address this key audit matter included, but was not restricted to, the following:

- Obtained an understanding of the key controls associated with evaluating the E&E Assets for indicators of impairment. Evaluated management's assessment of indicators of impairment.
- Evaluated the intent for the E&E Assets through discussion and communication with management.
- Reviewed the Company's recent expenditure activity and expenditure budgets for future periods.
- Performed procedures over title to ensure petroleum rights underlying the E&E Assets are in good standing.

Information other than the Consolidated Financial Statements and the Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in Management's Discussion and Analysis report.

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 Management's Discussion and Analysis report 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, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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 Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the 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 financial statements.

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.

The engagement partner on the audit resulting in this independent auditor's report is Junaid Hassam.

Buckley Dodds

Vancouver, British Columbia
April 24, 2025

Buckley Dodds CPA
Chartered Professional Accountants

BGX - Black Gold Exploration Corp.

Consolidated Statements of Financial Position
As at December 31, 2024 and 2023
(Expressed in Canadian Dollars)

As at:		**December 31, 2024**		**December 31, 2023**
ASSETS				
Current assets				
Cash		24,390		21,607
Investment GIC (Note 6)		457,915		967,986
Deposits and prepaid expenses		4,452		-
Receivables		23,370		12,229
Total Current Assets	**$**	**510,127**	**$**	**1,001,822**
Non-current assets				
Exploration and evaluation assets (Note 7)		5,181,390		2,108,848
TOTAL ASSETS	**$**	**5,691,517**	**$**	**3,110,670**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (Note 8)		72,218		80,662
Subscriptions received in advance (Note 9)		-		686,874
Total Current Liabilities	$	**72,218**	**$**	**767,536**
SHAREHOLDERS' EQUITY				
Share capital (Note 9)		6,531,342		2,535,000
Special warrants (Note 9)		-		135,941
Equity reserve (Note 9)		318,609		-
Deficit		(1,230,652)		(327,807)
Total Shareholders' Equity		5,619,299		2,343,134
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**5,691,517**	**$**	**3,110,670**

Nature of operations and going concern (Note 1)
Subsequent events (Note 12)

Approved by the Board of Directors on April 24, 2025:

"/s/ Michael Sato", Director

"/s/ Francisco Gulisano", Director and CEO

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

BGX - Black Gold Exploration Corp.

Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2024 and 2023
(Expressed in Canadian Dollars, unless otherwise noted)

		2024		2023
Operating Expenses				
Advertisement and promotions		65,886		-
Audit fees		25,250		30,750
Consulting fees		86,131		45,000
General administration		10,967		1,879
Legal fees		75,528		66,172
Management fees (Note 8)		69,000		28,809
Professional fees		194,310		116,571
Regulatory fees		33,360		22,735
Share based compensation (Note 8, 9)		371,941		-
Travel expense		130		7,992
Total operating expenses	**$**	932,503		319,908
Loss before other income	**$**	**(932,503)**		**(319,908)**
Other Income				
Foreign exchange loss		7,004		5,579
Interest income		26,901		28,595
Loss on debt settlement (Note 8)		(4,247)		-
Net loss and comprehensive loss	**$**	**(902,845)**	**$**	**(285,734)**
Loss per share – basic and diluted[1]	**$**	**(0.01)**	**$**	**(0.00)**
Weighted average number of shares outstanding – basic and diluted[1]		**159,916,981**		**107,050,680**

1. On March 3, 2025, the Company completed a one (1) share to thirty (30) share split. See Note 9 for further details on earnings per share calculation.

