JX Energy Ltd.
（吉星新能源有限責任公司）*

(incorporated under the laws of Alberta with limited liability)

(Stock Code: 3395)

ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2025

This announcement is issued pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The Board of Directors of JX Energy Ltd. is pleased to announce its unaudited condensed interim financial results for the three months ended March 31, 2025.

The board (the "**Board**") of directors (the "**Directors**") of JX Energy Ltd. (the "**Company**") is pleased to announce the unaudited condensed interim financial results of the Company for the three months ended March 31, 2025 (the "**Interim Results**") and its business updates. This announcement is issued by the Company pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). The Board and its Audit and Risk Committee have reviewed the Interim Results. Please see the attached announcement for further information.

By Order of the Board
JX Energy Ltd.
Yongtan Liu
Chairman and Interim Chief Executive Officer

Calgary, May 15, 2025
Hong Kong, May 15, 2025

As at the date of this announcement, the Board comprises of two executive Directors, namely Mr. Yongtan Liu and Mr. Binyou Dai; and three independent non-executive Directors, namely Ms. Kit Man To, Mr. Zhanpeng Kong and Ms. Jia Wei.

* *For identification purpose only*

JX Energy Ltd.
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CONDENSED INTERIM FINANCIAL STATEMENTS
For the three months ended March 31, 2025 and 2024

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4.3 (3) (a), if an auditor has not performed a review of the financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying condensed interim financial statements of JX Energy Ltd. have been prepared by and are the responsibility of the Company's management and approved by the Board of Directors of the Company. The Company's independent auditor has not performed a review of these condensed financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

* *For identification purpose only*

STATEMENT OF FINANCIAL POSITION

As at March 31, 2025

(Expressed in Canadian dollars)

Unaudited

	Note	**As at March 31, 2025**	As at December 31, 2024
Assets			
Current assets:			
Cash and cash equivalents	*4*	**160,284**	211,491
Accounts receivable	*5*	**1,047,488**	692,330
Prepaid expenses and deposits		**662,016**	242,314
Total current assets		**1,869,788**	1,146,135
Exploration and evaluation assets	*6*	**3,884,949**	3,884,949
Property, plant and equipment	*7*	**19,883,951**	20,660,091
Right of use assets	*8*	**87,498**	196,945
Total Assets		**25,726,186**	25,888,120
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	*9*	**6,265,694**	8,889,489
Current portion of long-term payable	*10*	**700,436**	644,112
Current portion of long-term debt	*10*	**5,654,206**	4,544,566
Convertible debt	*10*	**4,636,608**	2,372,260
Convertible debt derivative portion	*10*	**81,657**	41,714
Current portion of lease liabilities	*8*	**100,748**	240,519
Decommissioning liabilities	*11*	**691,448**	691,448
Total current liabilities		**18,130,797**	17,424,108
Long-term accounts payable	*10*	**22,493,247**	20,052,041
Lease liabilities	*8*	**10,547**	10,547
Long-term debt	*10*	**8,930,654**	9,101,882
Decommissioning liabilities	*11*	**765,434**	760,517
Total liabilities		**50,330,679**	47,349,095
Shareholders' equity:			
Share capital	*12*	**222,417,603**	222,417,603
Contributed surplus		**15,625,654**	15,193,215
Accumulated deficit		**(262,647,750)**	(259,071,793)
Total shareholders' equity		**(24,604,493)**	(21,460,975)
Total Liabilities and Shareholders' Equity		**25,726,186**	25,888,120
Going concern	*3*		
Commitments	*20*		
Subsequent Events	*21*		

The accompanying notes form part of these condensed interim financial statements.

STATEMENT OF LOSS AND OTHER COMPREHENSIVE LOSS

For the three months ended March 31, 2025

(Expressed in Canadian dollars)

Unaudited

		Three months ended March 31,	
	Note	**2025**	2024
Revenue			
Commodity sales from production	*13*	**2,908,480**	2,827,452
Trading revenue (loss)	*13*	**9,827**	3,019
Other income	*13*	**3,535**	724
Royalty expense		**(198,430)**	(31,760)
Total net revenue		**2,723,412**	2,799,435
Expenses			
Operating costs		**(4,198,513)**	(3,655,781)
General and administrative costs		**(193,102)**	(632,713)
Depletion, depreciation and amortization	*10,11*	**(892,806)**	(996,238)
Total expenses		**(5,284,421)**	(5,284,732)
Loss from operations		**(2,561,009)**	(2,485,297)
Finance expenses	*14*	**(1,015,287)**	(944,439)
Change in fair value of derivative component of convertible debenture	*19*	**399**	–
Loss before taxes		**(3,575,957)**	(3,429,736)
Income taxes		**–**	–
Loss and comprehensive loss		**(3,575,957)**	(3,429,736)
Loss per share			
Basic and diluted	*16*	**(0.01)**	(0.01)

The accompanying notes form part of these condensed interim financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the three months ended March 31, 2025

(Expressed in Canadian dollars)

Unaudited

	Note	Share Capital	Contributed Surplus	Accumulated Deficit	Total Equity
At January 1, 2025		222,417,603	15,193,215	(259,071,793)	(21,460,975)
Share-based expenses		–	1,778	–	1,778
Fair value adjustment on long-term payable	*10(d)*	–	430,661	–	430,661
Loss for the period		–	–	(3,575,957)	(3,575,957)
As at March 31, 2025	*12*	**222,417,603**	**15,625,654**	**(262,647,750)**	**(24,604,493)**

	Note	Share Capital	Warrants	Contributed Surplus	Accumulated Deficit	Total Equity
At January 1, 2024		220,212,755	–	13,091,943	(238,804,683)	(5,499,985)
Shares issued for cash		1,278,093	–	–	–	1,278,093
Allocation for shares issued above market value		(123,840)	–	123,840	–	–
Share issue costs		(6,586)	–	–	–	(6,586)
Share-based expenses		–	–	4,001	–	4,001
Fair value adjustment on shareholder loan		–	–	13,911	13,911	
Fair value adjustment on long-term payable		–	–	556,403	–	556,403
Income for the period		–	–	–	(3,429,736)	(3,429,736)
At March 31, 2024		221,360,422	–	13,790,098	(242,234,419)	(7,083,899)

The accompanying notes form part of these condensed interim financial statements.

STATEMENT OF CASH FLOWS

For the three months ended March 31, 2025

(Expressed in Canadian dollars)

Unaudited

	Note	**Three months ended March 31, 2025**	2024
Cash provided by (used in):			
Operations			
Net loss		**(3,575,957)**	(3,429,736)
Items not involving cash:			
Depletion, depreciation and amortization		**892,806**	996,238
Share-based expenses		**1,778**	4,001
Non-cash change in phantom units		**–**	29,150
Non-cash finance expenses		**838,366**	420,851
Foreign exchange loss (gain)		**85,189**	311,833
Change in fair value of derivative component of convertible debenture	*10*	**(339)**	–
Funds from operations		**(1,758,157)**	(1,667,663)
Changes in non-cash working capital	*4*	**1,529,754**	1,708,297
Total cash from operations		**(228,403)**	40,634
Investing			
Expenditures on property, plant and equipment		**(33,980)**	–
Expenditures on exploration and evaluation assets		**(371,244)**	(154,888)
Net cash from (used in) investing		**(405,224)**	(154,888)
Financing			
Changes in subscriptions payable		**–**	(467,806)
Shares issued for cash, net of share issuance costs		**–**	1,278,093
Debenture proceeds received prior to issuance		**(2,114,802)**	–
Proceeds from debenture issuance	*10*	**2,114,802**	–
Proceeds from shareholder loans	*10*	**1,063,150**	87,000
Repayment of shareholder loans		**(228,413)**	(200,012)
Principal portion of lease payments	*8*	**(139,770)**	(197,935)
Interest portion of lease payments	*8*	**(12,519)**	(23,483)
Repayment of term debt		**(99,931)**	(265,658)
Net cash from (used in) financing		**582,517**	210,199
Increase (decrease) in cash and cash equivalents		**(51,110)**	95,945
Effect of exchange rate changes on cash and cash equivalents		**(97)**	3
Cash and cash equivalents, beginning of period		**211,491**	363,305
Cash and cash equivalents, end of period	*7*	**160,284**	459,253
Supplementary information:			
Interest paid		**101,107**	159,883

The accompanying notes form part of these condensed interim financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the three months ended March 31, 2025
(Expressed in Canadian dollars unless otherwise indicated)
Unaudited

1 CORPORATE INFORMATION

JX Energy Ltd., (the "**Company**" or "**JX**") was incorporated in Calgary, Alberta, Canada under the Business Corporations Act (Alberta) in 2005. JX is an exploration and development company pursuing petroleum and natural gas production in Alberta, Canada. The Company's registered office is located at 15th Floor, Bankers Court, 850-2nd Street SW, Calgary, Alberta, T2P 0R8, Canada, and its head office is located at Suite 900, 717-7th Avenue SW, Calgary, Alberta, T2P 0Z3, Canada.

Pursuant to an initial public offering on March 10, 2017, the Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and traded under the stock code of "3395". The Company has been a reporting issuer under the Securities Act (Alberta) since October 2, 2018. On June 22, 2022, shareholders of the Company ("**Shareholders**") approved the change of the Company's name from Persta Resources Inc. to JX Energy Ltd.

2 BASIS OF PREPARATION

These unaudited condensed interim financial statements have been prepared by management in accordance with International Accounting Standard ("**IAS**") 34, "Interim Financial Reporting". The Financial Statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended December 31, 2024. These unaudited condensed interim financial statements have been prepared following the same accounting policies as the audited annual financial statements for the year ended December 31, 2024 (the "**Financial Statements**") and should be read in conjunction with the Financial Statements and the notes thereto. The disclosures provided below are incremental to those included in the Financial Statements. These unaudited condensed interim financial statements were approved by the board (the "**Board**") of directors (the "**Directors**") on May 15, 2025.

The financial statements are presented in Canadian dollars ("**C$**"), which is the Company's functional currency.

3 GOING CONCERN

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2025 the Company had a working capital deficiency of C$16.3 million, generated a loss from operations of C$1.8 million for the three months ended March 31, 2025.

The global impact of the wars in Ukraine and the middle east, global warming, tariff threats and supply chain interruptions, have resulted in significant volatility in global stock markets has created a great deal of uncertainty in the global economy and specifically the volatility of natural gas price has significantly affected the operating performance of the Company.

The Company's ability to continue as a going concern is dependent upon the ability to generate positive cash flow from operations, obtain equity and/or additional financing, dispose of assets or other arrangements to fund operating and investing activities. There are no assurances that any transactions will be completed on terms acceptable to the Company. If the Company is unable to make its scheduled payments on its term debt to CIMC and related Shareholder Loan, these facilities may become due on demand. These conditions cause material uncertainty which cast significant doubt on the Company's ability to continue as a going concern. Notwithstanding this, based on the cash flow projection, the directors of the Company consider that it is appropriate to prepare the financial statements on a going concern basis.

Should the use of the going concern basis in preparation of the financial statements be determined to be not appropriate, adjustments would have to be made to write down the carrying amounts of the Company's assets to their realizable values, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the financial statements. If the Company is unable to continue as a going concern, it may be forced to seek relief under applicable bankruptcy and insolvency legislation.

4 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents

C$	**As at March 31, 2025**	As at December 31, 2024
Deposits with banks and other financial institutions	**158,279**	209,486
Cash on hand	**2,005**	2,005
Cash and cash equivalents in the statement of financial position and statement of cash flows	**160,284**	211,491

(b) Supplementary cash flows information

	Three Months ended March 31,	
C$	**2025**	2024
Change in non-cash working capital:		
Accounts receivable	**(355,158)**	51,325
Prepaid expenses and deposits	**(419,702)**	(128,633)
Accounts payable and accrued liabilities[1]	**(126,265)**	(1,107,276)
	(901,125)	(1,184,584)
Change in non-cash working capital included in investing and financing activities	**(2,430,849)**	(2,892,881)
Change in non-cash working capital included in operating activities	**1,529,724**	1,708,297
	(901,125)	(1,184,584)

5 ACCOUNTS RECEIVABLE

C$	**As at March 31, 2025**	As at December 31, 2024
Trade receivables	**1,046,482**	691,842
Other receivables	**1,006**	488
Total	**1,047,488**	692,330

a) Aging analysis of trade receivables

As at March 31, 2025 and December 31, 2024, the aging analysis of trade receivables (included in accounts receivable), based on the invoice date (or date of revenue recognition, if earlier) and net of allowance for doubtful debts, is as follows:

C$	**As at March 31, 2025**	As at December 31, 2024
Within 1 month	**1,046,212**	691,622
1 to 3 months	**208**	158
Over 3 months	**62**	62
Total	**1,046,482**	691,842

Trade receivables are generally collected within 25 days from the date of billing.

b) Impairment of accounts receivable

Impairment losses in respect of trade and other receivables are recorded using an allowance account unless the Company determines that recovery of the amount is remote, in which case the impairment loss is written off against account receivables directly. No accounts receivable are considered individually nor collectively to be impaired. No material balances of trade or other receivables are past due, and no impairment loss has been recognized for the three-month period ended March 31, 2025 and year ended December 31, 2024.

