

# **WASKAHIGAN OIL & GAS CORP.**

## **CONSOLIDATED CONDENSED FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**

**(IN CANADIAN DOLLARS)**

**(UNAUDITED)**

# WASKAHIGAN OIL & GAS CORP.

## NOTICE OF NO AUDITORS' REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim consolidated financial statements of Waskahigan Oil & Gas Corp have been prepared by and are the responsibility of management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

Calgary, Alberta  
November 29, 2022

# WASKAHIGAN OIL & GAS CORP.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

In Canadian Dollars

AS AT

	Note	September 30, 2022	December 31, 2021
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		\$ -	\$ 18,003
Restricted cash held in trust		70,000	70,000
Trade and other receivables		80,427	94,070
Short term investments		14,219	14,218
Prepaid expenses and deposits		106,954	56,148
		271,600	252,439
<b>Long term</b>			
Restricted cash held in trust		213,800	211,021
Restricted investments	3	151,031	-
Exploration and evaluation assets		5,067	11,036
Property and equipment	4	2,391,725	2,517,378
		\$ 3,033,223	\$ 2,991,874
<b>LIABILITIES</b>			
<b>Current</b>			
Bank indebtedness		\$ 2,462	\$ -
Accounts payable and accrued liabilities		264,447	188,301
Loan payable	5	1,080,174	1,086,488
Deferred income		4,792	8,223
Asset retirement obligation	6	232,213	288,826
		1,584,088	1,571,838
Asset retirement obligation	6	1,001,328	1,038,887
<b>Total liabilities</b>		2,585,416	2,610,725
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	134,315	134,315
Contributed surplus		559,699	559,699
Deficit		(246,207)	(312,865)
		447,807	381,149
		\$ 3,033,223	\$ 2,991,874

Going concern 1

Signed "Gregory J. Leia"

Signed "Tracy Zimmerman"

**Gregory J. Leia, Director**

**Tracy Zimmerman, Director**

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

# WASKAHIGAN OIL & GAS CORP.

## CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) In Canadian Dollars FOR THE THREE AND NINE MONTHS ENDED

	Note	Three Months Ended		Nine Months Ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>REVENUE</b>					
Oil & natural gas sales	12	\$ 216,260	\$ 289,468	\$ 944,056	\$ 720,950
Royalties		(78,819)	(34,817)	(292,437)	(123,211)
Other revenue		3	3	23	17
		137,444	254,654	651,642	597,756
<b>EXPENSES</b>					
Production and transportation		82,260	96,593	287,569	278,533
General and administrative		99,735	77,498	278,191	205,554
Accretion	6	10,242	886	28,432	2,625
Depletion and depreciation	4	18,372	33,026	62,094	65,307
		210,609	208,003	656,286	552,019
<b>OPERATING INCOME (LOSS) FROM OPERATIONS</b>		<b>(73,165)</b>	<b>46,651</b>	<b>(4,644)</b>	<b>45,737</b>
Other income (expense) items					
Other income		-	19,972	39,286	19,972
Interest income		1,222	-	1,429	-
Interest expense		(16,424)	(17,581)	(48,905)	(54,601)
Gain on sale of assets		449	-	79,480	-
Foreign exchange		601	(989)	13	(28)
<b>NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)</b>		<b>\$ (87,317)</b>	<b>\$ 48,053</b>	<b>\$ 66,659</b>	<b>\$ 11,080</b>
<b>INCOME (LOSS) PER SHARE</b>					
Basic and diluted		\$ (0.007)	\$ 0.005	\$ 0.005	\$ 0.001