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

BGX - Black Gold Exploration Corp.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Share Capital					
	Number	Amount	Special Warrants	Equity Reserve	Deficit	Total
		$	$	$	$	$
Balance at December 31, 2022	**2,550,000**	**435,000**	**-**		**(42,073)**	**392,927**
Shares issued for exploration and evaluation asset (Note 7, 9)	2,100,000	2,100,000	-	-	-	2,100,000
Special warrants issued (Note 9)	-	-	135,941	-	-	135,941
Net loss	-	-	-	-	(285,734)	(285,734)
Balance at December 31, 2023	**4,650,000**	**2,535,000**	**135,941**	**-**	**(327,807)**	**2,343,134**
Shares issued for debt settlement (Note 9)	16,987	72,195	-	-	-	72,195
Conversion of special warrants (Note 9)	90,627	135,941	(135,941)	-	-	-
Private placement (Note 9)	457,916	686,874	-	-	-	686,874
Shares issued for exploration and evaluation asset (Note 7, 9)	480,000	3,048,000	-	-	-	3,048,000
Share based compensation (Note 9)	13,333	53,332	-	318,609	-	371,941
Net loss	-	-	-	-	(902,845)	(902,845)
Balance at December 31, 2024	**5,708,863**	**6,531,342**	**-**	**318,609**	**(1,230,652)**	**5,619,298**

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

BGX - Black Gold Exploration Corp.

Consolidated Statements of Cash Flows
For the years ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

For the year ended December 31:		**2024**	**2023**
Operating Activities			
Net loss	$	(902,845)	(285,734)
Items not involving cash:			
Share-based compensation		371,941	-
Interest income		(4,915)	(3,909)
Loss on debt settlement		4,247	-
Changes in non-cash working capital*:*			
Receivables		(11,141)	(10,220)
Deposits and prepaid expenses		(4,452)	-
Accounts payable and accrued liabilities		59,504	61,175
Net cash used in operating activities	**$**	**(487,661)**	**(238,688)**
Financing Activities			
Subscription received in advance		**-**	2,996
Net cash from financing activities		**-**	**2,996**
Investing Activities			
Net investments in GIC		514,986	(964,077)
Exploration and evaluation assets		(24,542)	(8,848)
Net cash from (used in) investing activities	$	**490,444**	**(972,925)**
Change in cash during the year		**2,783**	**(1,208,617)**
Cash at the beginning of the year		21,607	1,230,224
Cash at the end of the year	**$**	**24,390**	**21,607**
Cash (paid) received for:			
Interest	**$**	25,895	24,686
Taxes	**$**	-	-
Non-cash transactions affecting investing and financing activities:			
Shares issued for exploration and evaluation asset (Note 7)	**$**	3,048,000	2,100,000

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

1. Nature of Operations and Going Concern

BGX - Black Gold Exploration Corp. (the "Company") was incorporated on December 21, 2020 in the Province of British Columbia. The Company is in the business of acquiring and exploring oil and gas assets. The registered office of the Company is located on the 6th floor - 905 West Pender Street Vancouver, BC V6C 1L6. The Company's common shares are listed on the Canadian Securities Exchange under the ticker "BGX" and the Frankfurt Stock Exchange under the ticker "P30".

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern under International Financial Reporting Standards ("IFRS"). The use of these principles under IFRS assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operation.

The Company's continuation as a going concern is dependent upon its ability to efficiently utilize working capital, develop and attain profitable operations, and raise capital through equity or debt sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with working capital, loans from directors, or private placement of common shares. As at December 31, 2024, the company had a deficit of $1,230,652 (December 31, 2023 - $327,807) and a working capital of $437,909 (December 31, 2023 - $234,286). These factors indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded assets amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Statement of Compliance and Basis of Presentation

Statement of compliance

These consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The consolidated financial statements were authorized for issue by the Board of Directors on April 24, 2025.

Basis of presentation

These consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments which may be measured at fair value in subsequent periods and have been prepared using the accrual basis of accounting except for cash flow information.

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the entity controlled by the Company: Spinell S.A. and Energy Holdings American 1 Inc. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intercompany transactions and balances have been eliminated.

Functional and presentation currency

All amounts in these consolidated financial statements are presented in Canadian dollars, the functional currency of the Company. The Company considers the primary and secondary indicators as part of its decision-making process. The financial statements are presented in Canadian dollars, which is the functional currency of the Company.

