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

FINANCIAL STATEMENTS

AS AT MARCH 31 2024 and 2023

Independent Auditor's Report

To the Shareholders of Squatex Energy and Ressources Inc.:

Opinion

We have audited the financial statements of Squatex Energy and Ressources Inc. (the "Company"), which comprise the statements of financial position as at March 31, 2024 and March 31, 2023, and the statements of net loss and comprehensive loss and changes in shareholders' deficiency and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024 and March 31, 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company has not generated any income and postive cash flows from operations during the year ended March 31, 2024 and, as of that date, the Company had a working capital deficiency and an accumulated deficit. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

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Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Montréal, Québec

MNP LLP [1]

July 25, 2024

[1] CPA auditor, public accountancy permit no. A126822

SQUATEX ENERGY AND RESSOURCES INC.
(An oil and gas exploration company)
Statements of Financial Position

(audited - in Canadian dollars)	Notes	**March 31 2024** $	March 31 2023 $
ASSETS			
Current			
Cash		**16 787**	5 180
Accounts receivable	6	**10 812**	1 126
Tax credits receivable		**-**	560
		27 599	6 866
Total assets		**27 599**	6 866
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
LIABILITIES			
Current			
Trade payables and other payables	7	**596 380**	363 728
Provisions	8	**1 083 234**	1 083 234
Due to a company under common control , bearing interest at the rate of 15 %, payable on demand	17	**948 600**	822 600
Total liabilities		**2 628 214**	2 269 562
SHAREHOLDERS' DEFICIENCY			
Share capital	9	**6 504 107**	6 504 107
Contributed surplus	9	**1 352 946**	1 352 946
Deficit		**(10 457 668)**	(10 119 749)
Total shareholders' deficiency		**(2 600 615)**	(2 262 696)
Total liabilities and shareholders' deficiency		**27 599**	6 866
Going concern	2		
Subsequent event	20		

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

Jean-Claude Caron
President

René Guimond
Vice President Finance

SQUATEX ENERGY AND RESSOURCES INC.
(An oil and gas exploration company)
Statements of Net loss and Comprehensive Loss

(audited - in Canadian dollars)	Notes	Years ended March 31 **2024** **$**	2023 $
Exploration and evaluation expenses	11	**6 192**	1 037
General and administrative expenses	12	**196 860**	131 984
Operating loss		**(203 052)**	(133 021)
Financial expenses	13	**(134 867)**	(123 168)
Net loss and comprehensive loss		**(337 919)**	(256 189)
Net loss per share, basic and diluted	15	**(0,0027)**	(0,0021)
Weighted average number of common shares outstanding		**123 850 656**	123 850 656

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

SQUATEX ENERGY AND RESSOURCES INC.
(An oil and gas exploration company)

Statements of Changes in Shareholders' Deficiency

(audited - in Canadian dollars)	Number of shares Number	Share capital $	Deficit $	Contributed surplus $	Total Shareholders' deficiency $
Balance as at April 1, 2022	123 850 656	6 504 107	(9 863 560)	1 352 946	(2 006 507)
Net loss and comprehensive loss	-	-	(256 189)	-	(256 189)
Balance as at March 31, 2023	**123 850 656**	**6 504 107**	**(10 119 749)**	**1 352 946**	**(2 262 696)**
Net loss and comprehensive loss	-	-	(337 919)	-	(337 919)
Balance as at March 31, 2024	**123 850 656**	**6 504 107**	**(10 457 668)**	**1 352 946**	**(2 600 615)**

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

SQUATEX ENERGY AND RESSOURCES INC.
(An oil and gas exploration company)

Statements of Cash Flows

(audited - in Canadian dollars)	Notes	Years ended March 31 **2024** **$**	2023 $
Operating activities			
Net loss		**(337 919)**	(256 189)
Adjustments:			
Addition of provision		**-**	18 677
Unpaid interest	17	**134 780**	114 507
Changes in non-cash working capital items :			
Accounts receivable		**(9 686)**	322
Tax credits receivable		**560**	12 446
Trade payables and other payables	17	**97 872**	(46 031)
Cash outflows used by operating activities		**(114 393)**	(156 268)
Financing activities			
Due to a company under common control	17	**126 000**	150 000
Cash flows from financing activities		**126 000**	150 000
NET INCREASE (DECREASE) IN CASH		**11 607**	(6 268)
CASH AT BEGINNING OF YEAR		**5 180**	11 448
CASH AT END OF YEAR		**16 787**	5 180

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

1. Nature of operations and general information

Squatex Energy and Ressources inc ("the Company" or "Squatex") specializes in oil and gas exploration of oil sites in the Basses-Terres du St-Laurent, Bas St-Laurent and Gaspésie in Quebec, Canada. The oil and gas exploration business is subject to uncertainties (note 2) Since April 3, 2017, the Company has been listed on the Canadian Stock Exchange, under the symbol SQX.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of Financial Reporting Interpretations Committee ("IFRIC").

