

# **WASKAHIGAN OIL & GAS CORP.**

## **CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022**

**(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  
August 29, 2023

# WASKAHIGAN OIL & GAS CORP.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT

In Canadian Dollars

	Note	June 30, 2023	December 31, 2022
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 54,318	\$ 69,530
Restricted cash held in trust	3	121,950	164,629
Trade and other receivables		58,532	137,296
Restricted investments		155,967	152,694
Prepaid expenses and deposits		46,371	131,798
		437,138	655,947
<b>Long term</b>			
Exploration and evaluation assets		5,067	5,067
Property and equipment	4	2,153,061	2,270,141
		<b>\$ 2,595,266</b>	<b>\$ 2,931,155</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 585,573	\$ 534,565
Loan payable	4	1,160,700	1,096,419
Deferred income		1,978	3,728
Asset retirement obligation	6	70,864	311,572
		1,819,115	1,946,284
Asset retirement obligation	6	871,315	811,921
<b>Total liabilities</b>		2,690,430	2,758,205
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	134,315	134,315
Contributed surplus		559,699	559,699
Deficit		(789,178)	(521,064)
		(95,164)	172,950
		<b>\$ 2,595,266</b>	<b>\$ 2,931,155</b>
Going concern	1		

Signed "Gregory J. Leia"  
Gregory J. Leia, Director

Signed "Tracy Zimmerman"  
Tracy Zimmerman, Director

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

# WASKAHIGAN OIL & GAS CORP.

## CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

In Canadian Dollars

FOR THE THREE AND SIX MONTHS ENDED

		Three Months Ended		Six Months Ended	
	Note	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>REVENUE</b>					
Oil & natural gas sales	12	\$ 10,462	\$ 434,905	\$ 406,831	\$ 727,796
Royalties		57,020	(136,154)	(67,657)	(213,618)
Other revenue		-	15	-	20
		67,482	298,766	339,174	514,198
<b>EXPENSES</b>					
Production and transportation		130,030	112,891	379,925	205,309
General and administrative		58,915	101,941	162,649	178,456
Accretion	6	9,188	10,366	17,554	18,190
Depletion and depreciation	4	21,776	21,348	69,427	43,722
		219,909	246,546	629,555	445,677
<b>OPERATING INCOME (LOSS) FROM OPERATIONS</b>		(152,427)	52,220	(290,381)	68,521
Other income (expense) items					
Other income		(1,627)	1	53,588	39,286
Interest income		3,273	207	3,273	207
Interest expense		(17,517)	(16,304)	(34,517)	(32,481)
Gain on sale of exploration and evaluation assets		-	-	-	79,031
Foreign exchange		-	(1,101)	(77)	(588)
<b>NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)</b>		\$ (168,298)	\$ 35,023	\$ (268,114)	\$ 153,976
<b>INCOME (LOSS) PER SHARE</b>					
Basic and diluted		\$ (0.013)	\$ 0.003	\$ (0.020)	\$ 0.012

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

# WASKAHIGAN OIL & GAS CORP.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

In Canadian Dollars

FOR THE THREE AND SIX MONTHS ENDED

	Note	Three Months Ended		Six Months Ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>Operating activities</b>					
Net income (loss)		\$ (168,298)	\$ 35,023	\$ (268,114)	\$ 153,976
Items not affecting cash:					
Depletion and depreciation	4	21,776	21,348	69,427	43,722
Loan interest accrued		(2,858)	3,876	8,781	5,297
Accretion	6	9,188	10,366	17,554	18,190
Foreign exchange		-	892	-	381
Gain on sale of assets		-	-	-	(79,031)
Settlement of asset retirement obligations		-	-	(151,215)	-
Changes in non-cash working capital		222,198	(44,018)	252,855	(64,999)
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		<b>82,006</b>	<b>27,487</b>	<b>(70,712)</b>	<b>77,536</b>
<b>FINANCING ACTIVITIES</b>					
Proceeds from loan increase	5	2,500	-	55,500	-
Repayment of loan		-	(6,755)	-	(9,400)
<b>CASH PROVIDED (USED) IN FINANCING ACTIVITIES</b>		<b>2,500</b>	<b>(6,755)</b>	<b>55,500</b>	<b>(9,400)</b>
<b>INVESTING ACTIVITIES</b>					
Proceeds on disposal of exploration and evaluation assets		-	-	-	85,000
<b>CASH PROVIDED (USED) IN INVESTING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>85,000</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>84,506</b>	<b>20,732</b>	<b>(15,212)</b>	<b>153,136</b>
<b>CASH AND CASH EQUIVALENTS, beginning of period</b>		<b>(30,188)</b>	<b>150,407</b>	<b>69,530</b>	<b>18,003</b>
<b>CASH AND CASH EQUIVALENTS, end of period</b>		<b>\$ 54,318</b>	<b>\$ 171,139</b>	<b>\$ 54,318</b>	<b>\$ 171,139</b>
Interest paid		\$ 20,376	\$ 8,422	\$ 25,736	\$ 27,183
Taxes paid		-	-	-	-