Significant accounting estimates and judgements

<u>Significant estimates and assumptions</u>

The preparation of the consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting period include, but are not limited to, the following:

2. Statement of Compliance and Basis of Presentation (continued)

Deferred Tax Assets & Liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income, which in turn is dependent upon the successful operations. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Recoverability of exploration and evaluation assets

The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable hydrocarbon reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves, and upon future production or proceeds from the disposition thereof.

Business combination or asset acquisition

With an acquisition, the Company has to determine whether it should be accounted for as a business combination or an asset acquisition. As dictated by IFRS 3, the components of a business must include inputs, processes and outputs. Management has assessed its acquisition and has concluded that it did not include all the necessary components of a business. As such, it was recorded as an asset acquisition, being the purchase of an exploration and evaluation property.

Significant judgements

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's consolidated financial statements include: the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

3. Material Accounting Policy Information

Financial instruments

Classification

The Company classifies its financial instruments under IFRS 9 in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments

3. Material Accounting Policy Information (continued)

Financial instruments (continued)

that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement

Financial assets at FVTOCI
Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in the other comprehensive income (loss).

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in the statement of comprehensive loss.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statement of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally

3. Material Accounting Policy Information (continued)

Financial instruments (continued)

recognized in the statements of comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of comprehensive loss.

The Company's financial assets and liabilities are recorded and measured as follows:

Asset or Liability	Category
Cash	FVTPL
Investment GIC	Amortized cost
Receivables	Amortized cost
Accounts payable	Amortized cost
Subscriptions received in advance	Amortized cost

Cash

Cash comprises cash in bank, and funds held in trust, which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Exploration and Evaluation Asset

All costs related to the acquisition, exploration and evaluation of the properties are capitalized and classified as intangible assets. These expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur. The Company has classified the exploration and evaluation asset as intangible assets as opposed to property plant and equipment since the assets are identifiable i.e. distinguishable from goodwill and arise from contractual rights via licensing through local governments or agreements, the Company retains control over the asset as a result of past events, and there is potential for future economic benefits. When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. The Company assesses exploration and evaluation asset for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of loss and comprehensive loss.

Once the technical feasibility and commercial viability of extracting the oil and gas resource has been determined, property is considered to be under development and is classified as "under construction". Exploration and evaluation asset are also tested for impairment before the assets are transferred to development properties.

3. Material Accounting Policy Information (continued)

Share capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are recognized in equity as a reduction from the gross proceeds received from the issued shares.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a unit private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as a component of reserves.

Loss per share

Basic loss per share is calculated by dividing the net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the weighted average number of common shares outstanding for the effects of dilutive instruments such as options granted to employees. The effects of anti-dilutive potential units are ignored in calculating diluted earnings per share. All options and warrants are considered anti-dilutive when the Company is in a loss position.

Related party transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Share-based payments

The Company grants stock options to purchase common shares, restricted share and performance share units of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee. The fair value of stock options is measured on the grant date using the Black-Scholes option pricing model and is recognized over the vesting period. Share-based payments are initially recorded to equity reserve. Subsequently, consideration paid for the shares on the exercise of share-based payments are credited to share capital. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

3. Material Accounting Policy Information (continued)

The Company grants performance share and restricted share units with vesting conditions not related to the market price of the equity instruments of the Company and, as a result, they are non-market performance conditions. Upon grant or issuance into escrow, the fair value of performance share units is recorded to equity reserve based on management's assessment of whether the vesting conditions will be met. The evaluation of whether vesting conditions will be met is reassessed every reporting period and changes, if any, are reflected in future periods. Upon vesting, the fair value of performance shares is transferred to share capital.

4. Risk Management and Financial Instruments

The Company's financial instruments consist of cash, short-term investments in Guaranteed Investment Certificates, receivables, accounts payable and subscriptions received in advance. Fair value of financial assets and liabilities, information related to risk management positions and discussion of risks associated with financial assets and liabilities are presented as follows:

Fair value

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and
- Level 3: inputs for the asset or liability that are not based upon observable market data.

