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

**Condensed Interim Financial Statements**  
(Unaudited)


**For the three-month periods ended June 30, 2024 and 2023**

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

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

The accompanying condensed interim financial statements of the Company for the interim periods ended June 30, 2024 and 2023 have been prepared in accordance with International Financial Reporting Standards. The accompanying condensed interim financial statements are the responsibility of the Company's management.

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



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President



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Vice-President, Finance

August 27, 2024

## SQUATEX ENERGY AND RESOURCES INC.

(An oil and gas exploration company)

**Statements of Financial Position**

	Notes	June 30	March 31
		2024	2024
		\$	\$
<i>(Unaudited - in Canadian dollars)</i>			
<b>ASSETS</b>			
<b>Current</b>			
Cash		10 412	16 787
Accounts receivable	5	18 615	10 812
<b>Total assets</b>		<b>29 027</b>	<b>27 599</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade payables and other payables	6	711 490	596 380
Provisions	7	1 083 234	1 083 234
Due to a company under common control , bearing interest at the rate of 15 %, payable on demand		978 600	948 600
<b>Total liabilities</b>		<b>2 773 324</b>	<b>2 628 214</b>
<b>SHAREHOLDERS' DEFICIENCY</b>			
Share capital	8	6 504 107	6 504 107
Contributed surplus		1 352 946	1 352 946
Deficit		(10 601 350)	(10 457 668)
<b>Total shareholders' deficiency</b>		<b>(2 744 297)</b>	<b>(2 600 615)</b>
<b>Total liabilities and shareholders' deficiency</b>		<b>29 027</b>	<b>27 599</b>

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	
		2024	2023
<i>(unaudited - in Canadian dollars)</i>		\$	\$
General and administrative expenses	9	108 037	70 655
<b>Operating loss</b>		<b>(108 037)</b>	<b>(70 655)</b>
Financial expenses	10	<b>(35 645)</b>	<b>(31 617)</b>
<b>Net loss and comprehensive loss for the period</b>		<b>(143 682)</b>	<b>(102 272)</b>
<b>Net loss per share, basic and diluted</b>		<b>(0,0012)</b>	<b>(0,0008)</b>
<b>Weighted average number of common shares outstanding</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, 2023</b>		123 850 656	6 504 107	(10 119 749)	1 352 946	(2 262 696)
Net loss and comprehensive loss		-	-	(102 272)	-	(102 272)
<b>Balance as at June 30, 2023</b>		<b>123 850 656</b>	<b>6 504 107</b>	<b>(10 222 021)</b>	<b>1 352 946</b>	<b>(2 364 968)</b>
<b>Balance as at April 1, 2024</b>		123 850 656	6 504 107	(10 457 668)	1 352 946	(2 600 615)
Net loss and comprehensive loss		-	-	(143 682)	-	(143 682)
<b>Balance as at June 30, 2024</b>		<b>123 850 656</b>	<b>6 504 107</b>	<b>(10 601 350)</b>	<b>1 352 946</b>	<b>(2 744 297)</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 three-month periods ended June 30</b>	
	<b>2024</b>	<b>2023</b>
<i>(Unaudited - in Canadian dollars)</i>	<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>		
Net loss	<b>(143 682)</b>	(102 272)
Adjustments:		
Addition of provision	-	-
Unpaid interest	<b>35 624</b>	31 605
Changes in working capital items :		
Accounts receivable	<b>(7 803)</b>	(8 632)
Trade payables and other payables	<b>79 486</b>	31 605
<b>Cash outflows used by operating activities</b>	<b>(36 375)</b>	(47 694)
<b>FINANCING ACTIVITIES</b>		
Due to a company under common control	<b>30 000</b>	63 000
<b>Cash flow from financing activities</b>	<b>30 000</b>	63 000
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(6 375)</b>	15 306
<b>CASH AT BEGINNING OF YEAR</b>	<b>16 787</b>	5 180
<b>CASH AT END OF YEAR</b>	<b>10 412</b>	20 486

*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****June 30, 2024**

*(Unaudited - in Canadian dollars)*

**1. Nature of operations and generalities**

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

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

These condensed interim financial statements do not include all disclosures required under IFRS for complete financial statements and should therefore be read in conjunction with the Company's annual financial statements for the year ended March 31, 2024. The annual financial statements of the Company are available on the SEDAR website at: [www.sedar.com](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 August 27, 2024.

