

**URIEL GAS HOLDINGS CORP.**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023**

**(Expressed in Canadian Dollars)**

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

The Company's auditors have not reviewed these unaudited condensed interim financial statements for the three months ended September 30, 2023.

**Uriel Gas Holdings Corp.**  
**Statements of Condensed Interim Financial Position**  
**Unaudited**  
(Stated in Canadian Dollars)

	Note	September 30 2023	June 30 2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		54,946	29,184
Accounts receivable		168,371	156,140
Prepaid expenses and deposits		49,047	71,607
<b>Total current assets</b>		<b>272,364</b>	<b>256,931</b>
<b>Non-current assets</b>			
Exploration and evaluation	<b>3</b>	254,926	253,342
Property and equipment	<b>4, 5</b>	4,129,963	4,156,876
<b>Total non-current assets</b>		<b>4,384,889</b>	<b>4,410,218</b>
<b>TOTAL ASSETS</b>		<b>4,657,253</b>	<b>4,667,149</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables		447,554	384,172
<b>Non-current liabilities</b>			
Decommissioning obligation	<b>5</b>	1,997,411	1,982,328
<b>Total liabilities</b>		<b>2,444,965</b>	<b>2,366,500</b>
<b>Shareholders' equity</b>			
Common shares	<b>6</b>	3,122,886	3,122,886
Share-based payments reserve		399,980	399,980
Deficit		(1,310,578)	(1,222,217)
<b>Total equity</b>		<b>2,212,288</b>	<b>2,300,649</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>4,657,253</b>	<b>4,667,149</b>
<b>Nature and continuance of operations</b>	<b>1</b>		

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

**Uriel Gas Holdings Corp.****Statements of Condensed Interim Loss and Comprehensive Loss****Unaudited**

(Stated in Canadian Dollars)

	Three months ended September 30 2023	Three months ended September 30 2022
<b>Revenue and other income</b>		
Petroleum and natural gas sales	361,280	288,698
Royalties	(68,895)	(61,327)
	292,385	227,371
<b>Expenses</b>		
Operating	147,577	74,900
Transportation	9,616	7,342
Workover	71,156	77,283
Depletion, depreciation and accretion	43,994	17,714
General and administrative	108,403	185,693
Share-based payments	-	214,700
	380,746	577,632
<b>Net loss and comprehensive loss</b>	<b>(88,361)</b>	<b>(350,261)</b>
<b>Weighted average number of common shares outstanding</b>		
Basic and Diluted	69,820,254	64,108,315
<b>Basic and diluted loss per share</b>	<b>\$ 0.00</b>	<b>\$ (0.01)</b>

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

## Uriel Gas Holdings Corp.

### Statements of Condensed Interim Changes in Shareholders' Equity

#### Unaudited

(Stated in Canadian Dollars)

	Common Shares		Special Warrants		Share-based	Deficit	Total
	Number	Amount	Number	Amount	Payments Reserve		
<b>Balance at June 30, 2022</b>	<b>51,066,500</b>	<b>1,521,545</b>	-	<b>696,925</b>	<b>204,900</b>	<b>(202,268)</b>	<b>2,221,102</b>
Special warrants issued:							
Subscriptions received	-	-	-	391,000	-	-	391,000
Private placement	-	-	17,393,000	454,300	-	-	454,300
Share issue costs	-	-	-	(66,594)	8,300	-	(58,294)
Special warrants converted to common shares	18,103,000	1,495,631	(18,103,000)	(1,495,631)	-	-	-
Special warrants issued for fees			710,000	20,000	-	-	20,000
Common shares issued:							
Common shares issued for fees	90,400	9,040	-	-	-	-	9,040
Common shares issued for cash:							
Options exercised	500,000	80,000	-	-	(55,000)	-	25,000
Warrants exercised	103,000	16,670	-	-	(11,520)	-	5,150
Share-based payments	-	-	-	-	253,300	-	253,300
Loss for the period	-	-	-	-	-	(1,019,949)	(1,019,949)
<b>Balance at June 30, 2023</b>	<b>69,862,900</b>	<b>3,122,886</b>	-	-	<b>399,980</b>	<b>(1,222,217)</b>	<b>2,300,649</b>
Loss for the period						(88,361)	(88,361)
<b>Balance at September 30, 2023</b>	<b>69,862,900</b>	<b>3,122,886</b>	-	-	<b>399,980</b>	<b>(1,310,578)</b>	<b>2,212,288</b>

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

**Uriel Gas Holdings Corp.**  
**Statements of Condensed Interim Cash Flows**  
**Unaudited**  
(Stated in Canadian Dollars)