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 July 25, 2024.

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 positive cash flows from its operations. As of March 31, 2024, the Company had a negative working capital of $2,600,615 and a accumulated deficit of $10,457,668.

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.

2. Going Concern (cont'd)

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 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.

3. Material accounting policies

3.1 Generality

The material accounting policies used in the preparation of these financial statements are summarized below.

These accounting policies have been used for all periods presented in the financial statements.

3.2 Basis of evaluation

These financial statements have been prepared on the historical cost basis.

3.3 Exploration licences jointly owned

The licences jointly owned with Petrolympic Ltd. does not involve joint control according to IFRS 11. Considering of the agreement signed between the parties, the Company has control over the licences owned and share the results with Petrolympic Ltd. which holds a 30% interest.

Regarding its interest in licenses held jointly, the Company recognizes in the financial statements its share of assets held jointly, classified according to the nature of the assets, its share of any liabilities that it jointly contracted with Petrolympic Ltd. It also records its proportionate share of any proceeds from the sale or the use of its share of the production of the assets jointly owned as well as its share of any expenses incurred for the assets held jointly and any expenses incurred in respect of its interest in the assets held jointly.

3.4 Farm-out Agreement

On disposal of interests with respect to option agreements, the Company does not recognize exploration and evaluation expenditures incurred on the property by the purchaser. In addition, if the consideration received in cash or in the acquirer's shares exceed the book value, the difference is recorded as a gain on disposal of exploration and evaluation assets in the statement of loss and comprenhensive loss.

3. Material accounting policies (cont'd)

3.5 Financial instruments

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit or loss ("FVPL"), directly attributable transaction costs. Financial instruments are recognized when the Company becomes party to the contracts that give rise to them and are classified as amortized cost, FVPL or fair value through other comprehensive income ("FVOCI"), as appropriate. The Company considers whether a contract (other than a financial asset) contains an embedded derivative when the entity first becomes a party to it. The embedded derivatives are separated from the host contract if the host contract is not measured at fair value through profit or loss and when the economic characteristics and risks are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required. The Company has no financial assets at FVOCI.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and is not designated as FVPL. Financial assets classified as amortized cost are measured subsequent to initial recognition at amortized cost using the effective interest method. Cash and accounts receivable are classified and measured at amortized cost.

Financial liabilities

Financial liabilities are recognized initially at fair value, net of transaction costs. After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process. Trade and other payables and due to a company under common control are classified and measured at amortized cost.

Impairment of financial assets

A loss allowance for expected credit losses is recognized in net loss for financial assets measured at amortized cost. At each reporting date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost and, if any, FVOCI. The expected credit loss methodology applied depends on whether there has been a significant increase in credit risk. The expected credit loss model does not apply to investment in equity instruments. The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12 - month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instruments). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition. The Company assumes that there is no significant increase in credit risk for instruments that have a low credit risk.

3. Material accounting policies (cont'd)

3.5 Financial instruments (cont'd)

Derecognition of financial assets and liabilities

A financial asset is derecognised when either the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party. If neither the rights to receive cash flows from the assets have expired nor the Company has transferred its rights to receive cash flows from the asset, the Company will assess whether it has relinquished control of the asset or not. If the Company does not control the asset then derecognition is appropriate.

A financial liability is derecognised when the associated obligation is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

3.6 Basic and diluted income / loss per share

The basic net income / loss per share is calculated by dividing the profit or loss attributable to the equity owners of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated by adjusting earnings attributable to common shares of the Company, and the weighted average number of shares outstanding, to reflect the impact of all dilutive potential ordinary shares. Dilutive potential common shares shall be deemed to have been converted into common shares at the beginning of the period or, if later, the issuance date of the potential common shares.