6 EXPLORATION AND EVALUATION ASSETS

C$	**As at March 31, 2025**	As at December 31, 2024
Balance, beginning of period	**3,884,949**	5,914,591
Net Disposals	**–**	(1,881,306)
Write-offs	**–**	(148,336)
Balance, end of period	**3,884,949**	3,884,949

Exploration and evaluation ("**E&E**") assets consist of undeveloped lands, unevaluated seismic data and unevaluated drilling and completion costs on the Company's exploration projects which are pending the determination of proven or probable reserves in sufficient quantity to warrant commercial development. Transfers are made to property, plant and equipment ("**PP&E**") as proven or probable reserves are determined. E&E assets are expensed due to uneconomic drilling and completion activities and write-offs of lease expiries. Impairment is assessed based on the recoverable amount compared with the asset's carrying amount to measure the amount of the impairment. As at December 31, 2024, the Company realized an impairment of C$Nil million on its undeveloped assets based on prevailing market factors at the time.

On April 1, 2024, the Company signed a letter of intent to sell five sections of it's non-producing Basing assets to an independent third party for C$1.9 million. Due to the impairment of the E&E assets as at December 31, 2023, there was no gain or loss on the asset sale for the year ended December 31, 2024.

For the three months ended March 31, 2025, there were no capitalized G&A costs, disposals, transfers to PP&E or write-offs. For the year ended December 31, 2024, the Company wrote-off C$0.15 million of E&E assets attributable to land lease expiries.

As at March 31, 2025 and December 31, 2024, the Company's E&E assets in respect of its Basing, Voyager and Dawson CGUs was comprised solely of undeveloped lands in which the Company holds a right to explore for and produce petroleum and/or natural gas.

As at March 31, 2025, the Company assessed the E&E assets for impairment or recovery and did not record any impairment or recovery of its CGUs.

7 PROPERTY, PLANT AND EQUIPMENT

C$	Cost	Accumulated Depletion, Depreciation, and Impairment	Net Book Value
At January 1, 2024	170,549,237	(143,815,735)	26,733,502
Additions	101,002	–	101,002
Change in decommissioning obligations	(968,297)	–	(968,297)
Depletion and depreciation	–	(883,279)	(883,279)
Impairment	(3,036)	(4,319,801)	(4,322,837)
At December 31, 2024	169,678,906	(149,018,815)	20,660,091
At January 1, 2025	**169,678,906**	**(149,018,815)**	**20,660,091**
Additions	**26,563**	**–**	**26,563**
Change in decommissioning obligations	**(19,343)**	**–**	**(19,343)**
Depletion and depreciation	**–**	**(783,360)**	**(783,360)**
Impairment/Write-offs	**–**	**–**	**–**
At March 31, 2025	**169,686,126**	**(149,802,175)**	**19,883,951**

Substantially all of the Company's PP&E consists of development and production assets. For the three months ended March 31, 2025, PP&E additions include G&A capitalized in accordance with the Company's accounting policies of C$0.03 million (2024: C$0.03 million), and the reversal of over accrued amounts from 2023 of C$0.06 million.

Depletion, depreciation and impairment

Depletion and depreciation, impairment of PP&E, and any reversal thereof, are recognized as separate line items in the statement of loss and other comprehensive loss. The depletion calculation for the three-month period ended March 31, 2025 includes estimated future development costs of C$11.7 million (2024: C$11.7 million) associated with the development of the Company's proved plus probable reserves. Impairment and impairment recovery is assessed based on the recoverable amount compared with the asset's carrying amount to measure the amount of the impairment and/or impairment recovery refer to Note 4 in the Financial Statements for additional information on the Company's accounting policies.

As at March 31, 2025, the Company assessed the CGUs for impairment or recovery and did not record any impairment or recovery of its CGUs.

8 RIGHT OF USE ASSETS AND LEASES

(a) Right of use assets

C$	Oil and Gas Production	Office Space	Vehicles	Total
At January 1, 2024	143,869	623,312	21,385	788,566
Additions	–	–	–	–
Amortization	(88,671)	(490,917)	(12,033)	(591,621)
At December 31, 2024	55,198	132,395	9,352	196,945
At January 1, 2025	**55,198**	**132,395**	**9,352**	**196,945**
Additions	**–**	**–**	**–**	**–**
Amortization	**(18,399)**	**(86,034)**	**(5,014)**	**(109,447)**
At March 31, 2025	**36,799**	**46,361**	**4,338**	**87,498**

(b) Lease liabilities

C$	Oil and Gas Production	Office Space	Vehicles	Total
At January 1, 2024	182,437	787,934	21,543	991,914
Additions	–	–	–	–
Interest expense	21,892	64,660	1,271	87,823
Lease payment	(130,000)	(684,672)	(14,000)	(828,672)
At December 31, 2024	74,329	167,922	8,814	251,065
At January 1, 2025	**74,329**	**167,922**	**8,814**	**251,065**
Additions	**–**	**–**	**–**	**–**
Interest expense	**2,973**	**9,286**	**260**	**12,519**
Lease payment	**(27,750)**	**(119,873)**	**(4,666)**	**(152,289)**
At March 31, 2025	**49,552**	**57,335**	**4,408**	**111,295**

Future lease payments are due as follows:

C$	Future lease payments	Interest	Present value
At March 31, 2025			
Within 1 year	112,014	11,266	100,748
1 to 2 years	11,523	976	10,547
Total	**123,538**	**12,242**	**111,295**

9 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

C$	**As at March 31, 2025**	As at December 31, 2024
Trade payables	**1,865,564**	2,233,327
Accrued liabilities	**1,668,647**	1,281,133
Total trade payables and accrued liabilities	**3,534,211**	3,514,460
Capital payables	**2,314,812**	2,788,265
Other payables	**416,671**	2,586,764
Current accounts payable and accrued liabilities	**6,265,694**	8,889,489

All trade payables, accrued liabilities, capital payables and other payables are expected to be settled within one year or are payable on demand. As at March 31, 2025 and December 31, 2024, capital payables are primarily comprised of costs incurred for the drilling of a new exploration well at Basing, which was included in the asset sale in 2024, and costs incurred pursuant to the Contract (as defined in Note 12 of the Company's Financial Statements). As at March 31, 2025 and December 31, 2024, other payables includes C$0.42 million (2024: C$0.44 million) owed pursuant to the Company's Phantom Unit Plan (as defined in Note 12 of the Company's Financial Statements). As at December 31, 2024, other payables includes proceeds from a convertible debenture received prior to the signing of the agreement of C$2.1 million.

Legal claims have been brought against the Company by certain vendors. All expected legal, settlement, and other fees have been accrued as at March 31, 2025 and December 31, 2024. In the opinion of the Directors, after taking appropriate legal advice, the outcome of these legal claims is not expected to give rise to any significant loss beyond the amounts accrued as at March 31, 2025.

Aging analysis of trade payables and accrued liabilities

As at March 31, 2025 and December 31, 2024, the aging analysis of trade payables and accrued liabilities based on dates of invoices at the end of the reporting period is as follows:

C$	**As at March 31, 2025**	As at December 31, 2024
Within 1 month	**424,691**	617,981
1 to 3 months	**219,886**	305,839
4 to 12 months	**873,569**	982,500
1 to 2 years	**240,763**	247,148
Over 2 years	**106,655**	79,859
Total	**1,865,564**	2,233,327

10 LONG-TERM DEBT, LONG-TERM PAYABLE AND CONVERTIBLE DEBENTURES

Long-term debt

As at March 31, 2025 and December 31, 2024, the balances related to term debt are as follows:

C$	**As at March 31, 2025**	As at December 31, 2024
Shareholder loans (net)	**11,315,975**	10,331,024
Term debt	**3,376,014**	3,435,944
Less: deferred financing costs	**(107,129)**	(120,520)
Total	**14,584,860**	13,646,448
Current	**5,654,206**	4,544,566
Long term	**8,930,654**	9,101,882

(a) Term debt

On March 27, 2023, the Company obtained new long-term debt of USD$3.5 million (C$4.7 million) from CIMC Leasing USA, Inc. (the "**CIMC Loan**"). The CIMC Loan has a term of 48 months, bares interest of 9.25% per annum and is secured by the fixed assets owned by the Company, excluding its Oil and Gas assets, and a personal guarantee from Mr. Yongtan Liu, the Company's Chairman. The Company will be required to make monthly interest and principal payments of USD$87,514 beginning on April 27, 2023.

The CIMC Loan will be senior to all other debt and equity payments, including the Jixing Gas Handling and Jixing Voyager Compression Agreements (as defined in Note 26 of the Company's Financial Statements), with exceptions for regular operating payments of Jixing Energy (Canada) Ltd. ("**Jixing**"), which have been approved by CIMC Leasing USA, Inc. as part of the CIMC Loan agreement.

Mr. Liu and/or interests under his control, have loans with CIMC Capital (China), the parent company of CIMC Leasing USA, Inc. In the event there is a default with the existing loans of Mr. Liu and/or interests under his control, it will trigger a default of the CIMC Loan and shareholder loan from Jixing, and the outstanding balances will immediately become due.

On November 25, 2024, CIMC Leasing USA, Inc., Jixing and the Company reached an agreement that a six-month period starting November 27, 2024 allowing the Company and Jixing to be in arrears without penalty or late fees for the repayment of monthly interest and principal payments in arrears (the "**Grace Period**"). No other terms were modified. The Company has to repay in full any foregone payments during the Grace Period by April 25, 2025 or the CIMC Loan and the Jixing Loan will be considered in default. As of March 31, 2025, there are five months of interest and principal payments on the Jixing Loan of approximately USD$1.0 million and approximately USD$0.44 million on the CIMC Loan in arrears.

(b) Shareholder loans

During the three months ended March 31, 2025, the Company received C$1.1 million of funds from a shareholder for which the loan agreement has not yet been signed.

On December 31, 2024, the Company and Jixing agreed to extend the term of the 2019 Shareholder Loan (as defined in Note 13 of the Company's Financial Statements) to December 23, 2026 and the entire balance has been classified as long-term.

On December 31, 2024, the Company and director agreed to extend the term of the 2020 Shareholder Loan (as defined in Note 13 of the Company's Financial Statements) to June 2, 2026 and the entire balance has been classified as long-term.

On February 9, 2024, Jixing advanced C0.09 million to the Company (the "**2024 Shareholder Loan**"), with an initial term of two years, is unsecured, non-interest bearing, carries no covenants, and is repayable at any time at the Company's sole discretion. In calculating the C$0.08 million fair value of the 2024 Shareholder Loan as at February 9, 2024, the Company applied an effective interest rate of 9.1%, comprised of 4% base plus 5.1% Investment Industry Regulatory Organization of Canada's one month Bankers' Acceptance rate. The residual of C$0.01 million was recorded to Contributed Surplus (refer to Note 16 of the Company's Financial Statements).

On March 27, 2023 the Company received a loan from Jixing (the "**Jixing Loan**") for USD$8.0 million (C$10.8 million). The Jixing Loan has a term of 48 months, bares interest of 9.25% per annum and is not secured by the fixed assets owned by the Company. The Company will be required to make monthly interest and principal payments of USD$200,031 beginning on April 27, 2023.

