

URIEL GAS HOLDINGS CORP.

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 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 and six months ended December 31, 2023.

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

	Note	December 31 2023	June 30 2023
ASSETS			
Current assets			
Cash and cash equivalents		19,966	29,184
Accounts receivable		85,625	156,140
Prepaid expenses and deposits		26,717	71,607
Total current assets		132,308	256,931
Non-current assets			
Exploration and evaluation	3	254,926	253,342
Property and equipment	4, 5	4,096,153	4,156,876
Total non-current assets		4,351,079	4,410,218
TOTAL ASSETS		4,483,387	4,667,149
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		337,878	384,172
Non-current liabilities			
Decommissioning obligation	5	2,007,092	1,982,328
Total liabilities		2,344,970	2,366,500
Shareholders' equity			
Common shares	6	3,122,886	3,122,886
Share-based payments reserve		399,980	399,980
Deficit		(1,384,449)	(1,222,217)
Total equity		2,138,417	2,300,649
TOTAL LIABILITIES AND EQUITY		4,483,387	4,667,149

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

Nature of operations and going concern **1**

Uriel Gas Holdings Corp.
Statements of Condensed Interim Loss and Comprehensive Loss
Unaudited
(Stated in Canadian Dollars)

	Three months ended December 31		Six months ended December 31	
	2023	2022	2023	2022
Revenue and other income				
Petroleum and natural gas sales	323,330	402,962	684,610	691,660
Royalties	(63,312)	(95,096)	(132,207)	(156,423)
	260,018	307,866	552,403	535,237
Expenses				
Operating	125,286	300,274	272,863	375,174
Transportation	9,787	11,460	19,403	18,802
Workover	35,922	52,139	107,078	129,422
Depletion, depreciation and accretion	43,492	49,323	87,486	67,037
General and administrative	119,402	175,182	227,805	360,875
Share-based payments	-	-	-	214,700
	333,889	588,378	714,635	1,166,010
Interest income	-	5,032	-	5,032
Net loss and comprehensive loss	(73,871)	(275,480)	(162,232)	(625,741)
Weighted average number of common shares outstanding				
Basic and Diluted	69,862,900	66,633,400	69,862,900	66,619,643
Basic and diluted loss per share	\$ -	\$ -	\$ -	\$ (0.01)

The accompanying notes are an integral part of these condensed interim 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		
Balance at June 30, 2022	51,066,500	1,521,545	-	696,925	204,900	(202,268)	2,221,102
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)
Balance at June 30, 2023	69,862,900	3,122,886	-	-	399,980	(1,222,217)	2,300,649
Loss for the period						(162,232)	(162,232)
Balance at December 31, 2023	69,862,900	3,122,886	-	-	399,980	(1,384,449)	2,138,417

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

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

	Three months ended December 31		Six months ended December 31	
	2023	2022	2023	2022
Operating activities				
Net loss	(73,871)	(275,480)	(162,232)	(625,741)
Items not involving cash:				
Depletion, depreciation and accretion	43,492	49,323	87,486	67,037
Share-based payments	-	-	-	214,700
Decommissioning obligations settled	-	(25,000)	-	(25,000)
Changes in non-cash working capital items:				
Amounts receivable	82,746	68,202	70,515	(140,968)
Prepaid expenses and deposits	22,330	(9,910)	44,890	(36,693)
Trade and other payables	(109,676)	(15,491)	(46,294)	315,289
Net cash used in operating activities	(34,979)	(208,356)	(5,635)	(231,376)
Investing activities				
Exploration and evaluation acquisitions & expenditures	-	-	(1,584)	(104,843)
Property and equipment acquisitions & expenditures	(1)	(4,963)	(1,999)	(1,848,049)
Net cash used in investing activities	(1)	(4,963)	(3,583)	(1,952,892)
Financing activities				
Proceeds from issuance of common shares, net of issue costs	-	-	-	-
Proceeds from issuance of special warrants, net of issue costs	-	-	-	816,046
Change in working capital	-	-	-	(87,520)
Net cash provided by financing activities	-	-	-	728,526
Change in cash during the period	(34,980)	(213,319)	(9,218)	(1,455,742)
Cash, beginning of period	54,946	1,090,098	29,184	2,332,521
Cash, end of period	19,966	876,779	19,966	876,779
<i>The accompanying notes are an integral part of these condensed interim financial statements</i>				
Supplemental Cash Flow Information				
Income taxes paid	-	-	-	-
Interest paid (received)	-	(5,032)	-	(5,032)
Non-cash Financing Activities				
Fair value of broker warrants for special warrant issue costs	-	-	-	90,400
Special warrants issued for special warrant issue costs	-	-	-	51,000
Common shares issued for special warrant issue costs	-	-	-	60,575