3.7 Tax credits receivable

The Company is entitled to a refundable tax credit for oil and gas exploration expenditures. The eligible exploration expenses may qualify for a repayment in Quebec. This tax credit is recorded as a decrease in the exploration and evaluation expenditures. The Company accounts for tax credits when there is reasonable assurance that the credits will be recovered and that the Company will comply with their conditions.

3. Material accounting policies (cont'd)

3.8 Exploration and evaluation expenditures

Exploration and evaluation expenditures are costs incurred in the course of initial search for oil and gas deposits with economic potential. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal rights to undertake exploration and evaluation activities have been obtained, all costs related to the acquisition of oil and gas rights, expenses related to the exploration and evaluation of oil and gas properties, net of tax credits related to these expenses are charged to profit or loss. Expenses related to exploration and evaluation include geological and geophysical studies, exploration drilling, sampling and activities related to the evaluation of the technical feasibility and commercial viability of extracting oil and gas resources. Costs are recognized in the statement of profit or loss until the technical feasibility and the commercial viability of extracting oil and gas resource is proven.

If technical feasibility and commercial viability of extracting oil and gas resources are demonstrated, all subsequent costs related to construction, installations and completion of equipment and facilities are capitalized in the ‘’Oil and gas assets under construction’’ category. Once the development stage is complete, all the assets included in the ‘’Oil and gas assets under construction’’ category are transferred in the ‘’Oil and gas assets’’ category. To date, neither the technical feasibility nor the commercial viability of the extraction of oil and gas resources have been demonstrated.

3.9 Provisions and contingent liabilities

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be reliably estimated. The timing or the amount of the outflow can be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes, decommissioning liabilities, restoration and similar liabilities or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. In case of a large number of similar obligations, the likelihood that an outflow will be required to settle these obligations is determined by considering the classification of obligations as a whole. Provisions are discounted when the time value of money is significant.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized.

3. Material accounting policies (cont'd)

3.10 Income tax

The income tax expense recognized in profit or loss corresponds to the amount of deferred income tax and current income tax that are not recognized directly in equity.

The calculation of the current income tax is based on the tax rate and the tax rules that have been adopted at the end of the financial information presentation period. The deferred income tax is calculated using the liability method.

Deferred tax assets are recognized to the extent that it is probable that the tax loss and underlying deductible temporary differences will be used to offset future taxable income. This is assessed based on the Company's expectations about future operating results, which are adjusted for expenses and non-taxable goods and significant loss utilization limits or unused tax credits.

Usually, deferred tax liabilities are recognized in full, although IAS 12 *Income taxes* specifies a limited number of exemptions.

3.11 Equity

Share capital is the amount received on the issuance of shares minus issuance costs net of all income tax benefit on the underlying result in the issuance costs.

3.12 Segment reporting

The Company presents and discloses segment information based on information that is regularly reviewed by the key operating decision makers, i.e. the President and the Board of Directors. Key decision makers have the joint responsibility of allocating resources to the Company’s operating segments and assessing their performance. Management considers that the Company operates in a single industry or segment, which is exploration and evaluation of oil and gas resources in Canada.

3.13 Remuneration and other share-based payments

The Company grants stock options to certain employees and external directors. Each tranche of an attribution is considered a separate grant with its own vesting period and fair value at the grant date. The fair value of each tranche is valued on the grant date using the Black-Scholes option pricing model. Compensation expense is recognized over the vesting period of the tranche based on the number of options granted that are expected to vest, and increases contributed surplus. If the vested equity instruments are later forfeited or not exercised (expired), the amounts remains in the contributed surplus.

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

Standard adopted during the year

Disclosure of accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2) – On February 12, 2021, the IASB issued amendments to IAS 1 to assist entities in determining which accounting policies to disclose in the financial statements. The amendments to IAS 1 require that an entity disclose its material accounting policies instead of its significant accounting policies and explain how an entity can identify a material accounting policy to produce financial statement disclosures for the benefit of the primary users of the financial statements. The amendments apply to annual reporting periods beginning on or after January 1, 2023. The are no material impacts on the Company's financial statements.

Existing standards not yet in force

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

5. 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 is presented below.

Significant judgments

5.1 Going concern

The assessment of the Company's ability to continue on as a going concern basis, to obtain sufficient funds to cover current operations expenses and meet its obligations for the coming year and obtain financing for exploration and evaluation programs involves significant judgment based on past experience and other factors. Refer to note 2 for more information.