Long-term accounts payable

C$	**As at March 31, 2025**	As at December 31, 2024
Opening carrying amount	**20,696,153**	13,286,657
Fair value adjustments	**(430,661)**	(1,762,189)
Initial measurement of Jixing GHCA liability	**20,265,492**	11,524,468
Additions	**2,501,498**	8,207,778
Less: Repayments	**(45,000)**	(523,000)
Accretion	**471,693**	1,486,907
Closing carrying amount	**23,193,683**	20,696,153
Current	**700,436**	644,112
Long term	**22,493,247**	20,052,041

On March 27, 2023, pursuant to the subordination agreement included the CIMC Loan, the modification of terms of the existing Jixing GHCA (as defined in Note 26 of the Company's Financial Statements), is accounted for as an extinguishment. A gain on extinguishment of substantially modified terms was recognized of $5.1 million in contributed surplus for the year ended December 31, 2023 for the difference between the derecognition of original account payable and recognition of the account payable under subordination agreement with CIMC discounted at the new effective interest rate of 9.4% and a term of 48 months.

The Company incurs monthly costs increasing the total liability over time. For the three months ended March 31, 2025, the company incurred an additional C$2.3 million of cost related to the Jixing GHCA, and an adjustment to contributed surplus of $0.43 million was recognized for the period. Per the terms of the subordination agreement, the Company may make payments against the Jixing GHCA liability for regular operating payments. For the period ended March 31, 2025, the Company paid C$0.05 million against the Jixing GHCA liability. As at March 31, 2025, the Company classified the amount of C$0.7 million as the current portion of the long- term payable to reflect the Company's anticipated payments to Jixing.

In determining the fair value of the Jixing GHCA for the three months ended March 31, 2025, the Company applied an effective rate of 9.14% to 9.43%.

Convertible debentures

As at March 31, 2025 and December 31, 2024, the balances related to the convertible debentures are as follows:

C$	**Debt component**	**Derivative component**
Proceeds of debt	2,179,062	–
Fair value of the derivative component recognized at the issue date	(46,525)	46,525
Interest expense	112,858	–
Change in fair value recognized in profit or loss	–	(6,490)
Foreign exchange adjustments	126,865	1,679
At December 31, 2024	2,372,260	41,714
At January 1, 2025	**2,372,260**	**41,714**
Proceeds of debt	**2,114,802**	**–**
Fair value of the derivative component recognized at the issue date	**(40,182)**	**40,182**
Interest expense	**117,015**	**–**
Change in fair value recognized in profit or loss	**–**	**(339)**
Foreign exchange adjustments	**72,713**	**100**
At March 31, 2025	**4,636,608**	**81,657**

The fair value of derivative component of convertible debentures as at initial measurement and March 31, 2025 have been arrived using the Black-Scholes valuation model is used for valuation of the derivative component. The key inputs used in the model are disclosed in Note 19(f). The share price as at March 31, 2025 was HK$0.091.

On March 19, 2025, the Company entered into a convertible debenture agreement with an independent third party for USD$1.52 million, bearing interest of 9% per annum payable monthly and maturing on December 10, 2025 (the "**December Debenture**"). On July 24, 2024 the Company entered into a convertible debenture agreement with an independent third party for USD$1.6 million, bearing interest of 12% per annum payable monthly and maturing on July 24, 2025 (the "**July Debenture**").

The Company can repay the convertible debentures in full or part upon maturity including accrued and unpaid interest with common shares at a deemed price of HK$0.20 per common share or one common share for each USD$0.02558 of the July Debenture outstanding including accrued and unpaid interest and USD$0.02571 of the December Debenture outstanding including accrued and unpaid interest.

The convertible debentures due in 2025 contain two components, debt component and derivative component (including conversion option). Upon initial recognition, the fair value of July Debenture debt component was USD$1.49 million (equivalent to C$2.1 million) and the fair value of derivative component is USD$0.03 million (equivalent to C$0.05 million). Upon initial recognition, the fair value of December Debenture debt component was USD$1.57 million (equivalent to C$2.2 million) and the fair value of derivative component is USD$0.03 million (equivalent to C$0.04 million). The derivative components are measured at fair value at initial recognition and at the end of the reporting period with fair value gain of C$339 recognized in the profit or loss for the three months ended March 31, 2025.

The fair value of derivative components of convertible debentured as at initial measurement and March 31, 2025 have been determined on the basis of a valuation carried out by the management of JX Energy.

11 DECOMMISSIONING LIABILITIES

C$	**As at March 31, 2025**	As at December 31, 2024
Balance, beginning of period	**1,451,965**	2,372,611
Change in estimate	**(19,343)**	(968,297)
Accretion expense *(Note 14)*	**24,260**	47,651
Balance, end of period	**1,456,882**	1,451,965
Current	**691,448**	691,448
Long term	**764,434**	760,517

The total future decommissioning obligations were estimated based on the Company's net ownership interest in petroleum and natural gas assets including well sites, gathering systems and facilities, the estimated costs to abandon and reclaim the petroleum and natural gas assets and the estimated timing of the costs to be incurred in future periods. As at March 31, 2025, the Company estimated the total undiscounted amount of cash flows required to settle its decommissioning obligations to be approximately C$1.6 million (2024: C$1.5 million) which will be incurred between 2025 and 2072. The majority of these costs will be incurred by 2050. As at March 31, 2025, an average risk free rate of 3.19% (2024: 3.32%) and an inflation rate of 3.19% (2024: 3.32%) were used to calculate the decommissioning obligations.

12 SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares.

b) Issued:

	Common Shares	Amount
		C$
At January 1, 2024	459,886,520	220,212,755
Shares issued for cash	63,000,000	2,540,956
Share issuance costs		(26,940)
Allocation to contributed surplus for shares issued above market value		(309,168)
At December 31, 2024 and March 31, 2025	**522,886,520**	**222,417,603**

c) Stock options and share-based expenses:

The Company has a stock option plan which was approved and adopted by the shareholders of the Company by ordinary resolution passed on June 8, 2018 (the "**Option Plan**"). The Option Plan is a rolling plan and provides that the number of common shares issuable under the Option Plan, together with all of the Company's other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of issued and outstanding common shares, on a non-diluted basis, as of the date on which the Option Plan is approved by the shareholders. The exercise price of each option equals the volume-weighted average market price for the five days preceding the issue date of the Company's stock on the date of grant and the option's maximum term is ten years. Options granted vest 1/3 on each of the first, second and third anniversaries from the date of grant.

HK$ except number of options amounts	Number of Options	Exercise Price
At January 1, 2024	4,580,200	$0.51
Cancelled	(1,500,000)	0.52
At December 31, 2024 and March 31, 2025	**3,080,200**	**$0.51**

The average trading price of the Company's common shares was HK$0.146 per share for the three months ended March 31, 2025. The following table summarizes stock options outstanding and exercisable at March 31, 2025:

Exercise Price *(HK$)*	Amount Outstanding at Period End	Remaining Contractual Life	Weighted Average Exercise Price *(HK$)*	Amount Exercisable at Period End	Weighted Average Exercise Price *(HK$)*
$0.48	800,200	2.67 years	$0.48	533,467	$0.48
$0.52	2,280,000	0.12 years	$0.52	2,280,000	$0.52

d) Contributed surplus:

As at March 31, 2025 and December 31, 2024, contributed surplus is comprised of the difference between the deemed fair value and gross value of the Shareholder Loans and Long-term payable (refer to Note 10) at the date of initial recognition, share-based expenses incurred during the period, and the allocation of shares issued during the year in excess of market value.

13 REVENUE

	Three Months ended March 31,	
C$	**2025**	2024
Commodity sales from production		
Natural gas, natural gas liquids and condensate	**2,635,246**	2,521,518
Crude oil	**273,234**	305,934
Total commodity sales from production	**2,908,480**	2,827,452
Trading revenue (loss)		
Natural gas trading revenue	**15,781**	35,081
Natural gas trading cost	**(5,954)**	(32,062)
Total trading revenue (loss)	**9,827**	3,019
Other income		
Total other income	**3,535**	724

The Company sells its products pursuant to variable-price contracts. The transaction price for variable price contracts is based on the commodity price, adjusted for quality, location or other factors, whereby each component of the pricing formula can be either fixed or variable, depending on the contract terms. Commodity prices are based on market indices that are determined on a monthly or daily basis. The contracts generally have a term of one year or less, whereby delivery takes place throughout the contract period. Revenues are typically collected on the 25th day of the month following production.

Trading revenue is realized when the Company purchases natural gas on the open market to meet its forward sale obligations. It is measured at the fair value of the consideration received or receivable, net of the costs incurred to purchase the natural gas.

Other income is comprised of over-riding royalty payments and income generated from sources outside normal operations including subsidies. Over-riding royalty payments are periodically received from arm's length entities, whereby the Company receives a portion of oil and natural gas revenues generated from wells in which it holds a royalty interest.

Information about major customers

During the three months ended March 31, 2025 and 2024, the Company had five active customers, of which two customers exceeded 10% of the Company's revenues. During the three months ended March 31, 2025, the Company' largest customer accounted for 71% of revenues (2024: 69%), the second largest customer accounted for 14% of revenues (2024: 11%).

Geographical information

The Group's revenue from external customers and non-current assets are all located in Canada.

Timing of revenue recognition

For the three months ended March 31, 2025 and 2024, all of the Company's revenues and commodity sales from production is recognized at a point in time.

14 FINANCE EXPENSES

C$	Three Months ended March 31, **2025**	2024
Interest expense and financing costs:		
Term debt *(Note 10)*	**68,235**	89,999
Shareholder term loan debt *(Note 10)*	**155,966**	204,929
Right of use assets and leases *(Note 8)*	**12,519**	23,483
Commitment charges[1]	**1,689**	25,083
Convertible debenture *(Note 10)*	**117,016**	–
Other financing costs and bank charges	**4,984**	13,448
Accretion expenses:		
Decommissioning liabilities *(Note 11)*	**24,260**	52,262
Shareholder loans *(Note 10)*	**60,345**	(100,643)
Long-term payable *(Note 10)*	**471,693**	310,654
Amortization of debt issuance costs	**13,391**	13,391
Loss on foreign exchange[2]	**85,189**	311,833
Total finance expenses	**1,015,287**	944,439

(1) For the three months ended March 31, 2025 and 2024, commitment charges are primarily comprised of costs associated with the Company's PSG facility (Note 19(e)).

(2) For the three months ended March 31, 2025, the loss on foreign exchange is primarily due to the conversion of the Company's USD term debt, shareholder loan, and convertible debentures. For the three months ended March 31, 2024 the gain on foreign exchange is primarily due to the conversion of the Company's USD term debt and shareholder loan.

15 INCOME TAXES

The blended statutory tax rate was 23% for the three month period ended March 31, 2025 (2024: 23%). As at March 31, 2025, the Company has approximately C$166 million of tax deductions, which includes loss carry forwards of approximately C$56 million which begin to expire in 2037.

16 INCOME (LOSS) PER SHARE

C$ except share amounts	Three Months ended March 31, **2025**	2024
Loss and comprehensive loss	**(3,575,957)**	(3,429,736)
Weighted average number of common shares	**522,886,520**	477,029,377
Dilutive shares[1]	**104,577,304**	–
Income (loss) per share – basic	**(0.01)**	(0.01)
Income (loss) per share – diluted	**(0.01)**	(0.01)

(1) The dilutive shares represent the maximum number of shares that would be issued related to the convertible debentures. The dilutive shares related to the convertible debentures are limited to the Company's general mandate of 104,577,304 common shares that could be issued without a special shareholders' meeting pursuant to the Listing Rules of The Stock Exchange of Hong Kong Limited.

There were 3.08 million options and excluded from the weighted-average share calculations for the three months ended March 31, 2025 and 2024 because they were anti-dilutive. `

17 DIVIDEND

The Board did not recommend the payment of a dividend for the three months ended March 31, 2025 and 2024.

18 RELATED PARTY TRANSACTIONS, PERSONNEL COSTS AND REMUNERATION POLICY

Remuneration policy

The Company's remuneration and bonus policies are determined by the performance of individual employees. The emolument of the executives are recommended by the remuneration committee of the Company, having regard to the Company's operating results, the executives' duties and responsibilities within the Company and comparable market statistics.