Cash under the fair value hierarchy was recorded based on Level 1 inputs. The fair values of other financial instruments, which include short-term investments in Guaranteed Investment Certificates, receivables, accounts payable and subscriptions received in advance, approximate their carrying values due to the relatively short-term maturity of these instruments.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous reported periods unless otherwise stated in the note. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing cash at major Canadian financial institutions. Receivables are government sales tax receivable from the Canada Revenue Agency. The Guaranteed Investment Certificates are secured investments that the Company is able to sell into cash on demand; similarly, investments can be sold on demand. Management believes that credit risk is minimal.

4. Risk Management and Financial Instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due. The Company maintained cash at December 31, 2024 in the amount of $24,390 and Guaranteed Investment Certificates of $457,915 to meet short-term business requirements. At December 31, 2024, the Company had accounts payable of $72,218. All of the Company's current financial liabilities have contractual maturities of less than 90 days. Liquidity risk is assessed as low.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(i) Interest rate risk
Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rates for the Company is considered minimal. The Company has no interest-bearing borrowings.

(ii) Foreign exchange rate risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to U.S. Dollar and Argentinian Peso foreign exchange fluctuations. The Company assessed this risk to be insignificant.

(iii) Price risk
The Company is not exposed to significant price risk.

5. Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company considers the items included in shareholders' equity as capital. The Company's primary source of capital comes from the issuance of equity instruments.

The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek to additional funding through issuance of securities or new debt. The Company may require additional capital resources to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required in the long-term but recognizes there will be risks involved that may be beyond its control. There were no changes to the Company's capital management approach during the year ended December 31, 2024. The Company is not subject to any externally imposed capital requirements.

6. Investment GIC

As at December 31, 2024, the balance of GIC was $457,915 (December 31, 2023 - $967,986) and the Company earned $26,901 in interest income during the year ended December 31, 2024 (December 31, 2023 - $28,595). The GIC interest will be receivable upon maturity.

7. Exploration and Evaluation Assets

El Carmen, Argentina Project

On July 7, 2023, the Company entered into an amended purchase agreement with International Iconic Gold Exploration Corporation ("Iconic") to acquire an oil and gas asset El Carmen (the "Property") by way of purchasing 95% interest in Spinell S.A. ("Spinell"), the owner of the property, in exchange for securities of the Company. The Company issued 2,100,000 common shares at a price of $1.00 per share for a deemed transaction value of $2,100,000 and the transaction was treated as an asset purchase transaction in accordance with IFRS 3. Of the total number of common shares issued for the transaction, 2,000,000 common shares of the Company are held in escrow until certain milestones are met in connection with the Property and will be issued to Iconic once these milestones are met. These milestones include: 1,000,000 shares of the Company will be released from escrow upon the Property entering production of natural gas; and 1,000,000 shares of the Company will be released from escrow upon the Property entering production of oil.

During the year ended December 31, 2024, the Company capitalized $24,542 of exploration and evaluation expenses on the El Carmen property (December 31, 2023 - $8,848). As at December 31, 2024, the El Carmen exploration and evaluation asset is $2,133,390 (December 31, 2023 - $2,108,848).

Indiana, USA Project

On September 12, 2024, The Company entered into and closed an amended and restated Share Purchase Agreement ("SPA") to acquire 100% of the outstanding shares of Energy Holding Americas 1 Inc. ("EHA1") in exchange for 480,000 common shares of the Company at a fair value of $6.35 per share for a transaction value of $3,048,000 and the transaction was treated as an asset purchase transaction in accordance with IFRS 3. EHA1 holds a 30% ownership interest in a group of oil, gas and mineral leases located in Clay and Vigo County, Indiana (the "Leases"), as well as seismic data and other geological data related to the Leases. The remaining 70% is owned by LGX Energy Corp. ("LGX"), an oil and gas producer and explorer in Indiana. EHA1 also holds a perpetual option to participate in new development and production on the Leases through contribution of 30% of the cost of such work.

