WASKAHIGAN OIL & GAS CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

(UNAUDITED)

WASKAHIGAN OIL & GAS CORP.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

In Canadian Dollars **AS AT**

	Note		March 31, 2024		December 31, 2023
ASSETS					
Current					
Cash		$	112,289	$	54,691
Restricted cash held in trust	3		95,440		95,440
Trade and other receivables			118,430		78,625
Prepaid expenses and deposits			50,536		53,455
			376,695		282,211
Long term					
Restricted investments			161,756		159,534
Exploration and evaluation assets			5,067		5,067
Property and equipment	4		2,108,562		2,189,967
		$	**2,652,080**	**$**	**2,636,779**
LIABILITIES					
Current					
Accounts payable and accrued liabilities			606,380		501,312
Loan payable	5		1,138,011		1,139,061
Deferred income			583		833
Asset retirement obligation	6		176,947		173,908
			1,921,921		1,815,114
Asset retirement obligation	6		803,091		843,906
Total liabilities			2,725,012		2,659,020
SHAREHOLDERS' EQUITY (DEFICIENCY)					
Share capital	7		134,315		134,315
Contributed surplus			603,524		603,524
Deficit			(810,771)		(760,080)
			(72,932)		(22,241)
		$	**2,652,080**	**$**	**2,636,779**
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 MONTHS ENDED	
	Note	**March 31, 2024**	**March 31, 2023**
REVENUE			
Oil & natural gas sales	12	$ 264,749	$ 396,369
Royalties		(37,339)	(124,677)
		227,410	271,692
EXPENSES			
Production and transportation		163,968	249,895
General and administrative		55,643	103,734
Accretion	6	9,135	8,366
Depletion and depreciation		34,494	47,651
		263,240	409,646
LOSS FROM OPERATIONS		(35,830)	(137,954)
Other income (expense) items			
Interest income		2,222	-
Other income		-	55,215
Interest expense		(17,083)	(17,000)
Foreign exchange gain		-	(77)
NET LOSS AND COMPREHENSIVE LOSS		$ (50,691)	$ (99,816)
INCOME (LOSS) PER SHARE			
Basic and diluted		$ (0.00)	$ (0.01)

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 MONTHS ENDED**

	Note		March 31, 2024		March 31, 2023
OPERATING ACTIVITIES					
Net loss		$	(50,691)	$	(99,816)
Items not affecting cash:					
Depletion and depreciation	4		34,494		47,651
Loan interest accrued			6,492		11,639
Accretion	6		9,135		8,366
Settlement of asset retirement obligations			-		(151,215)
Changes in non-cash working capital			67,932		30,657
CASH PROVIDED (USED) BY OPERATING ACTIVITIES			67,362		(152,718)
FINANCING ACTIVITIES					
Proceeds received from loan	5		-		53,000
Repayment of loan			(7,542)		-
CASH PROVIDED (USED) IN FINANCING ACTIVITIES			(7,542)		53,000
INVESTING ACTIVITIES					
Purchase of long term investments			(2,222)		-
CASH USED IN INVESTING ACTIVITIES			(2,222)		-
NET CHANGE IN CASH AND CASH EQUIVALENTS			57,598		(99,718)
CASH AND CASH EQUIVALENTS, beginning of period			54,691		69,530
CASH AND CASH EQUIVALENTS, end of period		$	112,289	$	(30,188)
Interest paid		$	10,590	$	5,360
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 THREE MONTHS ENDED**

2024	Share Capital	Contributed Surplus	Deficit	Total Deficiency
Balance, January 1, 2024	$ 134,315	$ 603,524	$ (760,080)	$ (22,241)
Net loss for the period	-	-	(50,691)	(50,691)
Balance, March 31, 2024	**$ 134,315**	**$ 603,524**	**$ (810,771)**	**$ (72,932)**

2023	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance, January 1, 2023	$ 134,315	$ 559,699	$ (521,065)	$ 172,949
Net loss for the period	-	-	(99,816)	(99,816)
Balance, March 31, 2023	**$ 134,315**	**$ 559,699**	**$ (620,881)**	**$ 73,133**

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

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 March 31, 2024, the Company incurred a net loss of $50,691 (2023 – $99,816), has current liabilities in excess of current assets of $1,545,266 (2023 - $1,244,347) and an accumulated deficit of $810,771 (2023 – $620,881). 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 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 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. MATERIAL 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")**. The consolidated financial statements of the Company include the accounts of WOGC and its wholly owned subsidiaries; Odaat and Fox Creek (2023 also includes Jadela Oil (US) Operating LLC ("**Jadela US**"). (collectively WOGC, Jadela US, Odaat and Fox Creek are referred to as **(**the **"Company")** and have been prepared by management. On December 31, 2023, the Company disposed of its interest in Jadela US and removed the former subsidiary's net assets from its books as of that date. These consolidated financial statements were authorized for issue by the Board of Directors on May 27, 2024.

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, 2023. These consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2023.

In Canadian Dollars FOR THE THREE MONTHS ENDED MARCH 31, 2023

Changes in accounting policies

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

These amendments are effective for reporting periods beginning on or after January 1, 2024. 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 $55,440 (2023 - $55,440) held by British Columbia Minister of Energy, Mines and Petroleum Resources and $40,000 (2023 - $40,000) held in trust at a related party law firm.