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

# WASKAHIGAN OIL & GAS CORP.

## STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIT)

In Canadian Dollars

FOR THE SIX MONTHS ENDED

	Note	June 30, 2023	June 30, 2022
<b>SHAREHOLDERS' EQUITY</b>			
<u>Share capital</u>			
Balance, beginning of period	\$	134,315	\$ 134,315
Private placement		-	-
Balance, end of period	7	\$ 134,315	\$ 134,315
<u>Contributed surplus</u>			
Balance, beginning of period	\$	559,699	\$ 559,699
Gain on acquisition		-	-
Balance, end of period	\$	559,699	\$ 559,699
<u>Deficit</u>			
Balance, beginning of period	\$	(521,064)	\$ (312,865)
Net income (loss)		(268,114)	153,976
Balance, end of period	\$	(789,178)	\$ (158,889)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>\$</b>	<b>(95,164)</b>	<b>\$ 535,125</b>

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

# WASKAHIGAN OIL & GAS CORP.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023

In Canadian Dollars

### 1. NATURE OF OPERATIONS 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.

The accompanying consolidated 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 June 30, 2023, the Company incurred a net loss of \$268,114 (2022 – net income of \$153,976), has current liabilities in excess of current assets of \$1,381,977 (2022 - \$1,290,337) and an accumulated deficit of \$789,178 (2022 – \$521,064). The Company has relied on support from various creditors and lenders (Note 5) 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 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 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 financial statements.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation and measurement

Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**") and International Financial Reporting Interpretations Committee ("**IFRIC**"). The consolidated financial statements of the Company include the accounts of WOGC and its wholly owned subsidiaries; Jadela Oil (US) Operating LLC ("**Jadela US**"), Odaat and Fox Creek. (collectively WOGC, Jadela US, Odaat and Fox Creek are referred to as (the "**Company**") and have been prepared by management. These consolidated financial statements were authorized for issue by the Board of Directors on August 29, 2023.

Except as outlined below, the consolidated 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, 2022. These consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2022.

# WASKAHIGAN OIL & GAS CORP.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023

In Canadian Dollars

### Changes in accounting policies

#### *Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")*

The IASB issued amendments regarding the definition of accounting estimates under IAS 8. Under the amended definition, a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The amendment further clarifies that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. Under the prior definition, IAS 8 stated that a change in accounting estimates specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This amendment will impact changes in accounting policies and changes in accounting estimates made after the amendment is adopted by the Company. These amendments are effective for reporting periods beginning on or after January 1, 2023. The adoption of these amendments did not have a significant effect on the financial statements.

#### *IAS 12 Income Taxes ("IAS 12")*

The IASB issued amendments to IAS 12 "Income Taxes" to require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. These amendments are effective for reporting periods beginning on or after January 1, 2023. The adoption of these amendments did not have a significant effect on the financial statements.

### 3. RESTRICTED CASH HELD IN TRUST

Restricted cash held in trust includes \$81,950 (2022 - \$124,629) held by British Columbia Minister of Energy, Mines and Petroleum Resources and \$40,000 (2022 - \$40,000) held in trust at a related party law firm.



