



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

Condensed Interim Financial Statements
(Unaudited)

For the six-month periods ended September 30, 2021 and 2020

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 September 30, 2021 and 2020 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, PricewaterhouseCoopers LLP / s.r.l. / s.e.n.c.r.l., 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

November 23, 2021

SQUATEX ENERGY AND RESOURCES INC.

(An oil and gas exploration company)

Statements of Financial Position

	Notes	September 30	March 31
		2021	2021
<i>(Unaudited - in Canadian dollars)</i>		\$	\$
ASSETS			
Current			
Cash		14 757	69 523
Accounts receivable	5	11 135	10 518
Tax credits receivable		16 138	9 096
		42 030	89 137
Total assets		42 030	89 137
LIABILITIES AND SHAREHOLDER'S DEFICIENCY			
LIABILITIES			
Current			
Trade payables and other payables	6	219 824	176 221
Provisions	7	1 132 026	974 142
Due to a company under common control , bearing interest at the rate of 15 %, payable on demand		597 600	522 600
		1 949 450	1 672 963
Total liabilities		1 949 450	1 672 963
SHAREHOLDER'S DEFICIENCY			
Share capital	8	6 504 107	6 504 107
Contributed surplus		1 352 946	1 352 946
Deficit		(9 764 473)	(9 440 879)
Total shareholder's deficiency		(1 907 420)	(1 583 826)
Total liabilities and shareholder's deficiency		42 030	89 137

Going concern	2
---------------	---

Subsequent event	13
------------------	----

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.

(An oil and gas exploration company)

Condensed Interim Statements of Profit or loss and Comprehensive Income

	Notes	Second quarters ended September 30		For the six-month periods ended September 30	
		2021 \$	2020 \$	2021 \$	2020 \$
<i>(unaudited - in Canadian dollars)</i>					
Exploration and evaluation expenses	9	15 153	42 896	25 769	81 654
General and administrative expenses	10	178 188	33 677	240 586	78 737
Operating loss		(193 341)	(76 573)	(266 355)	(160 391)
Finance expenses	11	(28 377)	(25 244)	(57 239)	(56 776)
Net loss and comprehensive income for the period		(221 718)	(101 817)	(323 594)	(217 167)
Basic and diluted earnings per share		(0,0018)	(0,0008)	(0,0026)	(0,0018)
Weighted average of common shares outstanding		123 850 656	123 850 656	123 850 656	123 850 656

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

SQUATEX ENERGY AND RESOURCES INC.

(An oil and gas exploration company)

Condensed Interim Statement of Changes in Shareholders' Equity

<i>(Unaudited - in Canadian dollars)</i>	Note	Number of shares Number	Share capital \$	Deficit \$	Contributed surplus \$	Total shareholders' deficiency \$
Balance as at April 1, 2020		123 850 656	6 504 107	(498 466)	1 208 946	(785 413)
Net loss and comprehensive loss		-	-	(217 167)	-	(217 167)
Waiver of payment from a company under common control	11	-	-	-	72 000	72 000
Balance as at September 30, 2020		123 850 656	6 504 107	(715 633)	1 280 946	(930 580)
Balance as at April 1, 2021		123 850 656	6 504 107	(9 440 879)	1 352 946	(1 583 826)
Net loss and comprehensive loss		-	-	(323 594)	-	(323 594)
Balance as at September 30, 2021		123 850 656	6 504 107	(9 764 473)	1 352 946	(1 907 420)

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

SQUATEX ENERGY AND RESOURCES INC.

(An oil and gas exploration company)

Condensed Interim Statements of Cash Flows

	For the six-month periods ended September 30	
	2021	2020
	\$	\$
<i>(Unaudited - in Canadian dollars)</i>		
OPERATING ACTIVITIES		
Net loss	(323 594)	(217 167)
Adjustments:		
Waiver of payment from a company under common control	-	72 000
Changes in working capital items :		
Accounts receivable	(617)	(25 219)
Tax credits receivable	(7 042)	24 504
Prepaid expenses	-	10 000
Trade payables and other payables	43 603	9 798
Provisions	157 884	18 543
Cash flows from operating activities	(129 766)	(107 541)
FINANCING ACTIVITIES		
Due to a company under common control	75 000	137 000
Cash flows from financing activities	75 000	137 000
NET DECREASE IN CASH	(54 766)	29 459
CASH AT BEGINNING OF YEAR	69 523	13 373
CASH AT END OF YEAR	14 757	42 832

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

SQUATEX ENERGY AND RESOURCES INC.