	Three months ended September 30 2023	Year ended June 30 2023
<b>Operating activities</b>		
Net loss	(88,361)	(1,019,949)
Items not involving cash:		
Depletion, depreciation and accretion	43,994	182,252
Share-based payments	-	253,300
Decommissioning obligations settled	-	(24,121)
Changes in non-cash working capital items:		
Amounts receivable	(12,231)	(153,763)
Prepaid expenses and deposits	22,560	(57,943)
Trade and other payables	63,382	358,711
<b>Net cash used in operating activities</b>	<b>29,344</b>	<b>(461,513)</b>
<b>Investing activities</b>		
Exploration and evaluation acquisitions & expenditures	(1,584)	(253,342)
Property and equipment acquisitions & expenditures	(1,998)	(2,332,678)
<b>Net cash used in investing activities</b>	<b>(3,582)</b>	<b>(2,586,020)</b>
<b>Financing activities</b>		
Proceeds from issuance of common shares, net of issue costs	-	30,150
Proceeds from issuance of special warrants, net of issue costs	-	816,046
Change in working capital	-	(102,000)
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>744,196</b>
<b>Change in cash during the period</b>	<b>25,762</b>	<b>(2,303,337)</b>
<b>Cash, beginning of period</b>	<b>29,184</b>	<b>2,332,521</b>
<b>Cash, end of period</b>	<b>54,946</b>	<b>29,184</b>
<b>Supplemental Cash Flow Information</b>		
Income taxes paid	-	-
Interest paid (received)	-	(13,138)
<b>Non-cash Financing Activities</b>		
Fair value of broker warrants for special warrant issue costs	-	8,300
Special warrants issued for special warrant issue costs	-	20,000
Common shares issued for special warrant issue costs	-	9,040

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

**URIEL GAS HOLDINGS CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**(Unaudited)**  
**As at and for the three months ended September 30, 2023**  
**(Stated in Canadian Dollars)**

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Uriel Gas Holdings Corp. (the “Company”) was incorporated as a private company on September 28, 2021 under the Business Corporations Act of British Columbia. The Company became a reporting issuer on December 22, 2022 and began trading its shares on the Canadian Securities Exchange (the “CSE”) on January 11, 2023 under the trading symbol UGH.

The registered and records office is located at Suite 2900 - 733 Seymour Street, Vancouver, BC, V6B 0S6. Head office is located at Suite 2900, 500 – 4<sup>th</sup> Avenue SW, Calgary, AB, T2P 2V6.

As at September 30, 2023, the Company had not yet achieved profitable operations, has accumulated losses of \$1,310,578 since inception, and expects to incur further losses in the development of its business. These factors indicate a material uncertainty that may cast substantial doubt on the Company’s ability to continue as a going concern. The Company’s continuation as a going concern is primarily dependent upon its ability to raise financing from equity markets or borrowings and upon successful results from its oil and gas interests and exploitation activities. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. As a result, a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Accordingly, these interim 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 used, then the adjustments required to report the Company’s assets and liabilities on a liquidation basis could be material to these interim financial statements.

These interim financial statements have been prepared on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

**2. BASIS OF PRESENTATION**

a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards, specifically International Accounting Standard 34 Interim Financial Reporting as issued by the International Accounting Standards Board. They are condensed as they do not include all of the information required for full annual financial statements, and they should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2023.

b) Basis of presentation

These unaudited condensed interim financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated. The unaudited condensed interim financial statements have been prepared on an accrual basis, except for the statements of cash flows, and are based on historical costs except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3 of the Company’s audited financial statements for the year ended June 30, 2023.

The preparation of the unaudited condensed interim financial statements requires management to make estimates and assumptions that affect the application of accounting policies impacting fair value and the reported amount of assets, liabilities, income and expenses. Actual results may differ materially from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Significant judgments, estimates and assumptions made by management in these unaudited condensed interim financial

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statements are outlined in Note 3 of the Company's audited financial statements for the year ended June 30, 2023.

There have been no changes in the Company's judgments, estimates, accounting policies or determination of fair values applied during the interim period ended September 30, 2023 relative to those described in the audited financial statements for the period ended June 30, 2023.

- c) Approval of the financial statements  
 These unaudited condensed interim financial statements of the Company were reviewed, approved and authorized for issue by the Board of Directors on November 28, 2023.