4. PROPERTY AND EQUIPMENT

COSTS	Oil and Natural Gas Assets	Other assets	Total
Balance, December 31, 2023	**$ 2,653,064**	**$ 3,472**	**$ 2,656,536**
ARO change in estimate	(46,911)	-	(46,911)
Balance, March 31, 2024	**$ 2,606,153**	**$ 3,472**	**$ 2,609,625**
ACCUMULATED DEPLETION AND DEPRECIATION			
Balance, December 31, 2023	**$ 464,373**	**$ 2,196**	**$ 466,569**
Depletion and depreciation	34,405	89	34,494
Balance, March 31, 2024	**$ 498,778**	**$ 2,285**	**$ 501,063**
CARRYING AMOUNT			
December 31, 2023	**$ 2,188,691**	**$ 1,276**	**$ 2,189,967**
March 31, 2024	**$ 2,107,375**	**$ 1,187**	**$ 2,108,562**

In Canadian Dollars FOR THE THREE MONTHS ENDED MARCH 31, 2023

5. LOAN PAYABLE

	March 31, 2024	December 31, 2023
Loan payable, beginning of period	$ 1,139,061	$ 1,096,419
Loan proceeds received	-	68,700
Interest	16,950	67,859
Payments of principal and interest	(18,000)	(93,917)
Loan payable, end of period	**$ 1,138,011**	**$ 1,139,061**

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.

On May 6, 2019 the TAPC LPA was amended and the loan was converted to a demand loan. As at March 31, 2024 and December 31, 2023, 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 $68,700 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 $1,423,840 (2023 - $1,423,892). A risk-free interest rate of 3.64% (2023 – 3.17%) and an estimated inflation rate of 2.0% (2023 - 2.0%) was used to calculate the present value of asset retirement obligations.

In Canadian Dollars FOR THE THREE MONTHS ENDED MARCH 31, 2023

The following table reconciles the asset retirement obligations:

		March 31, 2024		December 31, 2023
Balance, beginning of period	$	1,017,814	$	1,123,493
Revisions		(46,911)		37,480
Expenditures		-		(125,637)
Government grants (note 13)		-		(52,088)
Accretion		9,135		34,566
Balance, end of period		980,038		1,017,814
Less: current portion		(176,947)		(173,908)
Long term portion	**$**	**803,091**	**$**	**843,906**

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:

Common shares	Number of shares	Value
Balance, December 31, 2023 and March 31, 2024	**13,196,868**	$ 134,315

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.

		March 31, 2024		March 31, 2023
Consulting fees to a company controlled by directors	$	14,500	$	62,000

Included in accounts payable are amounts owing to companies controlled by directors $146,983 (2023 – $157,434).

As disclosed in Note 5, 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 Waskahigan Asset acquisition. 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 incurred interest expense of $16,950 (2023 – $16,473) during the period ended March 31, 2024 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 FCE, and 1454871. Gregory J. Leia owns approx. 65% of the common shares and preferred shares of Smoky.

In Canadian Dollars FOR THE THREE MONTHS ENDED MARCH 31, 2023

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 (2023 – 13,196,868).

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, bank indebtedness, 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 March 31, 2024, the Company's financial instruments approximate their fair value due to their current nature.

As at March 31, 2024

Financial instrument	**Classification**	**Carrying Value ($)**	**Fair Value ($)**
Cash and cash equivalents	Amortized cost	112,289	112,289
Trade and other receivables	Amortized cost	118,430	118,430
Restricted investments	Amortized cost	161,756	161,756
Restricted cash held in trust	Amortized cost	95,440	95,440
Accounts payable and accrued liabilities	Amortized cost	606,380	606,380
Loan payable	Amortized cost	1,138,011	1,138,011

Credit risk – Associated with cash, restricted cash held in trust, restricted investments, and trade and other 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 March 31, 2024. The maximum exposure of the Company's credit risk is the carrying value of its financial assets.

In Canadian Dollars FOR THE THREE MONTHS ENDED MARCH 31, 2023

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 lenders to finance capital expenditures and operations (see note 1).

The Company's financial liabilities and contractual obligations as at March 31, 2024 are due as follows:

Accounts payable and accrued liabilities	$	606,380	Due within 90 days
Loan payable	$	1,138,011	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.

		March 31, 2024		March 31, 2023
Commodity price risk sensitivity		**Increase (decrease) to net income**		**Increase (decrease) to net income**
Increase of $1.00/bbl oil	$	31	$	4
Decrease of $1.00/bbl of oil	$	(31)	$	(4)
Increase of $0.10/Mcf of natural gas	$	7,720	$	12,247
Decrease of $0.10/Mcf of natural gas	$	(7,720)	$	(12,247)

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 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 for exploration programs and the Company's operations (see notes 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.

In Canadian Dollars FOR THE THREE MONTHS ENDED MARCH 31, 2023

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

	March 31, 2024	March 31, 2023
Crude oil	$ 2,914	$ 404
Natural gas	187,347	305,987
Condensate	74,488	89,978
Total	**$ 264,749**	**$ 396,369**

13. GOVERNMENT ASSISTANCE

In 2024, as part of the Alberta Site Rehabilitation Program (SRP), the Alberta government provided funding in the amount of $Nil (2023 - $52,088) towards the abandonment expenditures of one of the Company's wells. The amount was recognized as Other Income in the consolidated statements of loss and comprehensive loss.

14. PLAN OF ARRANGEMENT

Effective, January 1, 2023, WOGC, FCE and Odaat entered into a plan of arrangement. The terms provide that upon satisfaction of all conditions, WOGC will dividend the shares of FCE 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.