During the year ended December 31, 2024, the Company capitalized $nil of exploration and evaluation costs on the Indiana Project. As at December 31, 2024, the Indiana Project exploration and evaluation asset is $3,048,000.

8. Related Party Transactions

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

During the year ended December 31, 2024, the Company incurred $60,000 (December 31, 2023 - $ 28,809) in management fees to the CEO and Director of the Company. As at December 31, 2024, $32,454 (December 31, 2023 - $28,809) was included in accounts payable and accrued liabilities.

During the year ended December 31, 2024, the Company incurred $9,000 (December 31, 2023 - $ nil) in management fees to the CFO of the Company. As at December 31, 2024, $nil (December 31, 2023 - $nil) was included in accounts payable and accrued liabilities.

On March 7, 2024, the Company entered into a debt settlement agreement to issue 9,531 common shares at a deemed price of $4.00 per share to settle total outstanding debt of $38,124 owed to the CEO of the Company. Subsequently, on March 14, 2024, the date the shares were issued, the market price of the common shares was $4.25 per share. As a result, the Company recognized a loss on debt settlement of $2,383, representing the difference between the market value of the shares issued and the deemed settlement value.

On March 7, 2024, the Company granted 100,000 stock options to the directors and officers of the Company with an exercise price of $4.00 expiring on March 7, 2029. The options vest is accordance with terms between 2 to 5 years. During the year ended December 31, 2024, the related share based compensation expense was $208,368 (December 31, 2023 - $nil).

On September 12, 2024, the Company issued 10,000 restricted share units (“RSUs”) to the President of the Company’s subsidiary Spinell S.A., that vest as follows: (i) 25% to vest four (4) months from issuance; (ii) 25% to vest seven (7) months from issuance; (iii) 25% to vest ten (10) months from issuance; and (iv) 25% to vest thirteen (13) months from issuance. During the year ended December 31, 2024, the related share based compensation expense was $32,735 for the RSUs.

As at December 31, 2024, there was $1,720 owing to the President of the Company’s subsidiary Spinell S.A., included in accounts payable and accrued liabilities.

(Expressed in Canadian Dollars, unless otherwise noted)

9. Share Capital

Authorized

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

Issued and outstanding

	Number of Common Shares	Fair Value per Share $	Fair Value of Shares $
Balance at January 1, 2023	2,550,000	0.17	435,000
Issued (Note 7)	2,100,000	1.00	2,100,000
Balance at December 31, 2023	4,650,000	0.55	2,535,000
Issued units private placement	457,916	1.50	686,874
Issued special warrant private placement	90,627	1.50	135,941
Issued performance shares	13,333	4.00	53,332
Issued equity for debt settlement	16,987	4.25	72,195
Issued for exploration and evaluation asset	480,000	6.35	3,048,000
Balance at December 31, 2024	**5,708,863**	**1.15**	**6,531,342**

On July 7, 2023, the Company issued 2,100,000 common shares at a price of $1.00 per share for the acquisition of an oil and gas property for a deemed transaction value of $2,100,000. Of the total number of common shares issued for the transaction, 2,000,000 common shares of the Company are held in escrow and are subject to certain milestones (Note 7).

On January 19, 2024, the Company closed its subscriptions in advance private placement round and issued 457,916 units of the Company (each a “Unit”) at a price of $1.50 per Unit for total proceeds of $686,874. Each Unit is comprised of one common share and one share purchase warrant. Each share purchase warrant is exercisable into one common share at an exercise price of $3.00 for a period of 3 years with an expiry date of January 19, 2027. Using the residual method, a $nil value was allocated to the share purchase warrants.

On February 21, 2024, the Company’s 90,627 special warrants (each a “Special Warrant”) were exercised into units of the Company (each a “Unit”) for a total of $135,941. Each Unit is comprised of one common share and one common share purchase warrant. Each share purchase warrant is exercisable into one common share at an exercise price of $3.00 for a period of three years with an expiry date of February 21, 2027. Using the residual method, a $nil value was allocated to the share purchase warrants.