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

# WASKAHIGAN OIL & GAS CORP.

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE AND NINE MONTHS ENDED

In Canadian Dollars

	Note	Three Months Ended		Nine Months Ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>Operating activities</b>					
Net income (loss)		\$ (87,317)	\$ 46,916	\$ 66,659	\$ (33,667)
Items not affecting cash:					
Depletion and depreciation	4	18,372	33,026	62,094	65,307
Loan interest accrued		(2,211)	11,115	3,086	16,010
Accretion	6	10,242	886	28,432	2,625
Foreign exchange		(2,533)	1,853	(2,152)	50
Gain on sale of assets		(449)	-	(79,480)	-
Settlement of asset retirement obligations		(63,605)	-	(63,605)	-
Change in restricted cash		-	(868)	-	(23)
Changes in non-cash working capital		100,550	(99,810)	35,551	(88,055)
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		<b>(26,951)</b>	<b>(6,882)</b>	<b>50,585</b>	<b>(37,753)</b>
<b>Financing activities</b>					
Purchase of restricted long term investments		(151,031)	-	(151,031)	-
Repayment of loan		-	-	(9,400)	(10,399)
<b>CASH USED IN FINANCING ACTIVITIES</b>		<b>(151,031)</b>	<b>-</b>	<b>(160,431)</b>	<b>(10,399)</b>
<b>Investing activities</b>					
Purchase of exploration and evaluation assets		-	-	-	(5,969)
Proceeds on disposal of assets		4,381	-	89,381	-
<b>CASH PROVIDED (USED) IN INVESTING ACTIVITIES</b>		<b>4,381</b>	<b>-</b>	<b>89,381</b>	<b>(5,969)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>(173,601)</b>	<b>(6,882)</b>	<b>(20,465)</b>	<b>(54,121)</b>
<b>CASH AND CASH EQUIVALENTS, beginning of period</b>		<b>171,139</b>	<b>40,629</b>	<b>18,003</b>	<b>46,533</b>
<b>CASH AND CASH EQUIVALENTS, end of period</b>		<b>\$ (2,462)</b>	<b>\$ 33,747</b>	<b>\$ (2,462)</b>	<b>\$ (7,588)</b>
Interest paid		\$ 18,636	\$ 7,604	\$ 45,819	\$ 42,003
Taxes paid		-	-	-	-

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

# WASKAHIGAN OIL & GAS CORP.

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY FOR THE NINE MONTHS ENDED

In Canadian Dollars

	Note	September 30, 2022		September 30, 2021
<b>SHAREHOLDERS' EQUITY</b>				
<u>Share capital</u>				
Balance, beginning of period		\$ 134,315	\$	100
Private placement		-		-
Balance, end of period	7	\$ 134,315	\$	100
<u>Contributed surplus</u>				
Balance, beginning of period		\$ 559,699	\$	-
Gain on acquisition		-		559,699
Balance, end of period		\$ 559,699	\$	559,699
<u>Deficit</u>				
Balance, beginning of period		\$ (312,865)	\$	(275,424)
Net income (loss)		66,659		11,080
Balance, end of period		\$ (246,206)	\$	(264,344)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>\$ 447,808</b>	<b>\$</b>	<b>295,455</b>

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

# WASKAHIGAN OIL & GAS CORP.

## NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

In Canadian Dollars

### 1. NATURE OF OPERATIONS, PLAN OF ARRANGEMENT AND GOING CONCERN

Waskahigan Oil & Gas Corp. (“**WOGC**”) is in the business of exploring for, developing, and producing petroleum and natural gas properties in Western Canada. WOGC is a company domiciled in Canada. The address of WOGC's registered office is 203, 221 10th Avenue SE, Calgary, Alberta.

Until December 6, 2021, WOGC was a subsidiary of Tenth Avenue Petroleum Corp (“**TAPC**”). On January 1, 2021, the oil and gas assets of TAPC had been assigned through a Plan of Arrangement to Odaat Oil Corp. (“**Odaat**”) a newly-formed, wholly owned subsidiary of WOGC. Odaat is carrying on the oil and gas business previously carried on by TAPC.

On December 6, 2021, WOGC and TAPC filed Articles of Arrangement with the Registrar of Corporations for the Province of Alberta implementing the Order of Justice D.R. Mah dated May 25, 2021 in Court of Queen’s Bench of Alberta Action #2101 02284 which approved the Plan of Arrangement dated March 24, 2021 (as amended) (“**Plan of Arrangement**”) amongst TAPC, WOGC, Odaat and Bloc NRG Corp (formerly 2361990 Alberta Ltd.) (“**BlocNRG**”). The implementation of the Plan of Arrangement was effective September 30, 2021. The effect of the Plan of Arrangement is to that WOGC became a standalone reporting issuer in the Provinces of Alberta and British Columbia independent of TAPC on December 6, 2021 upon filing of the Articles of Arrangement. The common shares of WOGC have been listed for trading on the Canadian Securities Exchange (“**CSE**”) as of July 28, 2022. Upon listing on the CSE, WOGC became a reporting issuer in Ontario.