(a) ***Transactions with key management personnel***

Key management compensation for the three month period ended March 31, 2025 and 2024 including director's emoluments is as follows:

C$	**Three Months ended March 31, 2025**	2024
Director's fees	**29,918**	10,000
Salaries, allowance and other benefits	**99,149**	112,378
Share-based payments and phantom unit adjustments	**1,778**	33,151
Severance	**–**	385,000
Employer portion of Canadian Pension Plan contributions	**7,125**	9,958
Total	**137,970**	550,487

(b) ***Transactions with directors***

Directors' Fees and Phantom Unit Plan

Director compensation for the three month period ended March 31, 2025 totaled C$0.03 million (2024: C$0.04 million), comprised of C$0.03 million of cash paid or accrued during the period (2024: C$0.01 million) and C$Nil accrued pursuant to the Phantom Unit Plan (as defined in Note 19 of the Company's Financial Statements) (2024: C$0.03 million). As at March 31, 2025 the total accrued compensation under the Phantom Unit Plan was C$0.4 million (2024: C$0.5 million).

Receipt of Shareholder Loans

During the three months ended March 31, 2025, the Company received C$1.1 million of funds from a shareholder for which the loan agreement has not yet been signed.

Save as disclosed above, all other transactions with directors are unchanged from those disclosed in Note 26 of the Financial Statements.

19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has exposure to credit risk, liquidity and market risk from its use of financial instruments. This note presents information about the Company's exposure to each of the risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

(a) Credit risk

The Company's credit risk on cash arises from possible default of the counterparty. The Company limits its exposure to counterparty credit risk on cash by only dealing with financial institutions with high credit ratings.

Credit risk on trade and other receivables is the risk of financial loss to the Company if a customer or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from purchasers of the Company's crude oil and natural gas and joint venture partners. The Company seeks to manage its credit risk on trade and other receivables by trading with third party customers it considers to be creditworthy. As at March 31, 2025, the Company's accounts receivables consisted of C$1.05 million (March 31, 2024: C$0.78 million) due from purchasers of the Company's crude oil and natural gas production.

Receivables from purchasers of the Company's crude oil and natural gas when outstanding are normally collected on the 25th day of the month following production. The carrying amount of accounts receivable and cash balances represents the maximum credit exposure. In determining whether amounts past due are collectible, the Company will assess the nature of the past due amounts as well as the credit worthiness and past payment history of the counterparty. The Company has determined that no allowance for impairment was necessary as at March 31, 2025 and December 31, 2024. The Company has also not written off any receivables during the period ended March 31, 2025 and year ended December 31, 2024 as all material accounts receivables were collected in full. There are no material financial assets that the Company considers at risk of collection. As at March 31, 2025 and December 31, 2024, the majority of the trade receivables were less than 90 days old.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions. The Company will attempt to match its payment cycle with collection of crude oil and natural gas revenues on the 25th of each month. The Company prepares annual budgets and updates forecasts for operating, financing and investing activities on an ongoing basis to ensure it will have sufficient liquidity to meet its liabilities when due (see Note 3).

The current challenging economic climate may lead to adverse changes in cash flow, working capital levels or debt balances, which may also have a direct impact on the Company's results and financial position. These and other factors may adversely affect the Company's liquidity and the Company's ability to generate profits in the future.

The contractual maturities of financial liabilities as at March 31, 2025 are as follows:

C$	Carrying amount	Total	1 year or less	1-2 years	3-5 years	5+ years
Accounts payable and accrued liabilities	6,265,694	6,265,694	6,265,694	–	–	–
Long-term payable[3]	23,193,683	27,737,849	700,436	27,037,413	–	–
Lease liabilities	111,295	123,538	112,015	11,523	–	–
Shareholder loans[1]	11,315,975	11,541,753	4,432,677	7,109,076	–	–
Convertible debentures[4]	4,636,608	4,727,002	4,727,002	–	–	–
Term debt[2]	3,268,885	3,376,014	1,821,539	1,554,475	–	–
Total	**48,792,140**	**53,771,850**	**18,059,363**	**35,712,487**	**–**	**–**

(1) Carrying amount is the net value of shareholder loans per Note 10.

(2) Carrying amount is term debt value per Note 10 less deferred financing costs.

(3) Carrying amount is the long-term payable fair value per Note 10.

(4) Carrying amount is the convertible debentures balance of the debt portion per Note 10.

(c) Market risk

Market risk is the risk that changes in market metrics, such as commodity prices, foreign exchange rates and interest rates that will affect the Company's valuation of financial instruments, the debt levels of the Company, as well as its profit and cash flow from operations. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for crude oil and natural gas are impacted by not only the relationship between the Canadian and United States dollar but also world economic events that dictate the levels of supply and demand. The Company may utilize commodity contracts as a risk management technique to mitigate exposure to commodity price volatility. The Company did not enter into any financial derivatives to mitigate commodity price risk during the three months ended March 31, 2025 and 2024.

Interest rate risk

As at March 31, 2025 and 2024, the Company's debts are comprised of shareholder's loans, term debt and amounts owing under the Contract (refer to Note 12 in the Financial Statements), which all carry a fixed interest rate. As at March 31, 2025 and 2024, the Company has no variable rate borrowings. As such, a one percent change in prevailing interest rates would not change the Company's net loss for the three months ended March 31, 2025 and 2024.

Foreign currency risk

The Company manages foreign exchange risk by monitoring foreign exchange rates and evaluating their effects on using Canadian versus United States or Hong Kong vendors as well as timing of transactions. The Company recognizes a foreign exchange gain/loss based on the revaluation of monetary items held in United States Dollars ("**USD**") or Hong Kong Dollars ("**HKD**") and the value changes with the fluctuation in the USD/CAD and HKD/CAD exchange rates.

As at March 31, 2025 and December 31, 2024, the Company's overall net exposure to foreign exchange risk is as follows:

Expressed in C$	**As at March 31, 2025**	As at December 31, 2024
HKD Cash and cash equivalents	**1,593**	3,436
USD Cash and cash equivalents	**200**	256
HKD Trade and other payables	**(364,715)**	(298,085)
USD Trade and other payables	**(1,150)**	(2,116,065)
USD Long term debt *(current and long term portions)*	**(11,092,617)**	(11,291,092)
USD Convertible debentures *(debt component)*	**(4,636,608)**	(2,372,260)
Overall net exposure	**(16,093,297)**	(16,073,810)

(d) Capital management

The Company's general policy is to maintain an appropriate capital base in order to manage its business in the most effective manner with the goal of increasing the value of its assets and thus its underlying share value. The Company's objectives when managing capital are to maintain financial flexibility in order to preserve its ability to meet financial obligations; to maintain a capital structure that allows the Company to favor the financing of its growth strategy using internally -generated cash flow and its debt capacity; and to optimize the use of its capital to provide an appropriate investment return to its shareholders.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying crude oil and natural gas assets. The Company considers its capital structure to include shareholders' equity, long-term payable, long-term debt, convertible debt and working capital. To assess capital and operating efficiency and financial strength, the Company continually monitors its net debt.

The Company has not paid nor declared any dividends since its inception.

As part of its capital management process, the Company prepares budgets and forecasts, which are used by management and the Board of Directors to direct and monitor the strategy and ongoing operations and liquidity of the Company. Budgets and forecasts are subject to significant judgment and estimates relating to activity levels, future cash flows and the timing thereof and other factors which may or may not be within the control of the Company.

The following represents the capital structure of the Company:

C$	**As at March 31, 2025**	As at December 31, 2024
Long term debt *(excluding current portion as per Note 10)*	**8,930,654**	9,101,882
Long-term payable *(excluding current portion as per Note 10)*	**22,493,247**	20,052,041
Long term lease liabilities *(current portion included in net working capital deficit)*	**10,547**	10,547
Convertible debentures *(debt component)*	**4,636,608**	2,372,260
Net working capital deficit *(excluding convertible debentures)*	**11,624,401**	13,905,713
Net debt	**47,695,457**	45,442,443
Shareholders' equity	**(24,604,493)**	(21,460,975)
Total	**23,090,964**	23,981,468

(e) Performance services guarantee ("PSG") facility

On April 25, 2018, the Company obtained a PSG facility from Economic Development Canada ("**EDC**") totaling C$4.4 million. On July 30, 2020 the aggregate PSG was reduced to C$1.85 million. On October 17, 2022, the aggregate PSG was reduced to C$1.55 million. On February 25, 2025, the aggregate PSG was reduced to C$0.78 million. Under the terms of the PSG facility, EDC will guarantee qualifying letters of credit ("**L/C**") on behalf of the Company. Previously, these L/C's were cash collateralized, following approval by the EDC the requirement of the Company to hold cash to underwrite the L/C is relieved for the duration of the PSG approval.

Under the terms of the PSG facility, the L/C guarantee period is the lesser of one year or the term of the L/C if less than 12 months. The guarantee can be renewed annually for long term L/C's subject to subsequent approval by the EDC. As at March 31, 2025, the Company has PSG coverage for the following L/C:

Amount	**Expiry**
C$650,000	March 16, 2026

During the three months ending March 31, 2025, the holder of the C$0.08 million L/C was called and PSG facility covered the amount of the L/C. The Company will begin repaying the called L/C to EDC in equal monthly installments over six months starting in May 2025.

The PSG facility has a 12 month term and must be renewed annually. The current term expires on August 31, 2025. If the facility is not approved for renewal, the PSG coverage will terminate at the expiry of the existing L/C's and the Company will seek alternative insurance arrangements to guarantee the L/C's or cash collateralize them.

(f) Fair value measurements of financial instruments

Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis.

The following table gives information about how the fair values of the Company's financial liabilities are determined (in particular the valuation technique and inputs used):

Financial liabilities	Fair value at March 31, 2025 *C$*	Fair value hierarchy	Valuation technique and inputs used
Derivative component of July Debenture	**42,046**	Level 3	Black-Scholes Model Fair value is estimated based on time to maturity, stock price, conversion price, risk-free rate, discount rate, expected volatility and expected dividend.
Derivative component of December Debenture	**39,611**	Level 3	
Total	**81,657**		

As at December 31, 2024 a 1% increase/(decrease) in growth rate would not materially impact the fair value. There were no transfers among different levels during the year.

Reconciliation of Level 3 fair value measurements	July Debenture	December Debenture	Total
As at December 31 and January 1, 2024	–	–	–
Fair Value recognized at the issue date	46,525	–	46,525
Change in fair value recognized in profit or loss	(6,490)	–	(6,490)
Foreign exchange adjustments	1,679	–	1,679
At December 31, 2024	41,714	–	41,714
At January 1, 2025	**41,714**	**–**	**41,714**
Fair Value recognized at the issue date	**–**	**40,182**	**40,182**
Change in fair value recognized in profit or loss	**370**	**(709)**	**(339)**
Foreign exchange adjustments	**(38)**	**138**	**100**
At March 31, 2025	**42,046**	**39,611**	**81,657**

20 COMMITMENTS

Commitments and contingencies exist under various agreements and operations in the normal course of the Company's business. The following table outlines the Company's commitments as at March 31, 2025:

C$	**Total**	**Less than 1 year**	**1-2 years**	**3-5 years**	**After 5 years**
Transportation commitment	5,424,619	3,159,315	2,265,304	–	–
Jixing agreements[2]	116,642,594	9,613,188	14,707,219	10,402,500	81,919,687
PSG facility[1]	650,000	650,000	–	–	–
Total	**122,717,213**	**13,422,503**	**16,972,523**	**10,402,500**	**81,919,687**

(1) The PSG facility commitment will only be due if the facility is not renewed and the L/C's are cash collateralized by the Company (see Note 19).

(2) Refer to Note 26 in the Financial Statements for details on the Jixing agreements.

Transportation Commitment:

The Company entered into a take or pay firm service transportation agreement with committed transportation volumes as below:

Description	**Volume** *(MMcf/d)*	**Effective date**	**Expiring date**	**Duration**
JX FT-R with NGTL	47.29	2018-12-01	2026-11-30	8 years

The firm service transportation agreements cover the period from December 1, 2018 to November 30, 2026 (the firm service fee varies and is subject to review by the counter-party on an annual basis). The amounts presented in the Commitments table above for the transportation service commitment fee is based on fixed transportation capacity as per these agreements and management's best estimate of future transportation charges.

21 SUBSEQUENT EVENTS

Per the agreement signed between the Company and CIMC on November 25, 2024, the Company was unable to repay the amounts foregone payments during the Grace Period on April 25, 2025. As at the date of these interim financial statements, CIMC has not called the loans, and the Company is negotiating with CIMC to extend the Grace Period.