(An oil and gas exploration company)

Notes to the Condensed Interim Financial Statements**September 30, 2021**

(Unaudited - in Canadian dollars)

1. Nature of operations, generalities and compliance with IFRS

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.

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, 2021, prepared in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) .

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, 2021. 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 November 23, 2021.

2. Going Concern

These 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 September 30, 2021, the Company had a negative working capital of \$ 1 907 420 and a cumulated deficit of \$ 9 764 473.

SQUATEX ENERGY AND RESOURCES INC.

(An oil and gas exploration company)

Notes to the Condensed Interim Financial Statements

September 30, 2021

(Unaudited - in Canadian dollars)

2. Going concern (cont'd)

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. The obligations, in connection with 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 to further explore its oil and gas properties and the continued support from its suppliers. 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.

In addition, in March 2020, the World Health Organization declared a global pandemic following the emergence and rapid spread of a new strain of coronavirus ("COVID-19"). The epidemic and subsequent measures to limit the pandemic have contributed to significant declines and the volatility of the financial markets. The pandemic has affected global business activity, including by significantly reducing global demand for crude petroleum. The full extent of COVID-19's impact on the Company's business and future financial performance is currently unknown, but may be material. The Company monitors developments in order to be able to take appropriate measures if necessary.

The carrying amounts and classification of assets, liabilities, revenues and expenses presented in the 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.

SQUATEX ENERGY AND RESOURCES INC.

(An oil and gas exploration company)

Notes to the Condensed Interim Financial Statements

September 30, 2021

(Unaudited - in Canadian dollars)

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

Standard adopted during the period

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

Not yet adopted

At the approval date of these financial statements, new standards and interpretations to existing standards and new modifications have been issued but are not yet in force, and the Company has not adopted them early. Management anticipates that all of the positions will be adopted in the Company's accounting policies during the first fiscal year beginning after their effective date.

Management believes that there are no new standards and interpretations that are likely to be relevant to the condensed interim financial statements of the Company.

4. Critical accounting estimates, judgements and assumptions

When preparing these 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, 2021.

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.

(An oil and gas exploration company)

Notes to the Condensed Interim Financial Statements**September 30, 2021***(Unaudited - in Canadian dollars)***5. Receivables**

	<u>September 30</u>	March 31
	2021	2021
	\$	\$
Accounts receivable	361 545	251 749
Impairment provision	(361 545)	(251 749)
	-	-
Sales tax receivable	11 135	10 518
Receivables	11 135	10 518

6. Trade payables and other payables

	<u>September 30</u>	March 31
	2021	2021
	\$	\$
Accounts payable	34 613	32 102
Interest payable - company under common control	185 211	144 119
Trade payables and other payables	219 824	176 221

7. Provisions

	<u>September 30</u>	March 31
	2021	2021
	\$	\$
Annual fees	1 029 166	663 179
Account to be paid in negotiation	8 000	8 000
Refundable tax credits related to resources	94 860	302 963
Provisions	1 132 026	974 142

SQUATEX ENERGY AND RESOURCES INC.

(An oil and gas exploration company)

Notes to the Condensed Interim Financial Statements

September 30, 2021

(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 six-month period ended September 30, 2021.

8.3 Stock options

There were no changes in the issued stock options of the Company during the six-month period ended September 30, 2021.

Granted and exercisable options as at September 30, 2021:

Outstanding options	Exercisable options	Exercise price	Expiration date
300 000	300 000	\$ 0,35	June 2022

No stock-based compensation was recognized in earnings during the six-month period ending September 30, 2021 (nil during the six-month period ended September 30, 2020).

SQUATEX ENERGY AND RESOURCES INC.