Effective January 1, 2021, the oil and gas assets and liabilities of TAPC were assigned to Odaat pursuant to the Plan of Arrangement. The transfer of assets was determined to be a business combination and has been accounted for using the acquisition method. The estimated acquisition date fair value of property and equipment was derived from the estimate of proved and probable oil and gas reserves and the related cash flows prepared by independent third-party reserve evaluators. The estimated proved and probable oil and gas reserves and the related cash flows were discounted at a rate based on what a market participant would have paid as well as market metrics in the prevailing area at that time. The estimated fair values of the net assets acquired and liabilities assumed have been calculated using market participant discount rates:

<hr/> Fair value of net assets acquired:	
Working capital	278,794
Restricted cash held in trust	86,254
Exploration and evaluation assets	5,067
Property and equipment	2,715,975
Asset retirement obligation	(1,374,117)
Loan payable	(1,152,174)
<hr/> Total	<hr/> 559,799
Consideration paid:	
Promissory note	100
<hr/> Gain on transaction	<hr/> 559,699

As the acquisition was completed between companies under common control, the gain on the transaction has been charged to contributed surplus, a separate component of equity.

# WASKAHIGAN OIL & GAS CORP.

## NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

In Canadian Dollars

The accompanying consolidated condensed financial statements have been prepared using the going concern assumption which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

For the period ended September 30, 2022, the Company generated net income of \$66,659 (2021 – \$11,080), has current liabilities in excess of current assets of \$1,312,488 (2021 - \$1,319,399) and an accumulated deficit of \$246,207 (2021 – \$312,865). The Company has relied on support from various creditors and lenders to finance its operations. The continued volatility in global commodity prices and equity markets caused in part by the COVID-19 pandemic and the war in Ukraine creates significant uncertainties which may impact the Company's future operations, revenues and its ability to access the capital necessary to execute on its business plans. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

The future operations of the Company are dependent on the continued support from its creditors and lenders and the Company's ability to raise additional capital through equity or debt financings or the sale of assets. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future.

These consolidated condensed financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not appropriate, the adjustments required to report the Company's assets and liabilities on a liquidation bases could be material to these consolidated condensed financial statements.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Basis of presentation and measurement

Statement of compliance:

These consolidated condensed financial statements have been prepared in accordance with IAS 34 – “Interim Financial Reporting” of International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and International Financial Reporting Interpretations Committee (“IFRIC”). The consolidated condensed financial statements of the Company include the accounts of WOGC and its wholly owned subsidiaries; Jadela Oil (US) Operating LLC (“Jadela US”), Odaat and BlocNRG. (collectively WOGC, Jadela US, Odaat and BlocNRG are referred to as (the “Company”) and have been prepared by management.

Except as outlined below, the consolidated condensed financial statements have been prepared using the same accounting policies and significant judgments, estimates, and assumptions as those used in the consolidated financial statements for the year ended December 31, 2021. These consolidated condensed financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2021, which have been prepared in accordance with IFRS.

These consolidated condensed financial statements were authorized for issue by the Board of Directors on November 29, 2022.

### Changes in accounting policies

#### *Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)*

Effective January 1, 2022 the Company adopted the amendments to IAS 37 that specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The adoption of these amendments did not have a significant effect on the consolidated condensed financial statements.



# WASKAHIGAN OIL & GAS CORP.

## NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

In Canadian Dollars

### 3. RESTRICTED INVESTMENTS

Restricted investments are funds held in non-redeemable GIC accounts with terms of 14 months and earn 4.4% interest compounded annually. The investments are security for letters of credit in the amounts of \$118,000 and \$32,000 which are required by a processing plant to allow the Company to process their gas and take it in kind. The fees for the letters of credit are 2% per annum.

### 4. PROPERTY AND EQUIPMENT

COSTS	Oil and Natural Gas		Total
	Assets	Other assets	
<b>Balance, December 31, 2021</b>	<b>\$ 2,785,353</b>	<b>\$ 3,472</b>	<b>\$ 2,788,825</b>
Disposal of oil and gas property	(8,505)	-	(8,505)
Asset retirement obligation revisions	(55,054)	-	(55,054)
<b>Balance, September 30, 2022</b>	<b>\$ 2,721,794</b>	<b>\$ 3,472</b>	<b>\$ 2,725,266</b>

#### ACCUMULATED DEPLETION AND DEPRECIATION

<b>Balance, December 31, 2021</b>	<b>\$ 270,456</b>	<b>\$ 991</b>	<b>\$ 271,447</b>
Depletion and depreciation	61,566	528	62,094
<b>Balance, September 30, 2022</b>	<b>\$ 332,022</b>	<b>\$ 1,519</b>	<b>\$ 333,541</b>