JX Energy Ltd.

（吉星新能源有限責任公司）*

(incorporated under the laws of Alberta with limited liability)

(Stock Code: 3395)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months ended March 31, 2025 and 2024

* *For identification purpose only*

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("**MD&A**") of JX Energy Ltd., ("**JX**" or "**JX Energy**" or the "**Company**") should be read in conjunction with the Company's audited financial statements and notes thereto for the years ended December 31, 2024 and 2023 (the "**Financial Statements**"). All amounts and tabular amounts in this MD&A are stated in thousands of Canadian dollars ("**C$000**") unless indicated otherwise. This MD&A is dated May 15, 2025.

FORWARD LOOKING INFORMATION

Certain statements in this MD&A are forward-looking statements that are, by their nature, subject to significant risks and uncertainties and the Company hereby cautions investors about important factors that could cause the Company's actual results to differ materially from those projected in a forward-looking statement. Any statements that express, or involve discussions as to expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will", "expect", "anticipate", "estimate", "believe", "going forward", "ought to", "may", "seek", "should", "intend", "plan", "projection", "could", "vision", "goals", "objective", "target", "schedules" and "outlook") are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including the risk factors detailed in this MD&A), uncertainties and other factors some of which are beyond the Company's control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, the Company strongly cautions investors against placing undue reliance on any such forward-looking statements. Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on estimates and assumptions that the resources and reserves described can be profitably produced in the future. Further, any forward -looking statement speaks only as of the date on which such statement is made and the Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events.

All forward-looking statements in this MD&A are expressly qualified by reference to this cautionary statement.

NON-IFRS FINANCIAL MEASURES

The financial information contained herein has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and sometimes referred to in this MD&A as Generally Accepted Accounting Principles ("**GAAP**") as issued by the International Accounting Standards Board ("**IASB**").

This MD&A also includes references to financial measures commonly used in the oil and natural gas industry. These financial measures are not defined by IFRS as issued by IASB and, therefore, are referred to as non-IFRS measures. The non-IFRS measures used by the Company may not be comparable to similar measures presented by other companies. See "Non-IFRS Financial Measures" of this MD&A for information regarding the following non-IFRS financial measures used in this MD&A: "operating netback" and "adjusted EBITDA".

FUTURE PROSPECTS

The Company acquired Petroleum and Natural Gas Licenses for Basing, Voyager and Kaydee in the Alberta Foothills and Dawson near Peace River in northern Alberta between 2006 and 2018. Approximately 90% of the Company's revenue is generated from the Basing area. Voyager is geologically analogous and located approximately 30 kilometers ("**km**") from Basing.

During 2024, commodity prices continued to fall as the ongoing global impact of the wars in Ukraine and the middle east, global warming and supply chain interruptions have created additional volatility in commodity markets. The price for natural gas in Western Canada for 2025 is forecasted to increase substantially from the 2024 average. As the spot price for Western Canadian gas changes daily, there is no guarantee the Company will sell its gas in the future for currently forecast prices. The Company is evaluating additional targets which it would look to commence drilling on during 2025 and 2026, subject to availability of capital, if prices reach the averages from 2022.

On March 19, 2025 the Company entered into a convertible debenture agreement with an independent third party for USD$1.5 million, bearing interest of 9% per annum payable monthly, and matures on December 10, 2025. The Company can repay the convertible debenture in full or part upon maturity including accrued and unpaid interest with common shares at a deemed price of HK$0.20 per common share so long as the total shares to be issued does not exceed the Company's general mandate of 104,577,304 pursuant to the Listing Rules of The Stock Exchange of Hong Kong Limited. Upon maturity, if the Company has already issued common shares under the general mandate, the number of common shares remaining under the general mandate can be used to repay the debenture in part. Any remaining balance will be repaid in cash.

On July 24, 2024 the Company entered into a convertible debenture agreement with an independent third party for USD$1.6 million, bearing interest of 12% per annum payable monthly, and matures on July 24, 2025. The Company can repay the convertible debenture in full or part upon maturity including accrued and unpaid interest with common shares at a deemed price of HK$0.20 per common share so long as the total shares to be issued does not exceed the Company's general mandate of 104,577,304 pursuant to the Listing Rules of The Stock Exchange of Hong Kong Limited. Upon maturity, any common shares issued in lieu of payment in cash, will be issued under the general mandate.

In May 2024, the Company issued 33,000,000 common shares related to a private placement announced in March 2024 for total proceeds of C$1.26 million.

On February 27, 2024, the Company accepted a non-binding Letter of Intent ("**LOI**") from an independent third party to purchase five sections of undeveloped land in the Basing CGU for C$1.9 million. On April 1, 2024, the purchase and sale agreement was executed, the gross proceeds of C$1.9 million were received, and the transaction was completed. The Company did not incur any significant additional costs because of the sale.

In February 2024, the Company issued 30,000,000 common shares related to a private placement announced in November 2023 for total proceeds of C$1.28 million.

SELECTED QUARTERLY INFORMATION

Daily Average Production	**Q1 2025**	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Natural gas (mcf/d)	**10,231**	3,746	(16)	1,361	8,121	8,899	10,413	6,883
Crude oil (bbls/d)	**26**	28	33	33	42	59	57	62
NGLs and condensate (bbls/d)	**75**	33	0	18	84	90	112	41
Total production (boe/d)	**1,807**	685	30	280	1,480	1,633	1,904	1,251
Daily Average Trading								
Natural gas (boe/d)	**13**	18	3	4	31	9	12	92
Daily Average Sales (boe/d)	**1,820**	703	33	284	1,511	1,642	1,916	1,342

Financial *C$000s except share amounts*	**Q1 2025**	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Production revenue	**2,908**	1,174	252	715	2,827	3,177	3,951	2,391
Net trading (loss) revenue	**10**	–	(2)	–	3	–	–	(21)
Royalties (expense) recovery	**(198)**	(78)	(48)	70	(32)	(553)	(459)	541
Operating costs	**(4,199)**	(3,358)	(3,169)	(3,318)	(3,656)	(3,733)	(3,702)	(3,358)
Operating netback[1]	**(1,479)**	(2,262)	(2,968)	(2,533)	(858)	(1,109)	(210)	(447)
Net (loss) income	**(3,576)**	(8,777)	(4,212)	(3,848)	(3,430)	(14,235)	(2,863)	(1,966)
Net working capital[2]	**(16,261)**	(16,278)	(20,606)	(13,307)	(12,177)	(13,120)	(11,874)	(16,526)
Total assets	**25,726**	25,888	30,812	31,340	34,722	35,508	47,264	48,474
Capital expenditures (disposals)[3]	**28**	27	43	82	(32)	268	57	79
Income (loss) per share (basic & diluted)	**(0.01)**	(0.02)	(0.01)	(0.01)	0.01	(0.03)	(0.01)	(0.00)

(1) Operating netback is defined as revenue less royalties, trading cost and operating costs. Operating netback is a non-IFRS financial measure. See "Non-IFRS Financial Measures" for further information.

(2) Net working capital consists of current assets less current liabilities. As at June 30, 2024, C$2.0 million of shareholder loan has been classified as current as it is due for repayment in June 2025. As at September 30, 2024, C$11 million of term debt has been classified as current as the Company is two months in arrears of payments.

(3) Capital expenditures consist of total expenditures for property, plant and equipment plus exploration and evaluation assets, net of accrual reversals, excluding changes in non-cash working capital.

Selected Quarterly Information Summary

The Company's total production is impacted by seasonal fluctuations experienced in western Canada. During the Canadian winter (October — March), demand for gas is highest as it is used for heating and power generation. The market price for natural gas is cyclical and follows demand, with prices generally strongest in the winter, and weakest in summer. Historically, the Company's revenues have been strongest during the first and fourth quarters, and weakest in the second and third quarters, reflecting the demand cycle.

Commodity prices in Q1 2025 increased above the Q4 2024 averages and the Company resumed full production during the quarter. The Company expects that prices will continue to recover through 2025 and continues to explore forward sales contracts to provide certainty of production revenues during periods where the gas price is low.

Gas price in Q1 2024 remained low as the winter was unseasonably warm contributing to the Company's overall drop in revenue and net loss. In April 2024, the Company determined that the price of gas was uneconomic for its production and shut in its gas wells to preserve the reserves for future production once the price of gas recovers. In October 2024, the Company restarted some of its gas production.

In Q2 2023, the Company was forced to shut in production of its Basing wells due to forest fires in the area for approximately two weeks and had reduced production for approximately four weeks while the area and processing plant recovered from the fires. Also in Q2 2023, the Company received royalty credits from the Government of Alberta through re-submission of prior years capital expenditure reporting, and the reduction in production because of the forest fires. These credits significantly contributed to the Company's ability to reduce it's net loss for the quarter.

The Company's higher net loss experienced in the fourth quarter of 2024 and 2023 is attributable to impairment losses and write-offs recognized during the period. These impairment losses are non-cash charges resulting from assessments which indicated the carrying costs of the Company's assets exceed their estimated future recoverable amounts.

RESULTS OF OPERATIONS

Daily Production and Sales Volumes

Boe Conversions – Per barrel of oil equivalent amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil equivalent (6:1). Barrel of oil equivalents ("**boe**") may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, as the value ratio between natural gas and crude oil based on current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

	Three months ended March 31,		
	2025	2024	Change
Production			
Natural gas (mcf/d)	**10,231**	8,030	27%
Oil (bbl/d)	**26**	41	(35%)
NGLs (bbl/d)	**30**	22	36%
Condensate (bbl/d)	**46**	60	(24%)
Total production (boe/d)	**1,807**	1,461	24%
Trading			
Natural gas (mcf/d)	**80**	184	(56%)
Total trading (boe/d)	**13**	31	(56%)
Total sales volume (boe/d)	**1,820**	1,492	22%

Total sales volume for the three months ended March 31, 2025 was 22% higher, than the comparative period attributable to the increased wellhead pressure to allow for additional production over historical levels.

The Company did not enter into any forward sales contracts during the three months ended March 31, 2025 and 2024, and traded gas on days when it would not be able to deliver its nominated volume. As nominations are made daily, a shortfall experienced on a given day can be rectified the next day adjusting the nomination to reflect changes in production.

As the Company's production is generally stable, shortfalls are infrequent as demonstrated by the small quantity of gas traded during the three months ended March 31, 2025 and 2024 comprising only 0.7% and 2.1% respectively, of the total gas sold during the periods.

Natural gas liquids ("**NGLs**") and condensate production are by-products of natural gas. The amount of NGL and condensate production varies for each well, and their production rates as a percentage of natural gas production can change over time. On an absolute boe/d basis, NGL and condensate production as a percent of natural gas boe/d was consistent for the three months ended March 31, 2025 and 2024 at approximately 1.7% and 1.6% respectively.

Oil production for the three months and year ended March 31, 2025 was 35% lower than the comparative period in 2024 as the Company saw a reduction in production days for maintenance and repairs.

Revenue

	Three months ended March 31,		
C$ 000s	**2025**	2024	Change
Production			
Natural gas	**2,073**	1,960	6%
Crude oil	**273**	306	(11%)
NGLs	**96**	58	65%
Condensate	**466**	503	(7%)
Total production revenue	**2,908**	2,827	3%
Trading			
Natural gas trading revenue	**16**	35	(55%)
Natural gas trading cost	**(6)**	(32)	(81%)
Total trading revenue (loss)	**10**	3	209%
Other income	**4**	1	388%
Total revenue	**2,921**	2,831	3%

Production revenue for the three months ended March 31, 2025 increased 3% over the comparative period in 2024 primarily due to the drop in gas price offset by the increase in production.

Crude oil production revenue for the three months ended March 31, 2025 was impacted by experiencing fewer production days due to repairs and maintenance and general production declines despite the increase in average sales price for the quarter.

NGL revenue for three months ended March 31, 2025 increased 65% over the comparative period in 2024 due to both the production increase and a substantial increase in average sales price.