**SQUATEX ENERGY AND RESOURCES INC.**

(An oil and gas exploration company)

**Notes to the Condensed Interim Financial Statements****June 30, 2024**

*(Unaudited - in Canadian dollars)*

**2. Going Concern**

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

The Company has not yet found an oil and gas property containing deposits that are economically recoverable, the Company has not yet generated any income or cash flows from its operations. As at June 30, 2024, the Company had a negative working capital of \$ 2,744,297 and a accumulated deficit of \$ 10,601,350.

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**

**June 30, 2024**

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

### **4. Critical accounting estimates, judgements and assumptions**

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

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

## SQUATEX ENERGY AND RESOURCES INC.

(An oil and gas exploration company)

**Notes to the Condensed Interim Financial Statements****June 30, 2024***(Unaudited - in Canadian dollars)***5. Accounts receivables**

	<b>June 30</b>	March 31
	<b>2024</b>	2024
	<b>\$</b>	\$
Accounts receivable	<b>445 337</b>	423 221
Allowance for expected credit losses	<b>(445 337)</b>	(423 221)
	<b>-</b>	-
Sales tax receivable	<b>18 615</b>	10 812
Receivables	<b>18 615</b>	10 812

**6. Trade payables and other payables**

	<b>June 30</b>	March 31
	<b>2024</b>	2024
	<b>\$</b>	\$
Accounts payable	<b>194 047</b>	114 561
Interest payable - company under common control	<b>517 443</b>	481 819
Trade payables and other payables	<b>711 490</b>	596 380

**7. Provisions**

	<b>June 30</b>	March 31
	<b>2024</b>	2024
	<b>\$</b>	\$
Annual fees for 2019-2020, for 2020-2021 and for 2021-2022	<b>1 075 234</b>	1 075 234
Account to be paid in negotiation	<b>8 000</b>	8 000
Provisions	<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 three-month period ended June 30, 2024.

**8.3 Stock options**

There were no changes in the number of outstanding stock options during the three-month period ended June 30, 2024.

No stock-based compensation was recognized in condensed interim statement of loss and comprehensive loss during the three-month period ended June 30, 2024 (nil during the three-month period ended June 30, 2023).

## SQUATEX ENERGY AND RESOURCES INC.

(An oil and gas exploration company)

**Notes to the Condensed Interim Financial Statements****June 30, 2024***(Unaudited - in Canadian dollars)***9. General and administrative expenses**

Nature of the expenses	For the three-month periods ended June 30	
	2024	2023
	\$	\$
Professional services	82 460	63 980
Registration and publication fees	3 461	6 675
Expected credit losses	22 116	-
	<b>108 037</b>	<b>70 655</b>

**10. Financial expenses**

	For the three-month periods ended June 30	
	2024	2023
	\$	\$
Interests due to a company under common control	35 624	31 605
Interest and other bank expenses	21	12
	<b>35 645</b>	<b>31 617</b>

**11. Transactions with related parties**

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

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

**Transactions with key management**

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

	For the three-month periods ended June 30	
	2024	2023
	\$	\$
Professional services	12 019	15 425
Financial expenses	35 624	31 605

As at June 30, 2024, there is an outstanding balance of \$ 6,503 (\$ 5,354 at March 31, 2024) resulting from these operations plus interest payable of \$ 517,443 (\$ 481,819 at March 31, 2024). The due to a company under common control of \$ 978,600 (\$ 948,600 at March 31, 2024) is also considered a related party transaction.