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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 AND NINE MONTHS ENDED SEPTEMBER 30, 2026

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 and nine months ended September 30, 2026.

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 and nine months ended September 30, 2026 (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

Calgary, November 11, 2026
Hong Kong, November 12, 2026

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.

（吉星新能源有限責任公司）*

(incorporated under the laws of Alberta with limited liability)

(Stock Code: 3395)

CONDENSED INTERIM FINANCIAL STATEMENTS
For the three and nine months ended September 30, 2026

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 September 30, 2026

(Expressed in Canadian dollars)

	Note	As at September 30, 2026 (Unaudited)	As at December 31, 2025 (Audited)
Assets			
Current assets:			
Cash and cash equivalents	*4*	**96,130**	83,758
Accounts receivable	*5*	**879,253**	1,318,865
Prepaid expenses and deposits		**1,508,240**	621,490
Total current assets		**2,483,623**	2,024,113
Non-current assets:			
Exploration and evaluation assets	*6*	**28,670**	123,479
Property, plant and equipment	*7*	**14,893,540**	16,228,650
Right of use assets	*8*	**169,848**	28,925
Total non-current assets		**15,092,058**	16,381,054
Total Assets		**17,575,681**	18,405,167
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	*9*	**5,866,053**	5,961,321
Current portion of long-term debt	*10*	**1,995,999**	15,465,435
Current portion of long-term payable	*10*	**–**	7,382,579
Convertible debentures – liability component	*10*	**–**	2,157,550
Convertible debentures – derivative component	*10*	**–**	729,597
Other loans	*12*	**1,274,476**	400,215
Current portion of lease liabilities	*8*	**69,628**	18,549
Decommissioning liabilities	*11*	**881,448**	881,448
Total current liabilities		**10,087,604**	32,996,694
Non-current liabilities:			
Long-term payable	*10*	**26,563,391**	23,652,878
Long-term debt	*10*	**10,485,379**	–
Lease liabilities	*8*	**105,590**	13,154
Decommissioning liabilities	*11*	**1,096,243**	1,124,526
Total non-current liabilities		**38,250,603**	24,790,558
Total liabilities		**48,338,207**	57,787,252
Shareholders' equity:			
Share capital	*13*	**242,071,308**	229,265,223
Contributed surplus		**13,048,527**	13,525,838
Accumulated deficit		**(285,882,361)**	(282,173,146)
Total shareholders' deficit		**(30,762,526)**	(39,382,085)
Total Liabilities and Shareholders' Deficit		**17,575,681**	18,405,167
Going concern	*3*		
Commitments	*21*		
Subsequent Events	*22*		

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

STATEMENT OF COMPREHENSIVE INCOME

For the three and nine months ended September 30, 2026
(Expressed in Canadian dollars)
Unaudited

	Note	Three months ended September 30, 2026	2025	Nine months ended September 30, 2026	2025
Revenue					
Commodity sales from production	*14*	**2,410,702**	256,769	**8,236,380**	5,289,753
Trading revenue (loss)	*14*	**89,173**	12	**115,342**	2,124
Royalty expense		**(252,246)**	(17,479)	**(1,408,127)**	(367,210)
Total net revenue		**2,247,629**	239,302	**6,943,595**	4,924,667
Other income	*14*	**498**	306	**2,788**	4,686
Expenses					
Operating costs		**(1,660,972)**	(3,494,486)	**(5,432,598)**	(11,682,664)
General and administrative costs		**(273,305)**	(267,806)	**(851,221)**	(729,406)
Depletion, depreciation and amortization	*7,8*	**(405,512)**	(64,368)	**(1,434,422)**	(1,578,499)
Impairment and write-offs	*6*	**(6,789)**	(1,412,608)	**(94,809)**	(3,763,831)
Total expenses		**(2,346,578)**	(5,239,268)	**(7,813,050)**	(17,754,400)
Loss from operations		**(98,451)**	(4,999,660)	**(866,667)**	(12,825,047)
Finance expenses	*15*	**(773,768)**	(1,316,901)	**(3,346,817)**	(2,425,734)
Change in fair value of derivative component of convertible debentures			9,176		54,558
Gain on conversion of debts, net		**–**	–	**4,269**	–
Gain on disposal of assets		**–**	–	**500,000**	–
Loss before taxes		**(872,219)**	(6,307,385)	**(3,709,215)**	(15,196,223)
Income taxes		**–**	–	**–**	–
Loss and comprehensive loss		**(872,219)**	(6,307,385)	**(3,709,215)**	(15,196,223)
Loss per share					
Basic	*17*	**(0.00)**	(0.01)	**(0.00)**	(0.03)
Diluted	*17*	**(0.00)**	(0.01)	**(0.00)**	(0.02)