Commodity prices

	Three months ended March 31,		
	2025	2024	Change
Natural gas *(C$/mcf)*			
Average market price *(AECO)*	**2.13**	2.03	5%
Average trading price	**2.19**	2.09	4%
Average trading cost price	**0.82**	1.91	(57%)
Average sales price	**2.23**	2.52	(11%)
Crude oil *(C$/bbl)*			
Average market price *(Edmonton Par)*	**95.19**	103.82	(8%)
Average sales price	**114.56**	82.20	39%
Sales/market differential	***20%***	*(21%)*	
NGLs *(C$/bbl)*			
Average market price *(Propane/Butane)*	**43.86**	38.08	15%
Average sales price	**36.02**	29.42	22%
Sales/market differential	***(18%)***	*(23%)*	
Condensate *(C$/bbl)*			
Average market price *(Pentane Plus)*	**99.19**	98.68	1%
Average sales price	**113.53**	92.30	23%
Sales/market differential	***14%***	*(6%)*	

Realized gas price sales for the three months ended March 31, 2025 was 11% lower than the same period in 2024 due to average sales price for the period decreasing. Natural gas price is impacted by the quality of the gas and, generally, the greater the Btu of the gas produced the realized price will exceed the AECO average.

Typically, the AECO price is highest during the cold winter months from October through March. The temperature throughout the first three months of 2024 was unseasonably warm contributing to the lower overall AECO pricing during the three months ended March 31, 2024. The Company does not utilize forward contracts to sell its gas and daily trading prices do not necessarily reflect the average AECO price for the period.

During the three months ended March 31, 2025 and 2024, the Company traded gas as required to meet shortfalls in its daily production nomination. The average trading price is a function of the gains or losses realized on the quantity and price of gas traded over a given time, and therefore not directly comparable to prior periods.

NGL and Condensate production is tied to natural gas production. The Company's natural gas wells produce varying amounts of NGLs (propane and butane), which are sold at different prices in the market. For the three months ended March 31, 2025, the average sales price for NGLs reflects the impact of market demand and production mix. The quantity of butane and propane produced by a well can change over time and generally, the more butane produced, the higher the realized price for NGLs.

The Company's realized crude oil prices for the three months ended March 31, 2025 were higher than the average market prices over the same period attributable to the quality of the oil produced and that the Company can control when product is shipped. Variations from the benchmark are a function of product sales occurring periodically over the quarter, compared to the average daily reference price.

Royalties

	Three months ended March 31,		
C$ 000s	**2025**	2024	Change
Natural gas, NGLs and condensate	**89**	(73)	(222%)
Crude oil	**109**	105	4%
Total royalties	**198**	32	520%
Effective average royalty rate	**7%**	1%	503%

In Alberta, royalties are set by a sliding scale formula containing separate elements that account for market price and well production. Royalty rates will fluctuate to reflect changes in production rates, market prices and cost allowances. On a "per-well" basis, for the three months ended March 31, 2025 and 2024, the Company's base royalty rate for natural gas ranged from 5% to 26%, the base royalty rate for NGLs (propane and butane) was 30% and the base royalty rate for condensate and crude oil was 40%. Effective royalty rates can differ from the base rates if the production qualifies for any cost allowances which offset the base amount payable.

Operating Costs

	Three months ended March 31,		
C$ 000s	**2025**	2024	Change
Natural gas, NGLs and condensate	**4,112**	3,548	16%
Crude oil	**87**	108	(20%)
Total operating costs	**4,199**	3,656	15%
Unit Cost *(C$/boe)*			
Natural gas, NGLs and condensate	**25.66**	27.46	(7%)
Crude oil	**36.14**	29.02	25%
Average cost	**25.82**	27.50	(6%)

Total operating costs ("**opex**") for natural gas, NGLs and condensate for the three months ended March 31, 2025 was 16% higher than the comparative period in 2024 reflecting the increase in production for the period. On a Unit Cost basis, 2024 opex for the three months ended March 31, 2025 was lower than the comparative period due to operational efficiency from increase production.

Total opex for crude oil decreased for the three months ended March 31, 2025 due to decreased production as evidenced by the increase in unit cost for the same period.

General and Administrative Costs

	Three months ended March 31,		
C$ 000s	**2025**	2024	Change
Staff costs	**106**	507	(79%)
Directors fees	**30**	10	199%
Phantom Unit charges (recovery)	**–**	29	(100%)
Accounting, legal and consulting fees	**95**	116	(18%)
Office	**(43)**	(68)	(37%)
Share-based expense	**2**	4	(56%)
Other	**3**	35	(89%)
Total G&A costs	**193**	633	(69%)
Capitalized staff costs	**27**	33	(20%)

For the three months ended March 31, 2025, the decrease in staff costs, phantom unit charges and directors' fees reflect the changes in the CEO and board. In February 2024, the Company's CEO resigned, and a severance of C$385 was incurred.

For the three months and year ended March 31, 2025, the Company's accounting, legal and consulting fees in the current period were lower than the same period in 2024, reflecting the increase in consulting and legal fees staff changes and financing efforts during the three months ended March 31, 2024.

For the three months ended March 31, 2025, office expenses decreased over the same period in 2024 primarily due to the Company moving its head office and subleasing the space which ended in February 2025. For the three months ended March 31, 2025 and 2024 other costs include memberships, travel and accommodation, and computer and software contracts. For the year three months March 31, 2025 other costs dropped due to the Company not renewing certain computer and software contracts that were in effect for 2024.

Capitalized G&A costs are comprised of qualifying expenditures in respect of geological and geophysical activities. The Company reviews its capitalized G&A costs policy periodically and will adjust the amount as required.

Finance Expenses

C$ 000s	**Three months ended March 31,** **2025**	2024	Change
Interest expense and financing costs:			
Term debt	**68**	90	(24%)
Shareholder loan term debt	**156**	205	(24%)
Right of use assets and leases	**13**	23	(43%)
Commitment charges	**2**	25	(92%)
Convertible debenture *(Note 13)*	**117**	–	100%
Other financing costs and bank charges	**5**	13	(62%)
Accretion expenses:			
Decommissioning liabilities	**24**	52	(54%)
Shareholder loans	**60**	(101)	(159%)
Long-term payable *(Note 10)*	**472**	311	52%
Amortization of debt issuance costs	**13**	13	
Loss (gain) on foreign exchange	**85**	312	(73%)
Total finance expenses	**1,015**	944	8%

For the three months ended March 31, 2025, interest expense was incurred from the Company's term debt, shareholder loan term debt, convertible debenture, and capitalized leases. In November 2024, the Company obtained an agreement from its term lenders, whereas, the Company has been given a grace period for payments on its loans until April 27, 2025. If the agreement is not extended, the Company is required to repay the foregone interest and principal payments in full on April 27, 2025.

For the three months ended March 31, 2025 and 2024, accretion expenses were incurred from decommissioning liabilities, the fair- value adjustments of the Company's long-term payable, and shareholder loans. Amortization of debt issuance costs includes legal fees, commissions and commitment fees which were incurred for the closing of the CIMC Debt and Jixing Debt facilities obtained in March 2023. These costs are capitalized against the debt and are amortized over the course of the loan terms.

For the three months ended March 31, 2025, the loss in foreign exchange is primarily due to the differences in the USD:CAD exchange rate on the CIMC and Jixing Loans and the convertible debentures from the beginning to the end of the periods.

Depletion, Depreciation and Amortization

	Three months ended March 31,		
C$ 000s except per unit costs	**2025**	2024	Change
Depletion	**783**	836	(6%)
Depreciation	**1**	1	(39%)
Amortization of right of use assets	**109**	159	(31%)
Total DD&A	**893**	996	(10%)
Per boe	**5.49**	7.49	(27%)

Depletion, depreciation and amortization ("**DD&A**") expense is comprised of depletion incurred from production of the Company's developed assets, the depreciation expense is comprised of the depreciation of fixed assets including office furniture, office equipment, vehicles, computer hardware and computer software and amortization of capitalized leases carried as right of use assets.

Depletion is a function of both production and the capitalized value of assets subject to depletion. The decrease in DD&A on a per boe basis for the three months ended March 31, 2025 is attributable to the reduction in the Company's reserves from production.

Loss and Comprehensive Loss

	Three months ended March 31,		
C$ 000s	**2025**	2024	Change
Total loss and comprehensive loss	**(3,576)**	(3,430)	(4%)

Loss and Comprehensive loss for the three months ended March 31, 2025 was 4% lower than the comparative period in 2024, attributable to increased production revenue, lower DD&A and G&A costs, offset by increased opex and financing costs.

CAPITAL EXPENDITURES

	Three months ended March 31,		
C$ 000s	**2025**	2024	Change
PP&E Assets			
Drilling, completion and workovers	**2**	(64)	(103%)
G&A costs capitalized	**26**	33	(21%)
Total PP&E	**28**	(31)	(191%)
Total PP&E and E&E	**28**	(31)	(189%)
Change in non-cash working capital	**(405)**	(155)	161%
Total	**(378)**	(186)	103%

In the three months ended March 31, 2025, the Company capitalized a total of C$0.03 million (2024 – C$0.03 million) of G&A in accordance with its accounting policies (refer to Note 4 in the Financial Statements).

For the year three months ended March 31, 2024 the PP&E capital expenditure recovery relates to changes in the accrual for a project in its Voyager CGU to optimize production during December 2023.

LIQUIDITY AND CAPITAL RESOURCES

Capital management

The Company's general policy is to maintain an appropriate capital base in order to manage its business in the most effective manner with the goal of increasing the value of its assets and thus its underlying share value. The Company's objectives when managing capital are to maintain financial flexibility in order to preserve its ability to meet financial obligations; to maintain a capital structure that allows the Company to favor the financing of its growth strategy using internally-generated cash flow and its debt capacity; and to optimize the use of its capital to provide an appropriate investment return to its shareholders.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying crude oil and natural gas assets. The Company considers its capital structure to include shareholders' equity, shareholders' loans, term debt, long-term accounts payable, convertible debentures, other liabilities, lease liabilities and working capital. To assess capital and operating efficiency and financial strength, the Company continually monitors its net debt. As disclosed in Note 3 of the Financial Statements, the Company's future viability is dependent on its ability to source additional capital on acceptable terms.

Capital structure of the Company

The Company's capital structure is as follows:

C$ 000s	**As at March 31, 2025**	As at March 31, 2024
Long term debt[1]	**8,931**	11,214
Long term accounts payable[5]	**22,493**	14,239
Convertible debenture[6]	**4,637**	–
Other liabilities	**–**	148
Long-term lease liabilities[2]	**11**	112
Net working capital deficit[2]	**11,624**	12,177
Net debt	**47,696**	37,890
Shareholders' equity[3]	**(24,604)**	(7,084)
Total capital	**23,092**	30,805
Gearing ratio[4]	**207%**	123%

Notes:

1 This is the fair value of the long-term portions of the CIMC and Jixing Loan term debts.

2 Net working capital consists of current assets less current liabilities (excluding convertible debentures). The current portions of lease liabilities, CIMC and Jixing Loan term debts, shareholder loans, and long-term accounts payable are included in net working capital.

3 As at March 31, 2025, the Company has 522,886,520 common shares issued and outstanding, 2.28 million stock options issued with a strike price of HK$0.52 per option, and 0.8 million stock options issued with a strike price of HK$0.48 per option. As at March 31, 2025, all options were anti-dilutive.

4 Gearing ratio is defined as net debt as a percentage of total capital.

5 Long term accounts payable consists of the related party opex payable which is deferred under the CIMC Loan terms, whereas the opex payable not be paid (except for certain exclusions) until the CIMC and Jixing Loans have been paid in full.

6 As at March 31, 2025, the Company had estimated 104,577,304 common shares would be issued to pay for the principal and unpaid interest on the convertible debentures.

Performance services guarantee ("PSG") facility

On April 25, 2018, the Company obtained a PSG facility from Economic Development Canada ("**EDC**") totaling C$4.4 million. On July 30, 2020 the aggregate PSG was reduced to C$1.85 million. On October 17, 2022, the aggregate PSG was reduced to C$1.55 million. On February 25, 2025, the aggregate PSG was reduced to C$0.78 million. Under the terms of the PSG facility, EDC will guarantee qualifying letters of credit ("**L/C**") on behalf of the Company. Previously, these L/C's were cash collateralized, following approval by the EDC the requirement of the Company to hold cash to underwrite the L/C is relieved for the duration of the PSG approval.

