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

**Condensed Interim Financial Statements**  
(Unaudited)

**For the six-month periods ended September 30, 2023 and 2022**

## 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, 2023 and 2022 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

November 14, 2023

## SQUATEX ENERGY AND RESOURCES INC.

(An oil and gas exploration company)

**Statements of Financial Position**

	Notes	<b>September 30</b>	March 31
		<b>2023</b>	2023
<i>(Unaudited - in Canadian dollars)</i>		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash		7 751	5 180
Accounts receivable	5	1 805	1 126
Tax credits receivable		-	560
		<b>9 556</b>	6 866
<b>Total assets</b>		<b>9 556</b>	6 866
<b>LIABILITIES</b>			
<b>Current</b>			
Trade payables and other payables	6	429 067	363 729
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		910 600	822 600
		<b>2 422 901</b>	2 269 563
<b>Total liabilities</b>		<b>2 422 901</b>	2 269 563
<b>SHAREHOLDERS' DEFICIENCY</b>			
Share capital	8	6 504 107	6 504 107
Contributed surplus		1 352 946	1 352 946
Deficit		(10 270 398)	(10 119 749)
<b>Total shareholders' deficiency</b>		<b>(2 413 345)</b>	(2 262 696)
<b>Total liabilities and shareholders' deficiency</b>		<b>9 556</b>	6 867

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.

(An oil and gas exploration company)

**Condensed Interim Statements of Net loss and Comprehensive loss**

	Notes	For the three-month periods ended		For the six-month periods ended	
		September 30		September 30	
		2023	2022	2023	2022
<i>(unaudited - in Canadian dollars)</i>		\$	\$	\$	\$
Exploration and evaluation expenses	9	2 000	8 253	2 000	11 347
General and administrative expenses	10	12 315	69 505	82 970	105 581
<b>Operating loss</b>		<b>(14 315)</b>	<b>(77 758)</b>	<b>(84 970)</b>	<b>(116 928)</b>
Financial expenses	11	(34 062)	(39 982)	(65 679)	(75 779)
<b>Net loss and comprehensive loss for the period</b>		<b>(48 377)</b>	<b>(117 740)</b>	<b>(150 649)</b>	<b>(192 707)</b>
<b>Net loss per share, basic and diluted</b>		<b>(0,0004)</b>	<b>(0,0010)</b>	<b>(0,0012)</b>	<b>(0,0016)</b>
<b>Weighted average number of common shares outstanding</b>		<b>123 850 656</b>	<b>123 850 656</b>	<b>123 850 656</b>	<b>123 850 656</b>

*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' Deficiency**

<i>(Unaudited - in Canadian dollars)</i>	Note	Number of shares Number	Share capital \$	Deficit \$	Contributed surplus \$	Total shareholders' deficiency \$
<b>Balance as at April 1, 2022</b>		123 850 656	6 504 107	(9 863 560)	1 352 946	(2 006 507)
Net loss and comprehensive loss		-	-	(192 707)	-	(192 707)
<b>Balance as at September 30, 2022</b>		<b>123 850 656</b>	<b>6 504 107</b>	<b>(10 056 267)</b>	<b>1 352 946</b>	<b>(2 199 214)</b>
<b>Balance as at April 1, 2023</b>		123 850 656	6 504 107	(10 119 749)	1 352 946	(2 262 696)
Net loss and comprehensive loss		-	-	(150 649)	-	(150 649)
<b>Balance as at September 30, 2023</b>		<b>123 850 656</b>	<b>6 504 107</b>	<b>(10 270 398)</b>	<b>1 352 946</b>	<b>(2 413 345)</b>

*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**

	<b>For the six-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>
<i>(Unaudited - in Canadian dollars)</i>	<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>		
Net loss	<b>(150 649)</b>	(192 707)
Adjustments:		
Addition of provision	-	29 486
Unpaid interest	<b>65 643</b>	54 132
Changes in working capital items :		
Accounts receivable	<b>(679)</b>	(1 731)
Tax credits receivable	<b>560</b>	12 446
Trade payables and other payables	<b>(304)</b>	(18 936)
<b>Cash flows from operating activities</b>	<b>(85 429)</b>	(117 310)
<b>FINANCING ACTIVITIES</b>		
Due to a company under common control	<b>88 000</b>	115 000
<b>Cash flow from financing activities</b>	<b>88 000</b>	115 000
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>2 571</b>	(2 310)
<b>CASH AT BEGINNING OF YEAR</b>	<b>5 180</b>	11 448
<b>CASH AT END OF YEAR</b>	<b>7 751</b>	9 138

*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, 2023**

*(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 Bases-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, 2023, 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, 2023. The annual financial statements of the Company are available on the SEDAR website at: [www.sedar.com](http://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 14, 2023.

**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 September 30, 2023, the Company had a negative working capital of \$ 2,413,345 and a accumulated deficit of \$ 10,270,398.

**SQUATEX ENERGY AND RESOURCES INC.**

(An oil and gas exploration company)

**Notes to the Condensed Interim Financial Statements****September 30, 2023**

*(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. 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.



SQUATEX ENERGY AND RESOURCES INC.

(An oil and gas exploration company)

## **Notes to the Condensed Interim Financial Statements**

**September 30, 2023**

*(Unaudited - in Canadian dollars)*

### **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 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 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, 2023.