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the three and nine months ended September 30, 2026
(Expressed in Canadian dollars)
Unaudited

	Notes	**Share capital**	**Contributed surplus**	**Accumulated deficit**	**Total shareholders' deficit**
At January 1, 2026		229,265,223	13,525,838	(282,173,146)	(39,382,085)
Convertible debt redeemed	*10*	1,473,645	–	–	1,473,645
Capitalization of Jixing Operation Liability	*10*	7,494,290	–	–	7,494,290
Capitalization of Shareholder Loan	*10*	3,838,150	–	–	3,838,150
Fair value adjustment on long term payable		–	(477,311)	–	(477,311)
Loss and total comprehensive loss for the period		–	–	(3,709,215)	(3,709,215)
As at September 30, 2026		**242,071,308**	**13,048,527**	**(285,882,361)**	**(30,762,526)**

	Notes	**Share capital**	**Contributed surplus**	**Accumulated deficit**	**Total shareholders' deficit**
At January 1, 2025		222,417,603	15,193,215	(259,071,793)	(21,460,975)
Shares issued for cash		1,344,139	–	–	1,344,139
Allocation for shares issued below market value	*10*	2,562,510	(2,562,510)	–	–
Share issue costs		(8,856)	–	–	(8,856)
Share-based expenses		–	5,335	–	5,335
Convertible debt redeemed		2,193,563	–	–	2,193,563
Fair value adjustment on long-term payable		–	1,121,574	–	1,121,574
Loss and total comprehensive loss for the period		–	–	(15,196,223)	(15,196,223)
As at September 30, 2025		228,508,959	13,757,614	(274,268,016)	(32,001,443)

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

STATEMENT OF CASH FLOWS

For the three and nine months ended September 30, 2026
(Expressed in Canadian dollars)
Unaudited

	Note	Three months ended September 30, **2026**	2025	Nine months ended September 30, **2026**	2025
Cash flows from operating activities:					
Loss before tax		**(872,219)**	(6,307,385)	**(3,709,215)**	(15,196,223)
Items not involving cash:					
Depletion, depreciation and amortization		**405,512**	64,370	**1,434,422**	1,578,500
Share-based expenses		**–**	1,779	**–**	5,335
Capitalization of accrued interest on CIMC Loan		**1,237,921**	–	**1,237,921**	–
Non-cash finance (income)/expenses		**(316,396)**	963,569	**1,675,954**	2,687,890
Unrealised foreign exchange (gain)/loss		**(9,591)**	276,216	**465,384**	(444,328)
Change in fair value of derivative component of convertible debenture	*10*	**–**	(9,176)	**–**	(54,558)
Gain on conversion of debts, net		**–**	–	**(4,269)**	–
Impairment and write-offs		**6,789**	1,412,608	**94,809**	3,763,831
Operating gain/(loss) before working capital changes		**452,016**	(3,598,019)	**1,195,006**	(7,659,553)
Changes in working capital, net	*4*	**(275,709)**	2,729,551	**(606,401)**	7,066,339
Cash generated from/(used in) operations		**176,307**	(868,468)	**588,605**	(593,214)
Income tax paid		**–**	–	**–**	–
Net cash generated from/(used in) operating activities		**176,307**	(868,468)	**588,605**	(593,214)
Cash flows from investing activities:					
Expenditures on property, plant and equipment		**(26,563)**	(571,930)	**(123,521)**	(1,156,410)
Expenditures on exploration and evaluation assets		**–**	(4,688)	**–**	(39,784)