Under the terms of the PSG facility, the L/C guarantee period is the lesser of one year or the term of the L/C if less than 12 months. The guarantee can be renewed annually for long term L/C's subject to subsequent approval by the EDC. As at March 31, 2025, the Company has PSG coverage for the following L/C:

Amount	**Expiry**
C$650,000	March 16, 2026

During the three months ending March 31, 2025, the holder of the C$0.08 million L/C was called and PSG facility covered the amount of the L/C. The Company will begin repaying the called L/C to EDC in equal monthly installments over six months starting in May 2025.

The PSG facility has a 12 month term and must be renewed annually. The current term expires on August 31, 2025. If the facility is not approved for renewal, the PSG coverage will terminate at the expiry of the existing L/C's and the Company will seek alternative insurance arrangements to guarantee the L/C's or cash collateralize them.

Capital resources

The Company operates in a capital intensive industry. The Company's liquidity requirements arise principally from the need for financing the expansion of its exploration and development activities, acquisition of land leases and petroleum and natural g as licenses. The Company's principal sources of funds have been proceeds from debt financings, equity financings, shareholder loans and cash generated from operations. The Company's liquidity primarily depends on its ability to generate cash flow from its operations and to obtain external financing to meet its debt obligations as they become due, as well as the Company's future operating and capital expenditure requirements.

During the three months ended March 31, 2025, the Company received C$1.1 million of funds from a shareholder for which the loan agreement has not yet been signed.

On March 19, 2025 the Company entered into a convertible debenture agreement with an independent third party for USD$1. 5 million, bearing interest of 9% per annum payable monthly, and matures on December 10, 2025. The Company can repay the convertible debenture in full or part upon maturity including accrued and unpaid interest with common shares at a deemed price of HK$0.20 per common share so long as the total shares to be issued does not exceed the Company's general mandate of 104,577,304 pursuant to the Listing Rules of The Stock Exchange of Hong Kong Limited. Upon maturity, if the Company has already issued common shares under the general mandate, the number of common shares remaining under the general mandate can be used to repay the debenture in part. Any remaining balance will be repaid in cash.

On July 24, 2024 the Company entered into a convertible debenture agreement with an independent third party for USD$1.6 million, bearing interest of 12% per annum payable monthly, and matures on July 24, 2025. The Company can repay the convertible debenture in full or part upon maturity including accrued and unpaid interest with common shares at a deemed price of HK$0.20 per common share or one common share for each USD$0.02558 of the convertible debenture outstanding including accrued and unpaid interest so long as the total shares to be issued does not exceed the Company's general mandate of 104,577,304 pursuant to the Listing Rules of The Stock Exchange of Hong Kong Limited. Upon maturity, any common shares issued in lieu of payment in cash, will be issued under the general mandate.

On March 7, 2024, the Company entered into private placement subscription agreements, pursuant to which the Company conditionally agreed to allot and issue, and the subscribers conditionally agreed to subscribe for 33 million common shares at a price of HK$0.22 per common share. On May 29, 2024 the Company completed the placing for gross proceeds of HK$7.3 million (C$1.3 million).

On February 9, 2024, Jixing advanced C$0.09 million to the Company (the "**2024 Shareholder Loan**"). The 2024 Shareholder Loan has an initial term of two years, is unsecured, non-interest bearing, carries no covenants, and is repayable at any time at the Company's sole discretion.

The Company obtained new long-term debt through a combination of a shareholder loan from Jixing for USD$8 million (the "**Jixing Loan**"), and USD$3.5 million from CIMC Leasing USA, Inc. (the "**CIMC Loan**"). As a condition of the Jixing Loan and CIMC Loan, on March 27, 2023 the Company repaid the outstanding secured debt balance of C$15.75 million plus C$116k of interest. The Jixing Loan will have a term of 48 months and bare interest of 9.25% per annum. The Company will be required to make monthly interest and principal payments of USD$200,031.

The CIMC Loan will have a term of 48 months, bare interest of 9.25% per annum and is secured by the fixed assets owned by the Company, excluding its Oil and Gas assets, and a personal guarantee from Mr. Yongtan Liu, the Company's Chairman. The Company will be required to make monthly interest and principal payments of USD$87,514. The CIMC Loan will be senior to all other debt and equity payments, including the Jixing Gas Handling and Jixing Voyager Compression Agreements.

In November 2024, the Company obtained an agreement from its term lenders, whereas, the Company has been given a grace period for payments on its loans until April 27, 2025. If the agreement is not extended, the Company is required to repay the foregone interest and principal payments in full on April 27, 2025. The Company was unable to repay the amounts foregone payments during the Grace Period on April 25, 2025. As at the date of this MD&A, CIMC has not called the loans, and the Company is negotiating with CIMC to extend the Grace Period.

At March 31, 2025, the Company had a working capital deficiency of C$16.3 million and has fully drawn USD$11.5 million on its CIMC and Jixing Loans.

The global impact of the wars in Ukraine and the middle east, global warming, tariff threats, and supply chain interruptions, have resulted in significant volatility in global stock markets has created a great deal of uncertainty in the global economy and specifically the volatility of natural gas price has significantly affected the operating performance of the Company. These factors may have a significant impact on the Company's operations and its ability to raise financing to meet its debt covenants. If the Company is in breach of any covenants in future periods, the lender will have the right to demand repayment of all amounts owed under the Company's term debts.

The Company's ability to continue as a going concern is dependent upon the ability to generate positive cash flow from operations, obtain equity financing, dispose of assets or other arrangements to fund operating and investing activities. There are no assurances that any transactions will be completed on terms acceptable to the Company.

If the Company is unable to make its scheduled payments on its debt to CIMC Leasing USA, Inc. and shareholder loan, the facilities may become due on demand. These conditions cause material uncertainty which cast significant doubt on the Company's ability t o continue as a going concern. Notwithstanding this, based on the cash flow projection, the directors of the Company consider that it is appropriate to prepare the financial statements on a going concern basis.

Use of proceeds from the March 2024 Subscription
C$000,000

Business objective as stated in the Circular[1]	% of total net proceeds	Planned use of net proceeds from the Closing Date to December 31, 2024[2]	Actual use of net proceeds during the period from the Closing Date to December 31, 2024[2]	Proceeds unused
General working capital	100%	1.26	1.26	–
Total	**100%**	**1.26**	**1.26**	**–**

Notes:

(1) Refer to the Company's announcement dated March 15, 2024.

(2) The March 2024 subscription was closed on May 29, 2024.

Use of proceeds from the November 2023 Subscription
C$000,000

Business objective as stated in the announcement[1]	% of total net proceeds	Planned use of net proceeds from the Closing Date to December 31, 2024[2]	Actual use of net proceeds during the period from the Closing Date to December 31, 2024[2]	Proceeds unused
General working capital	100%	1.20	1.20	–
Total	**100%**	**1.20**	**1.20**	**–**

Notes:

(1) Refer to the Company's announcement dated November 20, 2023.

(2) The November 2023 subscription was closed on February 8, 2024.

SHARES, WARRANTS, CONVERTIBLE DEBENTURE AND STOCK OPTIONS OUTSTANDING

Common Shares

On November 20, 2023, the Company entered into private placement subscription agreements, pursuant to which the Company conditionally agreed to allot and issue, and the subscribers conditionally agreed to subscribe for 30 million common shares at a price of HK$0.24 per common share. On February 8, 2024 the Company completed the placing for gross proceeds of HK$7.2 million (C$1.3 million).

On March 7, 2024, the Company entered into private placement subscription agreements, pursuant to which the Company conditionally agreed to allot and issue, and the subscribers conditionally agreed to subscribe for 33 million common shares at a price of HK$0.22 per common share. On May 29, 2024 the Company completed the placing for gross proceeds of HK$7.3 million (C$1.3 million).

As at March 31, 2025, the Company has 522,886,520 common shares outstanding.

Convertible Debenture

On July 24, 2024 the Company entered into a convertible debenture agreement with an independent third party for USD$1.6 million, bearing interest of 12% per annum payable monthly, and matures on July 24, 2025. The Company can repay the convertible debenture in full or part upon maturity including accrued and unpaid interest with common shares at a deemed price of HK$0.20 per common share or one common share for each USD$0.02558 of the convertible debenture outstanding including accrued and unpaid interest so long as the total shares to be issued does not exceed the Company's general mandate of 104,577,304 pursuant to the Listing Rules of The Stock Exchange of Hong Kong Limited. Upon maturity, any common shares issued in lieu of payment in cash, will be issued under the general mandate.

On March 19, 2025 the Company entered into a convertible debenture agreement with an independent third party for USD$1.5 million, bearing interest of 9% per annum payable monthly, and matures on December 10, 2025. The Company can repay the convertible debenture in full or part upon maturity including accrued and unpaid interest with common shares at a deemed price of HK$0.20 per common share so long as the total shares to be issued does not exceed the Company's general mandate of 104,577,304 pursuant to the Listing Rules of The Stock Exchange of Hong Kong Limited. Upon maturity, if the Company has already issued common shares under the general mandate, the number of common shares remaining under the general mandate can be used to repay the debenture in part. Any remaining balance will be repaid in cash.

Refer to Note 13 in the Financial Statements for additional information on the valuation of the debt and derivative related to the convertible debentures.

As at March 31, 2025, the Company has accrued and unpaid interest of C$0.1 million against the outstanding convertible debenture.

Stock Options

The Company has a stock option plan which was approved and adopted by the shareholders of the Company by ordinary resolution passed on June 8, 2018 ("**Stock Option Plan**"). On May 18, 2020, the Company issued 3.78 million options with an exercise price of HK$0.52 per option and a term of 5 years. On November 30, 2022, the Company issued 0.8 million options with an exercise price of HK$0.48 per option and a term of 5 years. The options vest equally over a 3 year period, with the first tranche vesting on the first anniversary of the award, and the second and third tranches vesting equally on the second and third anniversary respectively. As at March 31, 2025 and as at the date of this MD&A, the Company has 3.08 million options outstanding (2024: 3.08 million).

COMMITMENTS

Commitments and contingencies exist under various agreements and operations in the normal course of the Company's business. Refer to Note 28 of the Financial Statements for disclosure of the Company's commitments and contingencies.

DIVIDEND

The Board did not approve the payment of a dividend for the three months ended March 31, 2025 and 2024.

RELATED PARTY TRANSACTIONS

Refer to Notes 13, 19 and 26 of the Financial Statements for disclosure of the Company's related party transactions.

OFF-BALANCE SHEET TRANSACTIONS

The Company was not involved in any off-balance sheet transactions during the three months and year ended March 31, 2025 and 2024.

PLEDGED ASSETS

As disclosed in this MD&A, all the physical property, plant and equipment assets with a cost of approximately C$5.2 million (2024 – approximately C$5.2 million) are pledged in support of the Company's debt arrangements and there are no other pledges.

CONTINGENT LIABILITIES

As at March 31, 2025 and up to the date of this MD&A, the Company had no material undisclosed contingent liabilities.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Save as disclosed in this MD&A, the Company has neither any other significant investments nor significant acquisitions and disposals of the relevant subsidiaries, associates and joint ventures during the three months ended March 31, 2025 and up to the date of this MD&A.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this MD&A, the Company did not have other plans for material investments or capital assets as of the date of this MD&A, as pursuant to paragraphs 32(4) and 32(9) of Appendix D2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

FINANCIAL RISK MANAGEMENT

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company's financial risks are discussed in Note 27 of the Financial Statements.

The Company holds a number of financial instruments, the most significant of which are accounts receivable, accounts payable and accrued liabilities, cash and cash equivalents, long-term payable subordinated debt and shareholder loans. Due to their near-term maturities, accounts receivable, accounts payable and accrued liabilities, and cash and cash equivalents are recorded at fair value. The subordinated debt, shareholder loans, long-term payable, and CIMC and Jixing Loan debts are recorded at amortized cost.

The Company did not enter into any financial derivatives contracts for the three months ended March 31, 2025 and 2024. For the three months ended March 31, 2025, the Company experienced an unrealized foreign exchange loss of C$0.09 million (2024: C$0.3 million). These foreign exchange losses are predominantly related to the revaluation of term debt held in United States Dollars and the value changes with the fluctuation in the United Stated Dollars/Canadian Dollars exchange rates. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates for the monetary assets and liabilities denominated in the currencies other than the functional currencies to which they relate. The Company has not hedged its exposure to currency fluctuation and the Company currently does not have a foreign currency hedging policy, however, management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

RELATIONSHIPS WITH STAKEHOLDERS

The Company has actively cultivated, established, and maintained positive relationships with First Nations and all individual s and other enterprises who are proximate to, or interested in, the Company's projects. The Company provides project updates and meets with the local community on a regular basis to discuss its current and anticipated operations to pro-actively manage any potential concerns or issues. The Company also works closely with stakeholders at the municipal, provincial, and federal level to ensure that the regulatory authorities are aware of the Company's adherence to all requisite rules, regulations, and laws which pertain the Company's activities.