(An oil and gas exploration company)

Notes to the Condensed Interim Financial Statements**September 30, 2021***(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 September 30, 2021		
	Additions	Net tax credits	Net balance
	\$	\$	\$
St.Lawrence Lowlands	1 553	-	1 553
Lower St.Lawrence/Gaspe	17 681	4 081	13 600
Total	19 234	4 081	15 153

	For the three-month period ended September 30, 2020		
	Additions	Net tax credits	Net balance
	\$	\$	\$
St.Lawrence Lowlands	11 837	-	11 837
Lower St.Lawrence/Gaspe	33 930	2 871	31 059
Total	45 767	2 871	42 896

	For the six-month period ended September 30, 2021		
	Additions	Net tax credits	Net balance
	\$	\$	\$
St.Lawrence Lowlands	2 553	-	2 553
Lower St.Lawrence/Gaspe	30 258	7 042	23 216
Total	32 811	7 042	25 769

	For the six-month period ended September 30, 2020		
	Additions	Net tax credits	Net balance
	\$	\$	\$
St.Lawrence Lowlands	22 980	-	22 980
Lower St.Lawrence/Gaspe	63 618	4 944	58 674
Total	86 598	4 944	81 654

SQUATEX ENERGY AND RESOURCES INC.

(An oil and gas exploration company)

Notes to the Condensed Interim Financial Statements**September 30, 2021***(Unaudited - in Canadian dollars)***9. Exploration and evaluation expenditure (cont'd)**

Exploration and evaluation expenditures by nature are detailed as follows:

	For the three- month period ended September 30 2021	For the three- month period ended September 30 2020
	\$	\$
Geology and geophysics	14 576	10 255
Technical consultation	4 659	35 512
Total	19 235	45 767
Tax credits, net	4 081	2 871
Exploration and evaluation expenditures net of tax credits	15 154	42 896

	For the six- month period ended September 30 2021	For the six- month period ended September 30 2020
	\$	\$
Geology and geophysics	25 150	17 658
Technical consultation	7 661	68 940
Total	32 811	86 598
Tax credits, net	7 042	4 944
Exploration and evaluation expenditures net of tax credits	25 769	81 654

SQUATEX ENERGY AND RESOURCES INC.

(An oil and gas exploration company)

Notes to the Condensed Interim Financial Statements**September 30, 2021***(Unaudited - in Canadian dollars)***10. General and administrative expenses**

Nature of the expenses	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2021 \$	2020 \$	2021 \$	2020 \$
Professional services	29 453	14 619	83 687	50 043
Management fees	-	6 000	-	12 000
Registration and publication fees	9 350	9 876	12 024	13 512
Expected credit loss	107 306	-	109 796	-
Gain on write-off of provision	(212 352)	-	(212 352)	-
Associations	-	3 000	3 000	3 000
Regulations and licensing	244 431	182	244 431	182
	178 188	33 677	240 586	78 737

11. Financial expenses

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2021 \$	2020 \$	2021 \$	2020 \$
Long-term interests due to a company under common control	21 361	20 580	41 092	38 535
Interest and other bank expenses	7 016	4 664	16 147	18 241
	28 377	25 244	57 239	56 776

SQUATEX ENERGY AND RESOURCES INC.

(An oil and gas exploration company)

Notes to the Condensed Interim Financial Statements

September 30, 2021

(Unaudited - in Canadian dollars)

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. Outstanding balances are usually settled in cash.

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 services as employees which is presented below:

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
Exploration and evaluation expenditures net of tax credits	12 273	41 887	22 889	80 644
Professional services	10 872	12 861	17 877	20 859
Management fees	-	6 000	-	12 000
Financial expenses	21 361	20 580	41 092	38 535

As at September 30, 2021, there is an outstanding balance of \$ 7,328 (\$ 15,636 at March 31, 2021) resulting from these operations, plus interest payable of \$ 185,211 (\$ 144,119 as at March 31, 2021) disclosed in Note 6. In addition, the due to a company under common control of \$ 597,600 (\$ 522,600 as at March 31, 2021) is a transaction with related party.

A company under common control has terminated its agreement for compensation for its services, for the services of the president, for the six-month period ended September 30, 2021. No value has been assigned to these services. In the past, the value of these services totaled \$ 36,000 per quarter (\$ 36,000 during the quarter ended September 30, 2020) and was recognized in contributed surplus since the company under common control waived these payments.

13. Subsequent Event

On November 4, 2021, a company under common control has made an additional advance of \$ 15,000. This brings the due to a company under common control (bearing interest at 15% and repayable on demand) to a balance of \$612,600.