5. Critical accounting estimates, judgements and assumptions (cont'd)

5.2 Provision for annual fees

The recognition of 2019-2020, 2020-2021 and 2021-2022 annual fees as a provision involves a certain degree of judgment with regard to a lawsuit brought by the Company against the Ministry of Energy and Natural Resources (MENR), concerning these fees.

On July 26, 2019, the Company received a notice of payment of the annual fees from the MENR. These fees would amount to a total amount of $339,305 for the period from September 1st, 2019 to August 31, 2020 and would be shared with the partner Petrolympic Ltd. On October 31, 2020, the Company received a notice of payment of the 2020-2021 annual fees from the MENR. These annual fees would amount to a total of $342,599 and would also be shared with the partner Petrolympic Ltd. In November 2020, the Company paid a part of the 2020-2021 annual fees to the MENR. In August 2021, the Company received a statement of account showing the 2021-2022 annual fees from the MENR. These annual fees would amount to a total of $349,187 and would also be shared with the partner Petrolympic Ltd. On March 31, 2022, the Company received a statement of account showing the annual fees for 2019-2020, for 2020-2021 and for 2021-2022 and interests relating to the late payment of these fees. The Company is contesting this MENR payment notice and the statements of account and has filed legal proceedings to enforce its rights.

Without prejudice to this legal procedure, the Company has recorded, as a provision in the statement of financial position, the annual fees claimed by the MENR for the years 2019-2020, 2020-2021 and 2021-2022 (net of the payment made in November 2020) as well as the interest related thereto. As at March 31, 2024, the Company recorded a specific provision of $1,075,234 ($1,075,234 as at March 31, 2023) of which $322,570 ($322,570 as of March 31, 2023) would be receivable from its partner if the Company paid these amounts (note 8).

(in Canadian dollars)

6. Accounts receivable

	2024	2023
	$	$
Accounts receivable	**423 221**	375 366
Allowance for expected credit losses	**(423 221)**	(375 366)
	-	-
Sales tax receivable	**10 812**	1 126
Receivables	**10 812**	1 126

Accounts receivable are accounted at initial fair value after allowance for expected credit losses. The allowance for expected credit losses, which amounts to $423,221 ($375,366 as of March 31, 2023) is based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, existing market conditions as well as forward looking estimates at the end of each reporting period.

7. Trade payables and other payables

	2024	2023
	$	$
Accounts payable	**114 561**	16 689
Interest payable - company under common control (note 17)	**481 819**	347 039
Trade payables and other payables	**596 380**	363 728

(in Canadian dollars)

8. Provisions

	Annual fees for 2019-2020, for 2020-2021 and for 2021-2022	Accounts payable in negotiation	Total
	$	$	$
As at April 1st, 2022	1 056 557	8 000	1 064 557
Additions	18 677	-	18 677
As at March 31, 2023	1 075 234	8 000	1 083 234
Additions	-	-	-
As at March 31, 2024	**1 075 234**	**8 000**	**1 083 234**
Current	**1 075 234**	**8 000**	**1 083 234**
Non-current	-	-	-

As at March 31, 2024, a specific provision of $1,075,234 ($1,075,234 as of March 31, 2023) is recognized in the statement of financial position for the 2019-2020, 2020-2021 and the 2021-2022 annual fees, as well as the interest that relate to it (note 5).

As at March 31, 2024, the Company recognized a specific provision of $8,000 ($8,000 at March 31, 2023) in the statement of financial position in connection with an account payable with a supplier which is still under negotiation, as at March 31, 2024.

(in Canadian dollars)

9. Equity

9.1 Authorized share capital

Unlimited number of common shares without par value.

9.2 Issued share capital

There were no issuances of shares during the years ended March 31, 2024 and 2023.

9.3 Stock options

On June 5, 2017, the Board of Directors of the Company adopted a stock option plan (the "plan") under which the members of the Board of Directors may from time to time allot options allowing its directors, officers, employees and consultants to acquire common shares. The terms and exercise price of each option are determined by the members of the board of directors.