HUMAN RESOURCES

The Company had 3 employees as at March 31, 2025 (2024: 4 employees). The employees of the Company are employed under employment contracts which set out, among other things, their job scope and remuneration. Further details of their employment terms are set out in the employee handbook of the Company. The Company determines the employees' salaries based on their job nature, scope of duty, and individual performance. The Company also provides reimbursements, allowances for site visits and a discretionary annual bonus for the employees. Employee compensation, including directors fees, for the three months ended March 31, 2025 totaled C$0.14 million (2024: C$0.55 million, including C$0.39 million of severance). In relation to staff training, the Company also provides different types of programs for its staff to improve their skills and develop their respective expertise.

APPLICATION OF CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of IFRS accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months are described in Note 5 of the Financial Statements.

CHANGES IN ACCOUNTING POLICIES

The financial statements have been prepared in accordance with all applicable IFRSs as issued by the IASB. The IASB has issued a number of new and revised IFRSs effective January 1, 2024. For the purpose of preparing the financial statements, the Company has adopted all applicable new and revised IFRSs for the three months ended March 31, 2025.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

For the period starting January 1, 2025 and ending March 31, 2025, Mr. Yongtan Liu in the capacity as Interim Chief Executive Officer ("**CEO**"), and Ms. Tara Leray Chief Financial Officer ("**CFO**"), have designed, or caused to be designed under their supervision, disclosure controls and procedures ("**DC&P**") to provide reasonable assurance that: (i) material information relating to the Company is made known to the Company's CEO and CFO by others, particularly during the period in which the annual and quarterly filing s are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

For the period starting January 1, 2025 and ending March 31, 2025, Mr. Yongtan Liu and Ms. Tara Leray, in their capacity as CEO and CFO's of the Company respectively, have designed or caused to be designed under their supervision, internal controls over financial reporting ("**ICFR**") to provide reasonable assurance that all assets are safeguarded, transactions are appropriately authorized and to facilitate the preparation of relevant, reliable and timely information. A control system, no matter how well conceive d or operated, can provide only reasonable, not absolute, assurance that the objective of the control system is met, and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud. In reaching a reasonable level of assurance, management necessarily is required to apply its judgment in evaluating the cost/benefit relationship of possible controls and procedures.

There were no changes made to JX Energy's internal controls over financial reporting during the period beginning on January 1, 2025 and ending on March 31, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Management has concluded that JX Energy's ICFR and DC&P was effective as of March 31, 2025. This assessment was based on the framework in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

RISK FACTORS AND RISK MANAGEMENT

The Board has established a framework for identifying, evaluating and managing key risks faced by the Company. The Board, through the Audit and Risk Committee, reviews annually the effectiveness of the internal control system of the Company, considering f actors such as:

- changes, since the last annual review, in nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment;

- the scope and quality of management's ongoing monitoring of risks and of the internal control systems;

- the extent and frequency of communication of monitoring results to the board which enables it to assess control of the Company and the effectiveness of risk management;

- the adequacy of resources, staff qualifications and experience and training programmes;

- budget of the Company's accounting and financial reporting functions; communication of the monitoring results to the Board that enables it to assess control of the Company and the effectiveness of the risk management;

- significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have caused unforeseeable outcomes or contingencies that had or might have, a material impact on the Company's financial performance or condition; and

- the effectiveness of the Company's processes for financial reporting and compliance with applicable listing rules and securities laws.

The liquidity position of JX Energy would be expected to be improved by a material increase in future commodity prices and an increase in proved and probable reserves based on the Company's drilling program. The Company is involved in regular discussions with its lender and is continually pursuing other financing opportunities such as alternative debt arrangements, joint venture opportunities, property acquisitions or divestitures and other recapitalization opportunities and is taking steps to manage its spending and leverage including the implementation of cost reduction and capital management initiatives. If the Company is unable to obtain additional financing or come to some other arrangement with its lender, it will be required to curtail certain capital expenditure activities and/or possibly be required to liquidate certain assets. Ongoing exploration and development of JX Energy's properties will require substantial additional capital investment. Failure to secure additional financing, and/or secure other funds from asset sales, would result in a delay or postponement of development of these prospective properties. There can be no assurance that additional financing will be available or that, if available, will be on terms favorable or acceptable to JX Energy.

JX Energy monitors and complies with current government regulations that affect its activities, although operations may be adversely affected by changes in government policy, regulations, royalty regime or taxation. In addition, JX Energy maintains a level of liability, business interruption and property insurance which is believed to be adequate for the Company's size and activities but is unable to obtain insurance to cover all risks within the business or in amounts to cover all possible claims. See "Forward-Looking Information" in this MD&A and "Risk Factors" in the Company's Annual Information Form ("**AIF**") for the year ended December 31, 2024. The AIF is available at the Company's website at www.jxenergy.ca and also www.sedarplus.ca.

IMPACT OF NEW ENVIRONMENTAL REGULATIONS

The oil and gas industry is currently subject to regulation pursuant to a variety of provincial and federal environmental legislation, all of which is subject to governmental review and revision from time to time. Such legislation provides for, among other things, restrictions and prohibitions on the spill, release or emission of various substances produced in association with certain oil and gas industry operations, such as sulphur dioxide and nitrous oxide. In addition, such legislation sets out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well and facility sites. Compliance with such legislation can require significant expenditures and a breach of such requirement s may result in suspension or revocation of necessary licenses and authorizations, civil liability and the imposition of material fines and penalties.

The use of fracture stimulations has been ongoing safely in an environmentally responsible manner in western Canada for decades. With the increase in the use of fracture stimulations in horizontal wells there is increased communication between the oil and natural gas industry and a wider variety of stakeholders regarding the responsible use of this technology. This increased attention to fracture stimulations may result in increased regulation or changes of law which may make the conduct of the Company's business more expensive or prevent the Company from conducting its business as currently conducted. JX Energy focuses on conducting transparent, safe and responsible operations in the communities in which its people live and work.

NON-IFRS FINANCIAL MEASURES

This MD&A or documents referred to in this MD&A make reference to the terms "operating netback" and "adjusted EBITDA" which are not recognized measures under IFRS, and do not have a standardized meaning prescribed by IFRS. Accordingly, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. Management considers operating netback an important measure to evaluate the Company's operational performance, as it demonstrates its field level profitability relative to current commodity prices. Management uses adjusted EBITDA to measure the Company's efficiency and its ability to generate the cash necessary to fund a portion of its future growth expenditures or to repay debt. Investors are cautioned that the non-IFRS measures should not be construed as an alternative to net income determined in accordance with IFRS as an indication of the Company's performance.

Operating netback

	Three months ended March 31,		
C$ 000s	**2025**	2024	Change
Commodity sales from production	**2,908**	2,827	3%
Net trading revenue (loss)	**10**	3	228%
Royalties	**(198)**	(32)	520%
Operating costs	**(4,199)**	(3,656)	15%
Operating netback	**(1,479)**	(858)	72%

Adjusted EBITDA

	Three months ended March 31,		
C$ 000s	**2025**	2024	Change
(Loss) and comprehensive (loss)	**(3,576)**	(3,430)	4%
Finance expenses	**1,015**	944	8%
Depreciation and amortization	**893**	996	(10%)
Non-cash share-based expenses	**2**	4	(56%)
Phantom unit (recovery) expense	**–**	29	(100%)
Adjusted EBITDA	**(1,666)**	(1,457)	14%

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value and accountability. The Board has adopted the principles and the code provisions contained in Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "**CG Code**") to ensure that the Company's business activities and decision making processes are regulated in a proper and prudent manner. The Company has complied with the relevant code provisions contained in the CG Code during the three months ended March 31, 2025 (the "**Reporting Period**"), save for the deviation from C.2.1 of the CG Code as explained below.

During the three months ended March 31, 2024, Mr. Yongtan Liu was the chairman of the Board and Mr. Pingzai Wang was the Company's CEO. Following the resignation of Mr. Wang as CEO on February 14, 2024 and the appointment of Mr. Liu as interim chief executive officer of the Company on February 14, 2024, Mr. Liu acts as the chairman of the Board and interim chief executive officer of the Company. This deviates from code provision C.2.1 of the CG Code, whereby the roles of chairman and the chief executive should be separate and should not be performed by the same individual.

The Board believes that Mr. Liu, being an executive Director and chairman of the Board, is already familiar with the Company's business operation and has excellent knowledge and experience of the Company's business which can help improve the operation efficiency of the Company and help facilitate the execution of the Company's business strategies. Under the supervision of the Board which will comprise of two executive Directors and three independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and from time to time and will consider the segregation of the two roles at an appropriate time.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as its code of conduct regarding dealings in the securities of the Company by the Directors and the Company's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company's securities. Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Company during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company has not purchased, redeemed or sold any of its listed securities during the Reporting Period.

REVIEW OF THE INTERIM RESULTS

The Company established an audit and risk committee of the Company (the "**Audit and Risk Committee**") with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit and Risk Committee comprises three independent non-executive Directors, namely Ms. Kit Man To (Chairman), Mr. Zhanpeng Kong and Ms. Jia Wei. The Audit and Risk Committee has reviewed the Company's interim results for the three months ended March 31, 2025 and has also discussed with management the internal control, the accounting principles and practices adopted by the Company. The Audit and Risk Committee is of the opinion that the interim results have been prepared in accordance with the applicable accounting standards, laws and regulations and the Listing Rules and that adequate disclosures have been made.

PUBLICATION OF INFORMATION

This MD&A is published on the websites of the Stock Exchange (*www.hkexnews.hk*), SEDAR+ (*www.sedarplus.ca*) and the Company (*www.jxenergy.ca*). This MD&A is prepared in both English and Chinese and in the event of inconsistency, the English text of this announcement shall prevail over the Chinese text.

SELECTED ABBREVIATIONS

In this MD&A, the abbreviations set forth below have the following meanings:

Crude oil and natural gas liquids

Bbls/d or Bbl/d	barrels of oil per day
Bbls or Bbl	barrels of oil or barrel of oil
Boe	barrel of oil equivalent
Boe/d	barrel of oil equivalent per day
C$/Bbl	Canadian dollars per barrel of oil
C$/Boe	Canadian dollars per barrel of oil equivalent
Mbbls or Mbbl	thousand barrels
Mboe	thousand barrels of oil equivalent
Mbpd	thousand barrels per day
MMbbls	million barrels of oil
MMbbls/d	million barrels of oil per day
MMboe	million barrels of oil equivalent
MMboe/d	million barrels of oil equivalent per day
US$/Bbl	US dollars per barrel of oil

Natural gas

Bcf	billion cubic feet
Bcm	billion cubic meters
Btu	British thermal units
Cf	cubic feet
C$/Mcf	Canadian dollars per thousand cubic feet
C$/MMbtu	Canadian dollars per million British thermal units
GJ	gigajoule
GJ/d	gigajoules per day
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
Mcfe	thousand cubic feet of gas equivalent
Mcfe/d	thousand cubic feet of gas equivalent per day
MMbtu	million British thermal units
MMcf	million cubic feet
MMcf/d	million cubic feet per day
MMcfe	million cubic feet of gas equivalent
MMcfe/d	million cubic feet of gas equivalent per day
tcf	trillion cubic feet
US$/MMbtu	US dollars per million British thermal units

Other

km	kilometres
km^2	square kilometres
m	metres
m^3	cubic meters
mg	milligrams
^oC	degrees Celsius

CONVERSION FACTORS — IMPERIAL TO METRIC

Bbl = 0.1590 cubic metres (m^3)
Mcf = 0.0283 cubic metres (10^3m^3)
acres = 0.4047 hectares (ha)
Btu = 1054.615 joules (J)
feet (ft) = 0.3048 metres (m)
miles (mi) = 1.6093 kilometres (km)
pounds (Lb) = 0.4536 kilograms (kg)