	Note	Three months ended September 30, 2026	2025	Nine months ended September 30, 2026	2025
Net cash used in investing activities		**(26,563)**	(576,618)	**(123,521)**	(1,196,194)
Cash flows from financing activities:					
Shares issued for cash, net of share issuance costs		**–**	1,335,283	**–**	1,335,283
Convertible debentures proceed received prior to issuance		**–**	–	**–**	(2,114,802)
Proceeds from issuance of convertible debentures		**–**	–	**–**	2,114,802
Proceeds from shareholder loans		**–**	–	**–**	1,163,150
Repayment of shareholder loans		**–**	–	**–**	(228,413)
Repayment of principal portion of lease payments	*8*	**(16,032)**	(42,468)	**(49,274)**	(225,916)
Repayment of interest portion of lease payments	*8*	**(5,568)**	(5,199)	**(14,112)**	(22,573)
Repayment of term debt		**–**	–	**–**	(99,930)
Interest paid		**(222,865)**	–	**(389,368)**	–
Net cash generated from/(used in) financing activities		**(244,465)**	1,287,616	**(452,754)**	1,921,602
Net increase/(decrease) in cash and cash equivalents		**(94,721)**	(157,470)	**12,330**	132,194
Effect of exchange rate changes on cash and cash equivalents		**(3)**	155	**42**	47
Cash and cash equivalents, beginning of period		**190,854**	501,047	**83,758**	211,491
Cash and cash equivalents, end of period	*4*	**96,130**	343,732	**96,130**	343,732

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

NOTES TO THE FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2026
(Expressed in Canadian dollars unless otherwise indicated)
Unaudited

1 CORPORATE INFORMATION

JX Energy Ltd., (the "**Company**" or "**JX**" or "**JX Energy**") 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.

2 BASIS OF PREPARATION AND PRESENTATION

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, 2025. 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, 2025 (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 November 12, 2026.

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

3 GOING CONCERN

The Company incurred a net loss of C$3,709,215 for the nine months ended September 30, 2026 and, as at September 30, 2026, the Company's current liabilities exceeded its current assets by C$7,603,981. The Company's cash and cash equivalents amounted to C$96,130 as at September 30, 2026. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

In assessing the Company's ability to continue as a going concern, the directors have implemented a number of measures to improve the Company's liquidity and financial position, including:

- On August 27, 2026, the Company and Jixing Energy (Canada) Ltd. ("**Jixing**") entered into the Extension Agreements with CIMC, pursuant to which the repayment terms of the CIMC Loan and the Jixing Loan were extended to March 27, 2029. The restructured balances bear interest at 9.25% per annum and are repayable in phased monthly instalments. As a result, C$2.86 million and C$6.95 million of the CIMC Loan and the Jixing Loan, respectively, were reclassified from current liabilities to non-current liabilities.

- On March 2, 2026, the Company completed the settlement of approximately US$1.08 million (equivalent to approximately C$1.48 million) of convertible debentures through the issuance of shares;

- On March 2, 2026, the Company completed a loan capitalisation to settle approximately C$3.84 million of shareholder loans and approximately C$7.49 million of certain long-term payables through the issuance of shares;

- On January 22, 2026, the Company entered into agreements to defer certain gas handling and gas compression charges for two years commencing January 1, 2026;

- The Company has continued to seek additional financing and debt replacement opportunities, while implementing measures to improve working capital and reduce operating and administrative costs; and

- A private company controlled by one of the shareholders of the Company has indicated its intention to provide financial support to the Company as required.

The Company's ability to continue as a going concern is dependent upon the ability to generate positive cash flow from operations and the measures mentioned above. Apart from the completed transactions mentioned above, there are no assurances that any other 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 be called by the lender.

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.

4 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents

C$	**As at September 30, 2026 (Unaudited)**	As at December 31, 2025 (Audited)
Deposits with banks and other financial institutions	**94,125**	81,753
Cash on hand	**2,005**	2,005
Cash and cash equivalents in the statement of financial position and statement of cash flows	**96,130**	83,758

(b) Supplementary cash flows information

	Three months ended September 30,		**Nine months ended September 30,**	
C$	**2026**	2025	**2026**	2025
Change in non-cash working capital:				
Accounts receivable	**112,965**	147,445	**439,612**	641,154
Prepaid expenses and deposits	**(166,992)**	211,756	**(886,750)**	(55,258)
Accounts payable and accrued liabilities[1]	**(221,682)**	2,148,483	**(159,263)**	3,811,589
	(275,709)	2,507,684	**(606,401)**	4,397,485
Change in non-cash working capital included in investing and financing activities	**–**	(221,867)	**–**	(2,668,854)
Change in non-cash working capital included in operating activities	**(275,709)**	2,729,551	**(606,401)**	7,066,339
	(275,709)	2,507,684	**(606,401)**	4,397,485

(1) Excludes the change in Long-term payable, which is included in the Change in non-cash working capital included in operating activities.