The plan provides that the maximum number of common shares in the Company's capital that may be reserved for allocation under the plan represents 10% of the shares issued upon grant of the options, representing 10,584,187 common shares as at the date of the adoption of the plan. The maximum number of common shares reserved for the grant of one-holder options during a 12-month period may not exceed 5% of the shares outstanding on the date of grant and for consultants or persons who provide investor relations services, it may not exceed 2% of the outstanding shares on the date of grant. The maturity date of the options is the date set by the board of directors, provided that such date does not exceed the fifth anniversary of the grant date of the option. The options granted may be exercised in the following manner in the case of a director, officer, employee and consultant: 35% at the time of grant; 30% after the end of the 3rd month following the grant; 20% after the end of the 6th month following the grant and 15% after the end of the 9th month following the grant. For individuals who provide investor relations services: 10% at the time of grant, 15% after the end of the 3rd month following the grant, 25% after the end of the 6th month following the grant, 25% after the end of the 9th month following the grant and 25% after the end of the 12th month following the grant.

The exercise price of each option is determined by the members of the Board of Directors and may not be lower than the market value of the common shares on the day prior to the grant.

The variations in the Company's stock options are as follows:

	Number of stock option Number	**Weighted average exercise price $**
Balance as at April 1st, 2022	300 000	0.35
Expired	(300 000)	0.35
Balance as at March 31, 2023 and March 31, 2024	**-**	**-**

No stock-based compensation was recognized in statement of loss and comprehensive loss during the year ended March 31, 2024 (nil in 2023).

(in Canadian dollars)

10. Financial assets and liabilities

Categories of financial assets and liabilities

The carrying value and the fair value of the financial instruments presented in the statement of financial position are as follows:

	At March 31, 2024		At March 31, 2023	
	Carrying value	**Fair value**	Carrying value	Fair value
	$	**$**	$	$
Financial assets				
Financial assets evaluated at amortized cost				
Cash	**16 787**	**16 787**	5 180	5 180
Financial liabilities				
Financial liabilities evaluated at amortized cost				
Trade payables and other payables	**596 380**	**596 380**	363 728	363 728
Due to a company under common control	**948 600**	**948 600**	822 600	822 600
	1 544 980	**1 544 980**	1 186 328	1 186 328

The carrying value of cash, trade and other payables and due to a company under common control is considered a reasonable approximation of fair value due to the short term maturities of these financial instruments.

Note 3.5 contains a description of accounting policies for each financial instruments category. Notes 18 and 19 provide a description of the Company's risk management methods and goals related to financial instruments.

Financial instruments measured at fair value and financial instruments measured at amortized cost for which fair value is disclosed

Assets and liabilities measured at fair value in the statement of financial position and those measured at amortized cost for which fair value is disclosed are presented according to the fair value hierarchy. This hierarchy classifies financial assets and liabilities into three levels depending on the observability of the inputs used in measuring fair value of financial assets and liabilities. Hierarchy levels of fair value measurements are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities at the date of financial information presentation;

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

Level 3: Data for the asset or liability that are not based on observable market data.

The level in which the financial liability or asset is classified is determined according to the lowest level data available which is significant in relation to the measurement of fair value.

There were no transfers between levels during periods of presentation of financial information. The method and valuation techniques used for the assessment of the fair values were unchanged compared to that of the reporting period of the previous financial information.

(in Canadian dollars)

11. Exploration and evaluation expenditures

Exploration and evaluation expenditures by region are detailed as follows:

			2024
	Additions	**Tax credits**	**Net balance**
	$	**$**	**$**
St.Lawrence Lowlands	**-**	**-**	**-**
Lower St.Lawrence/Gaspe	**6 192**	**-**	**6 192**
Total	**6 192**	**-**	**6 192**

			2023
	Additions	Tax credits	Net balance
	$	$	$
St.Lawrence Lowlands	-	-	-
Lower St.Lawrence/Gaspe	2 000	(963)	1 037
Total	2 000	(963)	1 037

Exploration and evaluation expenditures by nature are detailed as follows:

	2024	2023
	$	$
Geology and geophysics	**2 000**	2 000
Technical consultation	**4 192**	-
Total	**6 192**	2 000
Tax credits, net	-	(963)
Exploration and evaluation expenditures net of tax credits	**6 192**	1 037

(in Canadian dollars)

11. Exploration and evaluation expenditures (cont'd)

St.Lawrence Lowlands

(i) The Company holds 12 exploration permits totaling 2 249.33 km^2.