**3. EXPLORATION AND EVALUATION ASSETS**

Cost	Total
Balance, June 30, 2023	253,342
Additions	1,584
Balance, September 30, 2023	254,926

**4. PROPERTY AND EQUIPMENT**

Cost	Total
Balance, June 30, 2023	4,280,853
Additions	1,998
Balance, September 30, 2023	4,282,851

Accumulated depletion and depreciation	
Balance, June 30, 2023	123,977
Depletion and depreciation	28,911
Balance, June 30, 2023	152,888

Carrying amount	
As at June 30, 2023	4,156,876
As at September 30, 2023	4,129,963

**5. DECOMMISSIONING OBLIGATION**

	Total
Balance, June 30, 2023	1,982,328
Accretion expense	15,083
Balance, September 30, 2023	1,997,411

Decommissioning obligations were estimated based on the Company's net ownership interest in all wells and production equipment, the estimated costs to abandon and reclaim the wells and production equipment and the estimated timing of the costs to be incurred in future periods. The total undiscounted inflation-adjusted amount of the estimated cash flows required to settle all of the Company's decommissioning obligations is \$3,020,663 which are estimated to be incurred over the next 15 years. A risk-free rate of 3.14 percent and an inflation rate of 2.00 percent were used to calculate the net present value of the decommissioning obligations at September 30, 2023.



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**6. SHARE CAPITAL**

Authorized capital stock: unlimited number of common shares without par value.

There were no common shares issued during the three months ended September 30, 2023.

**7. SHARE-BASED PAYMENT RESERVE**

a) Stock options

	September 30, 2023		June 30, 2023	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Balance, beginning of period	6,150,000	\$0.08	3,200,000	\$0.05
Granted	-	-	3,000,000	\$0.10
Granted	-	-	450,000	\$0.12
Exercised	-	-	(500,000)	\$0.05
Balance, end of period	6,150,000	\$0.08	6,150,000	\$0.08

Stock options exercisable and outstanding as at September 30, 2023 and June 30, 2023 are as follows:

Expiry Date	September 30, 2023		June 30, 2023	
	Number of options	Exercise price	Number of options	Exercise price
March 10, 2024	2,700,000	\$0.05	2,700,000	\$0.05
August 2, 2024	3,000,000	\$0.10	3,000,000	\$0.10
March 29, 2025	450,000	\$0.12	450,000	\$0.12
	6,150,000	\$0.08	6,150,000	\$0.08

b) Warrants

	September 30, 2023		June 30, 2023	
	Number of warrants	Weighted-average exercise price	Number of warrants	Weighted-average exercise price
Balance, beginning of period	1,708,900	\$0.07	1,211,500	\$0.05
Issued	-	-	600,400	\$0.10
Exercised	-	-	(103,000)	\$0.05
Balance, end of period	1,708,900	\$0.00	1,708,900	\$0.07

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Warrants exercisable and outstanding as at September 30, 2023 and June 30, 2023 are as follows:

Expiry Date	September 30, 2023		June 30, 2023	
	Number of warrants	Exercise price	Number of warrants	Exercise price
February 4, 2024	1,108,500	\$0.05	1,211,500	\$0.05
July 5, 2024	510,000	\$0.10	-	-
September 26, 2024	90,400	\$0.10	-	-
	1,708,900	\$0.07	1,211,500	\$0.05

**8. FINANCIAL INSTRUMENTS AND RISK FACTORS**

The Company may hold various forms of financial instruments from time to time. The nature of these instruments and the Company's operations expose the Company to, credit, liquidity and market risks. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk. Amounts receivable consists of input tax credits receivable from the Government of Canada and are not subject to significant credit risk.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2023, the Company had a cash balance of \$54,946 (June 30, 2023 - \$29,184) to settle current liabilities of \$447,554 (June 30, 2023 - \$384,172). The Company expects to fund future liabilities with cash flow and through the issuance of capital stock. See Note 1 for discussion of going concern risk.

*Commodity risk*

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in commodity prices. Lower commodity prices can also impact the Company's ability to raise capital. Commodity prices for crude oil are impacted by world economic events that dictate the levels of supply and demand. From time to time the Company may attempt to mitigate commodity price risk through the use of financial derivatives. Currently, the Company does not have any commodity price contract in place.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

*Interest rate risk*

The Company has cash balances which are not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions.

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**9. CAPITAL MANAGEMENT**

The Company considers its capital structure to include working capital and shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, and development of its business interests. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is largely dependent upon external financings to fund activities. In order to fund new business opportunities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new business opportunities and seek to acquire new business assets if it determines there are sufficient business opportunities or economic potential and if it has adequate financial resources to do so (see Note 1).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements.

**10. RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

For the three months ended September 30, 2023, the Company paid four officers \$49,680 (September 30, 2022 – two officers \$30,000) for services rendered.

	Three months ended September 30 2023	Three months ended September 30 2022
Short-term benefits	\$ 49,680	\$ 30,000
Long-term benefits	\$ -	\$ -
	<u>\$ 49,680</u>	<u>\$ 30,000</u>