On March 7, 2024, the Company entered into a debt settlement agreement to issue an aggregate of 16,987 common shares at a deemed price of $4.00 per share to settle total outstanding debt of $67,948. Subsequently, on March 14, 2025, the shares were issued when the market price was $4.25 per share. As a result, the Company recognized a loss on debt settlement of $4,247, representing the difference between the market value of the shares issued and the deemed settlement value. (Note 8)

On March 8, 2024, the Company issued 13,333 performance shares to a consultant at a price of $4.00 per share for a total of $53,332.

(Expressed in Canadian Dollars, unless otherwise noted)

9. Share Capital (continued)

On September 12, 2024, the Company entered into and closed an amended and restated Share Purchase Agreement ("SPA") to acquire 100% of the outstanding shares of Energy Holding Americas 1 Inc. ("EHA1") in exchange for 480,000 common shares of the Company at a fair value price of $6.35 per share for a transaction value of $3,048,000 (Note 7).

Share split

On March 3, 2025, the Company completed a one (1) share to thirty (30) share split resulting in a retrospective disclosure of earnings per share (EPS) and weighted average number of shares outstanding as follows:

		Year ended December 31, 2024	Year ended December 31, 2023
Pre-split:			
Loss per share – basic and diluted	$	(0.17)	(0.08)
Weighted average number of shares outstanding – basic and diluted		5,330,566	3,568,356
Post-split:			
Loss per share – basic and diluted	$	(0.01)	(0.00)
Weighted average number of shares outstanding – basic and diluted		159,916,981	107,050,680

Subscription in Advance

During the year ended December 31, 2022 and 2023, the Company accepted subscriptions in advance for a total of 457,916 units at $1.50 per unit for total consideration of $686,874. As at December 31, 2024, the Company had subscription in advance of $nil (December 31, 2023 - $686,874). On January 19, 2024, the Company issued 457,916 units with each unit comprised of one common share and one share purchase warrant.

Share Purchase Warrants

A summary of the Company's share purchase warrants is as follows:

	December 31, 2024		December 31, 2023	
	Number of Warrants	Weighted Average Exercise Price $	Number of Warrants	Weighted Average Exercise Price $
Warrants outstanding - beginning of year	2,550,000	0.17	2,550,000	0.17
Issued	548,543	3.00	-	-
Warrants outstanding - end of year	3,098,543	0.67	2,550,000	0.17

(Expressed in Canadian Dollars, unless otherwise noted)

9. Share Capital (continued)

Number of Warrants	Exercise Price $	Remaining Contractual Life (years)	Expiry Date
500,000	0.05	1.99	December 27, 2026
457,916	3.00	2.05	January 19, 2027
2,050,000	0.20	2.08	January 31, 2027
90,627	3.00	2.14	February 21, 2027

Special Warrants

A summary of the Company's special warrants is as follows:

	Number of Special Warrants	Price per Special Warrant $
Balance at December 31, 2022	-	-
Issued	90,627	1.50
Balance at December 31, 2023	90,627	1.50
Converted to units	(90,627)	1.50
Balance at December 31, 2024	-	-

On July 26, 2023, the Company issued a total of 90,627 special warrants (each a "Special Warrant") at $1.50 per Special Warrant for total consideration of $135,941. Each Special Warrant is convertible into units of the Company (each a "Unit") comprising of one common share and one share purchase warrant (a "Warrant"). On February 21, 2024, the Special Warrants were exercised into units (each a "Unit"). Each Unit is comprised of one common share and one common share purchase warrant (a "Warrant").

Share based compensation

Stock Options

On March 7, 2024, the Company granted 186,667 stock options to directors, officers and consultants of the Company with an exercise price of $4.00 expiring on March 7, 2029. The options vest over a period of 2 to 5 years. The Black Scholes Model was used to value the stock options. The following inputs were utilized: Stock options expiry date of March 7, 2029; stock price at time of issuance was $4.00 per share; the expected volatility was 174.26%; the risk-free rate was 3.50%; the dividend yield of nil %; expected option life is 3.33 years and exercise price are $4.00 per common share. The fair value of a stock option was determined to be $3.577 per stock option. During the year ended December 31, 2024, the related share based compensation expense was $285,874 (December 31, 2023 - $nil).