# WASKAHIGAN OIL & GAS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2023

In Canadian Dollars

## 4. PROPERTY AND EQUIPMENT

COSTS	Oil and Natural Gas		Total
	Assets	Other assets	
<b>Balance, December 31, 2022</b>	<b>\$ 2,615,584</b>	<b>\$ 3,472</b>	<b>\$ 2,619,056</b>
Asset retirement obligation revisions	(47,653)		(47,653)
<b>Balance, June 30, 2023</b>	<b>\$ 2,567,931</b>	<b>\$ 3,472</b>	<b>\$ 2,571,403</b>
<b>ACCUMULATED DEPLETION AND DEPRECIATION</b>			
<b>Balance, December 31, 2022</b>	<b>\$ 347,220</b>	<b>\$ 1,695</b>	<b>\$ 348,915</b>
Depletion and depreciation	69,176	251	69,427
<b>Balance, June 30, 2023</b>	<b>\$ 416,396</b>	<b>\$ 1,946</b>	<b>\$ 418,342</b>
<b>CARRYING AMOUNT</b>			
<b>December 31, 2022</b>	<b>\$ 2,268,364</b>	<b>\$ 1,777</b>	<b>\$ 2,270,141</b>
<b>June 30, 2023</b>	<b>\$ 2,151,535</b>	<b>\$ 1,526</b>	<b>\$ 2,153,061</b>

## 5. LOAN PAYABLE

	June 30, 2023	December 31, 2022
Loan payable, beginning of period	\$ 1,096,419	\$ 1,086,488
Proceeds from loan	55,500	-
Interest accrued	8,781	(54,766)
Repayments	-	64,697
<b>Loan payable, end of period</b>	<b>\$ 1,160,700</b>	<b>\$ 1,096,419</b>

On July 31, 2017, TAPC entered into a Loan and Participation Agreement with Smoky and 1454871 Alberta Ltd. ("1454871") (formerly Batoche Oil & Gas Exploration Ltd.) which are related companies by way of common directors and officers. Pursuant to the terms of the Loan and Participation Agreement ("TAPC LPA"), Smoky lent TAPC the sum of \$1,326,593 to complete the acquisition of assets from NuVista Energy Ltd. in 2017 (the "Waskahigan Assets"). The interest rate on the loan principal is 6% per annum. All obligations owing were secured by a general security agreement charging all of the assets of TAPC. The TAPC LPA had provided, that, subject to an agreed upon general and administrative expense payment, Smoky shall be entitled to all net cash flow from the Waskahigan Assets until the loan is repaid.

# WASKAHIGAN OIL & GAS CORP.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023

In Canadian Dollars

On May 6, 2019 the TAPC LPA was amended and the loan was converted to a demand loan. As at June 30, 2023 and December 31, 2022, the loan is presented at its face value and is subject to interest at a rate of 6% per annum, which is payable quarterly. The TAPC LPA contained a restriction to charging a maximum of \$75,000 per year for general and administration costs for the administration of the Waskahigan Assets and \$75,000 per year for the administration of the Waskahigan Participation Assets. TAPC was not in compliance with the terms of the TAPC LPA as general and administrative charges have exceeded the maximum allowable amounts as noted above.

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.

Additional loan proceeds of \$55,500 were received during 2023 under the same loan terms.

### 6. ASSET RETIREMENT OBLIGATIONS

The Company estimates the total undiscounted cash flows to settle its asset retirement obligations are approximately \$1,409,192 (2022 - \$1,471,332) which will be settled over the operating lives of the underlying assets, estimated to occur between 2023 and 2037. A risk-free interest rate of 3.68% (2022 – 3.41%) and an estimated inflation rate of 2.0% (2022 - 2.0%) was used to calculate the present value of asset retirement obligations.

The following table reconciles the asset retirement obligations:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Balance, beginning of period	\$ 1,123,493	\$ 1,327,713
Acquisitions	-	-
Revisions	(47,653)	(161,589)
Reclamation expenditures	(151,215)	(77,605)
Foreign exchange	-	777
Accretion	17,554	38,932
Adjustment on disposal	-	(4,735)
Balance, end of period	942,179	1,123,493
Less: current portion	(70,864)	(311,572)
<b>Long term portion</b>	<b>\$ 871,315</b>	<b>\$ 811,921</b>

# WASKAHIGAN OIL & GAS CORP.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023

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>
<b>Balance, December 31, 2022 and June 30, 2023</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>June 30, 2023</b>	<b>June 30, 2022</b>
Consulting fees to a company controlled by directors	\$ 66,600	\$ 107,175

Included in accounts payable are amounts owing to companies controlled by directors \$115,676 (2022 – \$13,871).