#### CARRYING AMOUNT

<b>December 31, 2021</b>	<b>\$ 2,514,897</b>	<b>\$ 2,481</b>	<b>\$ 2,517,378</b>
<b>September 30, 2022</b>	<b>\$ 2,389,772</b>	<b>\$ 1,953</b>	<b>\$ 2,391,725</b>

# WASKAHIGAN OIL & GAS CORP.

## NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

In Canadian Dollars

### 5. LOAN PAYABLE

	September 30, 2022	December 31, 2021
Loan payable, beginning of period	\$ 1,086,488	\$ -
Acquisition	-	1,152,174
Interest accrued	3,086	-
Repayments	(9,400)	(65,686)
<b>Loan payable, end of period</b>	<b>\$ 1,080,174</b>	<b>\$ 1,086,488</b>

By novation agreement effective January 1, 2021, WOGC and Odaat agreed to assume the obligations to Smoky (“**WOGC/Odaat LPA**”) under the TAPC LPA and Smoky released TAPC from the obligations upon completion of the Plan of Arrangement and in accordance with the Transition Agreement. WOGC and Odaat granted a general security agreement in favour of Smoky pledging all of the assets in support of the debt. WOGC/Odaat are not in compliance with the terms of the WOGC/Odaat LPA as general and administrative charges have exceeded the maximum allowable amounts as noted above. As of the date of approval of these consolidated financial statements, the lender has not demanded repayment but retains the right to do so.

### 6. ASSET RETIREMENT OBLIGATIONS

The Company estimates the total undiscounted cash flows to settle its asset retirement obligations are approximately \$1,525,443 (2021 - \$1,431,859). A risk-free interest rate of 3.32% (2021 - 1.25%) and an estimated inflation rate of 2.0% (2021 - 1.4%) was used to calculate the present value of asset retirement obligations.

The following table reconciles the asset retirement obligations:

	September 30, 2022	December 31, 2021
Balance, beginning of period	\$ 1,327,713	\$ 30,176
Acquisitions	-	\$ 1,374,117
Revisions	(55,054)	(82,950)
Reclamation expenditures	(63,605)	(388)
Adjustment on disposal	(4,735)	
Foreign exchange	790	(296)
Accretion	28,432	7,054
Balance, end of period	1,233,541	1,327,713
Less: current portion	(232,213)	(288,826)
<b>Long term portion</b>	<b>\$ 1,001,328</b>	<b>\$ 1,038,887</b>

# WASKAHIGAN OIL & GAS CORP.

## NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

In Canadian Dollars

### 7. SHARE CAPITAL

Authorized:

Unlimited	Common voting shares with no par value
Unlimited	Preferred shares, issuable in series, with rights and privileges to be determined at time of issue

Issued:

<b>Common shares</b>	<b>Number of shares</b>	<b>Value</b>
Balance, December 31, 2020	100	\$ 100
Plan of arrangement	10,512,568	-
Shares returned to treasury	(100)	-
Restated balance, December 31, 2020	10,512,568	100
Private placements	2,000,000	100,000
Share issued to settle accounts payable	684,300	34,215
<b>Balance, December 31, 2021 and September 30, 2022</b>	<b>13,196,868</b>	<b>\$ 134,315</b>

### 8. RELATED PARTY TRANSACTIONS

The Company has determined that the key management personnel of the Company consist of its officers and directors. The following table provides information on compensation expense related to officers and directors.

	<b>September 30, 2022</b>	<b>September 30, 2021</b>
Consulting fees to companies controlled by directors	\$ 158,650	\$ 117,753

Included in accounts payable are amounts owing to a company controlled by directors \$54,000 (2021 – \$14,700).

The Company incurred interest expense of \$48,451 (2021 – \$51,260) during the period ended September 30, 2022 on the loan payable. All obligations owing are secured by a general security agreement charging all of the assets of WOGC/Odaat. Gregory J. Leia is President and a director of WOGC, Odaat, Jadela US and BlocNRG and is an officer and director of Smoky Oil & Gas Corp. Gregory J. Leia owns approx. 65% of the common shares and preferred shares of Smoky.

### 9. PER SHARE AMOUNTS

Basic income (loss) per share has been calculated using the weighted average number of common shares outstanding during the period of 13,196,868 (2021 – 10,512,568).