URIEL GAS HOLDINGS CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
As at and for the three and six months ended December 31, 2023
(Stated in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

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

The address of the Company’s registered office is Suite 3200, 500 - 4th Avenue SW, Calgary, AB, T2P 2V6.

As at December 31, 2023, the Company had not yet achieved profitable operations, has accumulated losses of \$1,384,449 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 unaudited condensed 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 unaudited condensed interim financial statements.

These unaudited condensed 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 unaudited 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 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 December 31, 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 February 12, 2024

3. EXPLORATION AND EVALUATION ASSETS

Cost	Total
Balance, June 30, 2023	253,342
Additions	1,584
Balance, December 31, 2023	254,926

4. PROPERTY AND EQUIPMENT

Cost	Total
Balance, June 30, 2023	4,280,853
Additions	1,999
Change in decommissioning obligation	(5,170)
Balance, December 31, 2023	4,277,682
Accumulated depletion and depreciation	
Balance, June 30, 2023	123,977
Depletion and depreciation	57,552
Balance, December 31, 2023	181,529
Carrying amount	
As at June 30, 2023	4,156,876
As at December 31, 2023	4,096,153

5. DECOMMISSIONING OBLIGATION

	Total
Balance, June 30, 2023	1,982,328
Obligations acquired	
Revision to cost estimates	(5,170)
Liabilities settled	-
Accretion expense	29,934
Balance, December 31, 2023	2,007,092

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 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 3.05 percent (June 30, 2023 – 3.14 percent) and an inflation rate of 2.00 percent (June

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30, 2023 – 2.00 percent) were used to calculate the net present value of the decommissioning obligations at December 31, 2023.

6. SHARE CAPITAL

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

There were no common shares issued during the six months ended December 31, 2023.

7. SHARE-BASED PAYMENT RESERVE

a) Stock options

	December 31, 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 December 31, 2023 and June 30, 2023 are as follows:

Expiry Date	December 31, 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

	December 31, 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	\$0.07	1,708,900	\$0.07

Warrants exercisable and outstanding as at December 31, 2023 and June 30, 2023 are as follows:

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Expiry Date	December 31, 2023		June 30, 2023	
	Number of warrants	Exercise price	Number of warrants	Exercise price
February 4, 2024	1,108,500	\$0.05	1,108,500	\$0.05
July 5, 2024	510,000	\$0.10	510,000	\$0.10
September 26, 2024	90,400	\$0.10	90,400	\$0.10
	1,708,900	\$0.07	1,708,900	\$0.07

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 exposes 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 financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For Uriel, this arises principally from amounts owed for the sale of its oil production to its marketing counterparty and input tax credits receivable from the federal government. The aggregate amount owed at December 31, 2023 was \$85,625 (June 30, 2023 - \$156,140).

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 December 31, 2023, the Company had a cash balance of \$19,966 (June 30, 2023 - \$29,184) to settle current liabilities of \$337,878 (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 using 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 adjusts it, based on the funds available to the Company 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 financing to fund activities. To fund new business opportunities and pay for administrative costs, the Company will spend its existing working capital when available 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 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 related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities.

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

For the six months ended December 31, 2023, the Company paid four officers \$99,360 (December 31, 2022 – two officers \$149,458) for services rendered.

	Three months ended December 31 2023	Three months ended December 31 2022	Six months ended December 31 2023	Six months ended December 31 2022
Short-term benefits	49,680	30,000	99,360	60,000
Long-term benefits	-	-	-	89,458
	<u>49,680</u>	<u>30,000</u>	<u>99,360</u>	<u>149,458</u>