As disclosed in Note 6, TAPC entered into a TAPC LPA with Smoky and 1454871 on July 31, 2017. Pursuant to the terms of the TAPC LPA, Smoky lent TAPC the sum of \$1,326,593 to complete the acquisition of the Waskahigan Assets. The interest rate on the loan principal is 6% per annum. On May 6, 2019, the terms of the loan were modified to include a demand feature. Pursuant to an intercreditor agreement dated effective January 1, 2021 (“**Intercreditor Agreement**”) amongst TAPC, WOGC, Odaat and Smoky, Smoky agreed to assume the debts owing by TAPC effective January 1, 2021 (referred to as the WOGC/Odaat LPA) and to release TAPC from the loans upon completion of the Plan of Arrangement. The loan value as of January 1, 2021 was \$1,152,174. The Company received additional loan proceeds of \$55,500 under the same loan terms and incurred interest expense of \$33,365 (2022 – \$32,162) during the period ended June 30, 2023 on this loan. 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 Fox Creek and is an officer and director of Smoky and 1454871. 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 (2022 – 13,196,868).

# WASKAHIGAN OIL & GAS CORP.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023

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, restricted 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 June 30, 2023, the Company's financial instruments approximate their fair value due to their current nature.

#### As at June 30, 2023

Financial instrument	Classification	Carrying Value (\$)	Fair Value (\$)
Cash and cash equivalents	Amortized cost	54,318	54,318
Trade and other receivables	Amortized cost	58,532	58,532
Restricted investments	Amortized cost	155,967	155,967
Prepaid expenses and deposits	Amortized cost	46,371	46,371
Restricted cash held in trust	Amortized cost	121,950	121,950
Accounts payable and accrued liabilities	Amortized cost	585,573	585,573
Loan payable	Amortized cost	1,160,700	1,160,700

Credit risk – Consists of cash and cash equivalents, restricted cash held in trust and accounts receivable. A portion of the Company's 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 June 30, 2023.

# WASKAHIGAN OIL & GAS CORP.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023

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 June 30, 2023 are due as follows:

Accounts payable and accrued liabilities	\$	585,573	Due within 90 days
Loan payable	\$	1,160,700	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.

	June 30, 2023		June 30, 2022	
Commodity price risk sensitivity	Increase (decrease) to net income		Increase (decrease) to net income	
Increase of \$1.00/bbl oil	\$	111	\$	94
Decrease of \$1.00/bbl of oil	\$	(111)	\$	(94)
Increase of \$0.10/Mcf of natural gas	\$	17,195	\$	8,892
Decrease of \$0.10/Mcf of natural gas	\$	(17,195)	\$	(8,892)

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 long-term debt. 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 debentures. Management monitors its financial position on an ongoing basis. Equity or debentures are issued to finance drilling programs and the Company's operations (see notes 1 and 2).

# WASKAHIGAN OIL & GAS CORP.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023

In Canadian Dollars

### 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:

	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Crude oil	\$ 10,410	\$ 11,470
Natural gas	256,884	551,650
Condensate	139,537	164,676
<b>Total</b>	<b>\$ 406,831</b>	<b>\$ 727,796</b>

### 13. GOVERNMENT ASSISTANCE

In 2023, as part of the Alberta Site Rehabilitation Program (SRP), the Alberta government provided funding in the amount of \$52,088 (2022 - Nil) towards the abandonment expenditures of one of the Company's wells. The amount was recognized as Other Income in the statement of net loss.

### 14. PLAN OF ARRANGEMENT

Effective, January 1, 2023, WOGC, Fox Creek and Odaat entered into a plan of arrangement. The terms provide that upon satisfaction of all conditions, WOGC will dividend the shares of Fox Creek to the shareholders of WOGC, thereby spinning out its wholly owned subsidiary. The shareholders of WOGC approved the plan of arrangement on April 4, 2023. The Court of King's Bench of Alberta approved the plan of arrangement on April 6, 2023. The plan of arrangement is conditional upon CSE approval and completion of a reverse takeover of WOGC. WOGC has not entered into an agreement which would constitute a reverse takeover.

### 15. SUBSEQUENT EVENT

Fox Creek, Alberta was subject to 2 large wildfires (#23 and #27) during Q2 2023. Wildfire #27 had burned over 3 of Odaat's well sites and the CNRL gas processing plant at Waskahigan. Two wells were shut in prior to the wildfire and until the end of the quarter until the CNRL plant became operational. . Odaat also shut in another producing well during the quarter and until August 15, 2023 because of low commodity prices.