	December 31, 2024	
	Number of options	Weighted average exercise price
Options outstanding – beginning of year	-	-
Issued	186,667	$4.00
Forfeited/ Cancelled	(65,000)	$4.00
Expired	(21,667)	$4.00
Options outstanding – end of year	100,000	$4.00
Options exercisable – end of year	20,000	$4.00

(Expressed in Canadian Dollars, unless otherwise noted)

9. Share Capital (continued)

Performance Shares and Restricted Share Units

On March 8, 2024, the Company issued 13,333 performance shares to a consultant at a price of $4.00 per common share for a total share-based compensation expense of $53,332 upon the milestone of going public on the Canadian Security Exchange being achieved.

On September 12, 2024, the Company issued 10,000 restricted share units (the "RSUs") to the President of the Company's subsidiary, Spinell S.A. The RSUs will vest as follows: (i) 25% to vest four (4) months from issuance; (ii) 25% to vest seven (7) months from issuance; (iii) 25% to vest ten (10) months from issuance; and (iv) 25% to vest thirteen (13) months from issuance. During the year ended December 31, 2024, the related share-based compensation expense for the RSUs was $32,735 (December 31, 2023 - $nil).

10. Income Taxes

A reconciliation of income taxes at statutory rates with reported taxes as follows:

		December 31, 2024	December 31, 2023
Net Loss for the year	$	(902,845)	(285,734)
Combined Income Tax Rate		27%	27%
Income tax benefit computed at statutory tax rate		(244,000)	(77,000)
Unrecognized benefit of deferred income tax assets		244,000	77,000
Income tax expense	$	-	-

As at December 31, 2024, the Company had non-capital losses carried forward of approximately $1,230,000 (December 31, 2023: $330,000) which may be utilized to reduce future years' taxable income and expire in 2040 to 2044.

Deferred income tax assets have not been recognized in respect of these items because it is not probable that the Company will be able to generate sufficient taxable income upon which these deferred tax assets can be realized.

11. Segmented information

The Company has two reportable operating segments, being the acquisition, exploration and evaluation of assets in Argentina and USA.

Geographical information is as follows:

As at		December 31, 2024	December 31, 2023
Argentina			
Exploration and evaluation assets	$	2,133,390	2,108,848
Cash and other assets	$	6,147	3,391
USA			
Exploration and evaluation assets	$	3,048,000	-

(Expressed in Canadian Dollars, unless otherwise noted)

11. Segmented information (continued)

Year ended		December 31, 2024	December 31, 2023
Argentina			
Net Loss	$	11,545	1,296
USA			
Net Loss	$	-	-

12. Subsequent events

On January 31, 2025, the Company entered a purchase and sale agreement (the “Agreement”) with LGX Energy Holdings and Adler Energy LLC to participate in the development of a well in Clay County, Indiana (“Fritz 2-30”). Under the terms of the Agreement, the Company has been granted the right to earn a 10% working interest in Fritz 2-30 well at an initial cost of USD $105,000. On March 26, 2025, a second and final payment to close the Fritz 2-30 well was made of USD $40,987.

On February 21, 2025, the Company’s CEO and Director exercised 8,250 of his stock options at an exercise price of $4 per unit for a total consideration of $33,000. The Company converted accruals owed in this amount as consideration for payment of the stock options.

On February 21, 2025, the Company issued 2,500 out of 10,000 restricted share units (“RSUs”) to the President of the Company’s subsidiary Spinell S.A.

On February 21, 2025, the Company issued 10,000 restricted share units (“RSUs”) to two consultants that will vest in four months from issuance, on June 21, 2025. The fair value of the RSUs were considered to be $7.00 per unit.

On March 3, 2025, the Company completed a one (1) share to thirty (30) share split.