(ii) In November 2008, the Company signed a farmout and Joint Operating Agreement with Petrolympic Ltd. and Canbriam Energy Inc. ("Canbriam"), a private company based in Calgary, Alberta. This agreement provides for exploration work on two (2) licenses held by Squatex and Petrolympic Ltd. and enables Canbriam to earn a 60% participation for a total of 32,000 hectares.

Canbriam did not do the planned work within the agreed period and as a result, the agreement was terminated. Notwithstanding the foregoing, Canbriam maintains its 60% already earned on the 8,000 hectares selected in two (2) licenses jointly held by the Company and Petrolympic Ltd. The remaining 40% is jointly owned by the Company and Petrolympic Ltd. under the terms of the existing agreement, which represents 28% and 12% respectively.

Lower St.Lawrence/Gaspe

(i) The Company holds 24 exploration permits totaling 4,311.60 km^2.

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 exploration activities in Quebec and all the permits were revoked. Refer to Note 2 on going concern for the current situation regarding oil and gas exploration work in Quebec.

12. General and administrative expenses

Nature of the expenses	2024	2023
	$	$
Professional services	**128 037**	107 343
Registration and publication fees	**20 870**	18 788
Regulations and licensing	**98**	95
Expected credit losses	**47 855**	5 603
Office expenses	**-**	155
	196 860	131 984

13. Financial expenses

	2024	2023
	$	$
Interests on due to a company under common control	**134 780**	114 507
Interest and other bank expenses	**87**	8 661
	134 867	123 168

(in Canadian dollars)

14. Income taxes

The provision for income tax differs from the amount that would have been expected if the reported loss had been subject only to the Canadian statutory income tax rate.

	2024	2023
	$	$
Net loss before income taxes	**(337 919)**	(256 189)
Expected income tax recovery (26,5% in 2024 and in 2023)	**(89 549)**	(67 890)
Tax expense at combined statutory rate		
Increase (decrease) in income taxes resulting from:		
Non-deductible expenses and other	**-**	(1 191)
Tax benefits not recognised	**89 549**	69 081
	-	-

As at March 31, 2024 and 2023, the Company has the following temporary differences for which no deferred tax has been recognized:

	2024		2023	
	Federal	**Quebec**	Federal	Quebec
	$	**$**	$	$
Exploration and evaluation expenditures	**1 346 331**	**1 346 331**	1 346 331	1 346 331
Provisions	**8 000**	**8 000**	8 000	8 000
Non-capital losses	**4 484 358**	**4 704 503**	4 146 439	4 366 584
	5 838 689	**6 058 834**	5 500 770	5 720 915

As at March 31, 2024 and 2023, the Company has allowable capital losses of $ 102,137 that can be applied against future taxable capital gains and may be carried forward indefinitely.

The ability to realize the tax benefits is dependant upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient profits will be available to allow the asset to be recovered. At March 31, 2024, deferred tax assets totalling $ 1,600,338 ($ 1,509,657 in 2023) have not been recognized.

(in Canadian dollars)

14. Income taxes (cont'd)

The Company has the following non-capital losses which are available to reduce income taxes in future periods, for which no deferred tax asset has been recognized in the statement of financial position, that can be carried over the following years:

	Federal $	Quebec $
2034	285 868	286 247
2035	381 137	381 138
2036	352 591	352 052
2037	491 440	491 441
2038	438 386	438 386
2039	520 949	520 931
2040	249 430	263 759
2041	751 138	751 138
2042	423 855	621 847
2043	251 645	259 645
2044	337 919	337 919
	4 484 358	4 704 503

15. Loss per share

Basic loss per share is calculated using the net loss for the year divided by the weighted average number of ordinary shares outstanding during the year. Diluted loss per share is the same as basic loss per share for both years as inclusion of potentially dilutive stock options would result in a reduction of loss per share.

(in Canadian dollars)

16. Transactions with related parties

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

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

Transactions with key management

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

	2024	2023
	$	$
Exploration and evaluation expenditures net of tax credits	**772**	-
Professional services	**27 032**	41 790
Financial expenses	**134 780**	114 507

As at March 31, 2024, there is an outstanding balance of $5,354 ($5,174 at March 31, 2023) resulting from these operations plus interest payable to a company under common control of $481,819 ($347,039 as at March 31, 2023). In addition, the due to a company under common control of $948,600 ($822,600 as at March 31, 2023) is a transaction with related party.