# WASKAHIGAN OIL & GAS CORP.

## NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

In Canadian Dollars

### 10. FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks, including credit risk, capital market risk and liquidity risk, interest rate risk, commodity price risk and foreign exchange risk.

Financial instruments, consisting of cash and cash equivalents, short term investments, trade and other receivables, restricted cash held in trust, accounts payable and accrued liabilities, and loan payable are recorded at amortized cost. There are no financial instruments recorded at fair value. The Company classifies the fair value of these transactions according to the following hierarchy based on the amount of observable inputs used to value the instrument.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy as following:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

At September 30, 2022, the Company's financial instruments approximate their fair value due to their current nature.

#### As at September 30, 2022

Financial instrument	Classification	Carrying Value (\$)	Fair Value (\$)
Bank indebtedness	Amortized cost	2,462	2,462
Trade and other receivables	Amortized cost	80,427	80,427
Short term investments	Amortized cost	14,219	14,219
Prepaid expenses and deposits	Amortized cost	106,954	106,954
Restricted cash held in trust	Amortized cost	213,800	213,800
Accounts payable and accrued liabilities	Amortized cost	264,447	264,447
Loan payable	Amortized cost	1,080,174	1,080,174

Credit risk – Consists of cash and cash equivalents, restricted cash held in trust and trade and other accounts receivable. A portion of the Company's trade accounts receivable are with joint venture partners in the petroleum and natural gas industry and are subject to normal credit terms. The Company generally extends unsecured credit to these customers and, therefore, the collection of accounts receivable may be affected by changes in economic or other conditions. The carrying value of accounts receivable reflects management's assessment of the associated credit risk. The Company is also exposed to credit risk on certain deposits to the extent that the Company may not be refunded these amounts. The Company does not anticipate any default or non-performance by its oil and gas sales customers. As such, a provision for doubtful accounts has not been recorded at September 30, 2022.

# WASKAHIGAN OIL & GAS CORP.

## NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

In Canadian Dollars

Liquidity risk - The Company approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its obligations when due, under normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. The Company has, to date, required funds from private placements to finance capital expenditures and operations (see note 1).

The Company's financial liabilities and contractual obligations as at September 30, 2022 are due as follows:

Accounts payable and accrued liabilities	\$	264,447	Due within 90 days
Loan payable	\$	1,080,174	Due on demand

Commodity price risk - The Company is exposed to oil and gas commodity price risk and has not entered any financial derivatives to manage this risk.

	September 30, 2022		September 30, 2021	
Commodity price risk sensitivity	Increase (decrease) to net income		Increase (decrease) to net income	
Increase of \$1.00/bbl oil	\$	94	\$	358
Decrease of \$1.00/bbl of oil	\$	(94)	\$	(358)
Increase of \$0.10/Mcf of natural gas	\$	12,679	\$	16,869
Decrease of \$0.10/Mcf of natural gas	\$	(12,679)	\$	(16,869)

Interest rate risk – The risk that future cash flows will fluctuate as a result of changes in market rates. The Company is exposed to fair value interest rate risk on its loan payable as the rate is fixed.

### 11. CAPITAL DISCLOSURES

The Company' has defined its capital to mean its consolidated shareholders' equity and loan payable. The Company's objective when managing capital is to maintain the confidence of shareholders and investors in the implementation of its business plans by maintaining sufficient levels of liquidity to fund and support its exploration and development as well as other corporate activities. The Company's capital historically has been derived from the issuance of equity or debt. Management monitors its financial position on an ongoing basis. Equity or debt are issued to exploration programs and the Company's operations (see note 1).

### 12. REVENUE

The Company sells its oil, natural gas, and natural gas liquids production pursuant to variable price contracts. The transaction price for variable priced contracts is based on a benchmark commodity price, adjusted for quality, location or other factors, whereby each component of the pricing formula (apart from the benchmark commodity price) can be either fixed or variable, depending on the contract terms. Revenues are typically collected on the 25th day of the month following the prior month's production, with revenue being recorded once the product is delivered to a contractually agreed upon delivery point.

The following table presents the Company's production disaggregated by revenue source:

	September 30, 2022		September 30, 2021	
Crude oil	\$	11,470	\$	24,167
Natural gas		702,858		572,023
Condensate		229,728		124,760
<b>Total</b>	<b>\$</b>	<b>944,056</b>	<b>\$</b>	<b>720,950</b>