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, 2023**

(Unaudited - in Canadian dollars)

**5. Accounts receivables**

	<b>September 30</b>	March 31
	<b>2023</b>	2023
	<b>\$</b>	\$
Accounts receivable	<b>375 366</b>	375 366
Allowance for expected credit losses	<b>(375 366)</b>	(375 366)
	-	-
Sales tax receivable	<b>1 805</b>	1 126
<b>Receivables</b>	<b>1 805</b>	1 126

**6. Trade payables and other payables**

	<b>September 30</b>	March 31
	<b>2023</b>	2023
	<b>\$</b>	\$
Accounts payable	<b>16 385</b>	16 689
Interest payable - company under common control	<b>412 682</b>	347 003
<b>Trade payables and other payables</b>	<b>429 067</b>	363 692

**7. Provisions**

	<b>September 30</b>	March 31
	<b>2023</b>	2023
	<b>\$</b>	\$
Annual fees for 2020-2021, for 2021-2022 and for 2022-2023	<b>1 075 234</b>	1 075 234
Account to be paid in negotiation	<b>8 000</b>	8 000
<b>Provisions</b>	<b>1 083 234</b>	1 083 234

**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, 2023.

**8.3 Stock options**

The 300,000 outstanding stock options, with an exercise price of \$0.35, expired in June 2022.

No stock-based compensation was recognized in condensed interim statement of loss and comprehensive loss during the six-month period ended September 30, 2023 (nil during the six-month period ended September 30, 2022).

## SQUATEX ENERGY AND RESOURCES INC.

(An oil and gas exploration company)

**Notes to the Condensed Interim Financial Statements****September 30, 2023***(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, 2023		
	Additions	Net tax	Net balance
	\$	\$	\$
St.Lawrence Lowlands	-	-	-
Lower St.Lawrence/Gaspe	2 000	-	2 000
<b>Total</b>	<b>2 000</b>	<b>-</b>	<b>2 000</b>

	For the three-month period ended		
	September 30, 2022		
	Additions	Net tax credits	Net balance
	\$	\$	\$
St.Lawrence Lowlands	2 406	-	2 406
Lower St.Lawrence/Gaspe	6 810	963	5 847
<b>Total</b>	<b>9 216</b>	<b>963</b>	<b>8 253</b>

	For the six-month period ended		
	September 30, 2023		
	Additions	Net tax	Net balance
	\$	\$	\$
St.Lawrence Lowlands	-	-	-
Lower St.Lawrence/Gaspe	2 000	-	2 000
<b>Total</b>	<b>2 000</b>	<b>-</b>	<b>2 000</b>

	For the six-month period ended		
	September 30, 2022		
	Additions	Net tax credits	Net balance
	\$	\$	\$
St.Lawrence Lowlands	3 437	-	3 437
Lower St.Lawrence/Gaspe	8 873	963	7 910
<b>Total</b>	<b>12 310</b>	<b>963</b>	<b>11 347</b>

## SQUATEX ENERGY AND RESOURCES INC.

(An oil and gas exploration company)

**Notes to the Condensed Interim Financial Statements****September 30, 2023***(Unaudited - in Canadian dollars)***9. Exploration and evaluation expenditures (cont'd)**

Exploration and evaluation expenditures by nature are detailed as follows:

	<b>For the three-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Geology and geophysics	<b>2 000</b>	2 000
Technical consultation	-	7 216
<b>Total</b>	<b>2 000</b>	<b>9 216</b>
Tax credits, net	-	963
<b>Exploration and evaluation expenditures net of tax credits</b>	<b>2 000</b>	<b>8 253</b>

	<b>For the six-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Geology and geophysics	<b>2 000</b>	2 000
Technical consultation	-	10 310
<b>Total</b>	<b>2 000</b>	<b>12 310</b>
Tax credits, net	-	963
<b>Exploration and evaluation expenditures net of tax credits</b>	<b>2 000</b>	<b>11 347</b>

**10. General and administrative expenses**

<b>Nature of the expenses</b>	<b>For the three-month periods ended September 30</b>		<b>For the six-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Professional services	<b>4 816</b>	54 477	<b>68 796</b>	83 699
Registration and publication fees	<b>7 401</b>	10 055	<b>14 076</b>	12 941
Expected credit losses	-	4 878	-	8 846
Regulations and licensing	<b>98</b>	95	<b>98</b>	95
	<b>12 315</b>	69 505	<b>82 970</b>	105 581

## SQUATEX ENERGY AND RESOURCES INC.

(An oil and gas exploration company)

**Notes to the Condensed Interim Financial Statements****September 30, 2023***(Unaudited - in Canadian dollars)***11. Financial expenses**

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2023	2022	2023	2022
	\$	\$	\$	\$
Interests due to a company under common control	34 038	28 114	65 643	54 132
Interest and other bank expenses	24	11 868	36	21 647
	<b>34 062</b>	<b>39 982</b>	<b>65 679</b>	<b>75 779</b>

**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 for services as employees. The fees charged by them or by a company controlled by them are presented below:

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2023	2022	2023	2022
	\$	\$	\$	\$
Exploration and evaluation expenditures net of tax credits	-	7 216	-	10 310
Professional services	4 188	16 837	19 613	24 056
Financial expenses	<b>34 038</b>	<b>28 114</b>	<b>65 643</b>	<b>54 132</b>

As at September 30, 2023, there is an outstanding balance of \$ 1,150 (\$ 5,174 at March 31, 2023) resulting from these operations plus interest payable of \$ 412,682 (\$ 347,039 at March 31, 2023). The due to a company under common control of \$ 910,600 (\$ 822,600 at March 31, 2023) is also considered a related party transaction.

**13. Comparative figures**

Certain figures for the three-month period and the six-month period ended September 30, 2022 have been reclassified to make their presentation identical to that adopted in the three-month period and in the six-month period ended September 30, 2023. These reclassifications had no effect on the reported net loss.