17. Due to a company under common control

	Due to a company under common control	**Interest payable to a company under common control (note 7)**	**Total**
Balance as at April 1st, 2022	672 600	232 532	905 132
Additions	150 000	114 507	264 507
Balance as at March 31, 2023	822 600	347 039	1 169 639
Additions	126 000	134 780	260 780
Balance as at March 31, 2024	**948 600**	**481 819**	**1 430 419**

18. Policies and capital management processes

In its capital management operations, the Company seeks to provide the necessary capital enabling it to continue its partnership strategy for the development of its oil and gas properties, maintaining a flexible capital structure enabling the Company to keep its land position, to continue its exploration activities and to maintain the necessary liquidity to address risks that could affect its financial position. The Board of Directors did not establish quantitative criteria for the management of capital, but it relies on the expertise of the Company's Management to sustain future growth of the Company.

The Company manages its capital on the basis of the carrying value of equity. The capital for the current year is presented in note 9 and in the statements of changes in equity.

The Company is not subject to any externally imposed capital requirement.

The Company determines the amount of capital in proportion to its overall financing structure, namely its equity and financial liabilities. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the risk of the underlying assets. To maintain or adjust the capital structure, the Company may be required to return capital to shareholders, issue new shares or sell assets.

When financing conditions are not optimal, the Company may sign option agreements or other agreements in order to continue its exploration activities or may slow its activities until funding conditions improve.

No changes were made in terms of objectives, procedures or capital management processes during the periods of financial information presentation.

19. Risks related to financial instruments

The Company is exposed to various financial risks. The Company's financial assets and liabilities are summarized, by category, in Notes 3.5 and 10. The Company is exposed to the market risk, credit risk and liquidity risk.

The Company does not conclude financial instruments contracts, including financial derivatives, for speculative purposes.

No change has been made in terms of objectives, policies or procedures related to risk management arising from financial instruments throughout the periods that have been taken into consideration for the presentation of the financial information.

The main financial risks that the Company is exposed to are described below.

19. Risks related to financial instruments (cont'd)

19.1 Market risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to interest rate risk and price risk. The Company's objectives are to ensure short and medium-term cash inflows while reducing exposure to capital markets.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fluctuations in interest rates may affect the fair value of the financial assets and liabilities bearing interest at fixed rates. As the due to a company under common control is recognized at amortized cost, fair value changes have no impact on the net profit.

19.2 Credit risk

Credit risk is the risk that the other party to a financial instrument fails to discharge an obligation which consequently leads the Company to incur a financial loss.

The maximum exposure of the Company to credit risk is limited to the carrying value of cash.

The Company's credit risk arises mainly from accounts receivable which were fully impaired as at March 31, 2024 and 2023, due to significant risk of default and expected losses. The Company does not require a guarantee. The accounts receivable balance is managed and analyzed on an ongoing basis.

Management of the Company believes that the credit quality of all of the financial assets described above that are not impaired or past due at each reporting date is good.

An additional allowance for credit losses of $47,855 was recorded on a financial asset of $423,221 ($375,366 was impaired as of March 31, 2023) since there are significant indicators of default.

Credit risk on cash is considered negligible as these financial instruments are held in a reputable financial institution whose external credit rating is good.

19. Risks related to financial instruments (cont'd)

19.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties honoring commitments related to financial liabilities that are settled with cash or another financial asset.

Management of liquidity risk ensures sufficient cash and cash equivalents are maintained and that the Company has the necessary funds required for its activities. To this end, annual cashflow forecasts and budgets are established by the Company.

At March 31, 2024, the Company has $16,787 ($5,180 as at March 31, 2023) in cash to meet its current liabilities of $2,628,214 ($2,269,562 as at March 31 2023). Any shortfall may be met in various ways in the future, including, without limitation, the issuance of new equity securities, further measures to reduce spending, signed agreement with external creditors or other measures. Despite the fact that management has managed to obtain funding in the past, there is no guarantee of success for the future. There is no guarantee that these sources of funding or initiatives will be available to the Company or that they will be available on terms acceptable to the Company. If management does not obtain new funds, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these financial statements. The financial liabilities of the Company have contractual maturities of 30 days or are due on demand, and are subject to normal commercial conditions. See note 2 on going concern.

20. Subsequent events

On June 18, 2024, a company under common control has made additional advance of respectively $30,000. This brings the due to a company under common control (bearing interest at 15% and repayable on demand) to a balance of $978,600.