5 ACCOUNTS RECEIVABLE

C$	**As at September 30, 2026 (Unaudited)**	As at December 31, 2025 (Audited)
Trade receivables	**879,253**	1,318,865

As at January 1, 2025, the gross amount of trade receivables from contract with customers amounted to C$691,842.

(a) Aging analysis of trade receivables

The following is 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 expected credit losses, at the end of the reporting period:

C$	**As at September 30, 2026 (Unaudited)**	As at December 31, 2025 (Audited)
Within 1 month	**879,253**	1,318,780
1 to 3 months	**–**	85
Total	**879,253**	1,318,865

Trade receivables are generally collected by the 25th day of the month following production.

(b) Impairment of accounts receivable

Impairment losses in respect of accounts receivable 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 accounts receivable directly.

No accounts receivable is considered individually nor collectively to be impaired, and no impairment loss has been recognised for the three and nine months ended September 30, 2026 and year ended December 31, 2025.

6 EXPLORATION AND EVALUATION ASSETS

C$	**As at September 30, 2026 (Unaudited)**	As at December 31, 2025 (Audited)
Balance, beginning of period	**123,479**	3,884,950
Additions	**–**	2,360
Net disposals	**–**	–
Write-offs	**(94,809)**	(3,763,831)
Balance, end of period	**28,670**	123,479

Breakdown of net carrying amounts by CGUs:

C$	**As at September 30, 2026 (Unaudited)**	As at December 31, 2025 (Audited)
Basing CGU	**23,949**	23,949
Voyager CGU	**1**	94,810
Dawson CGU	**4,720**	4,720
Total	**28,670**	123,479

Exploration and evaluation assets ("**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 by comparing the recoverable amount of an asset with its carrying amount, and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.

As at September 30, 2026 and December 31, 2025, the Company's E&E assets in respect of its Basing, Voyager and Dawson cash generating units ("**CGUs**") were comprised solely of undeveloped lands in which the Company holds a right to explore for and produce petroleum and/or natural gas.

For the nine months ended September 30, 2026, the Company wrote-off C$94,809 of E&E assets attributable to land lease expired in Voyager CGU. For the year ended December 31, 2025, the Company wrote-off C$3,763,831 of E&E assets attributable to land lease expired in Voyager CGU.

As at September 30, 2026 and December 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 carrying amounts
At January 1, 2025	169,678,906	(149,018,815)	20,660,091
Additions	331,090	–	331,090
Change in decommissioning obligations	525,109	–	525,109
Depletion and depreciation	–	(1,927,446)	(1,927,446)
Impairment/Write-offs	–	(3,360,194)	(3,360,194)
At December 31, 2025 and January 1, 2026	170,535,105	(154,306,455)	16,228,650
Additions	**123,521**	**–**	**123,521**
Disposal	**(2,028,098)**	**2,028,098**	**–**
Change in decommissioning obligations	**(76,075)**	**–**	**(76,075)**
Depletion and depreciation	**–**	**(1,382,556)**	**(1,382,556)**
Impairment	**–**	**–**	**–**
At September 30, 2026	**168,554,453**	**(153,660,913)**	**14,893,540**

Breakdown of net carrying amounts by CGUs:

C$	As at September 30, 2026 (Unaudited)	As at December 31, 2025 (Audited)
Basing CGU	**13,860,337**	15,390,354
Voyager CGU	**499,887**	522,680
Dawson CGU	**531,480**	311,945
Unallocated corporate assets	**1,836**	3,671
Total	**14,893,540**	16,228,650

Substantially all of PP&E consists of development and production assets. During the three and nine months ended September 30, 2026 and year ended December 31, 2025, the Company's PP&E additions were comprised of expenditures at Basing, Voyager and Dawson CGUs. Included in PP&E additions for the three and nine months ended September 30, 2026 are general and administrative expenses of approximately C$0.03 million and C$0.08 million (2025: C$0.03 million and C$0.08 million), which were capitalised in accordance with the Company's accounting policies.

As at September 30, 2026, certain physical PP&E with a cost of approximately C$5.22 million (2025: C$5.22 million) were pledged to secure the term debt granted to the Company as set out in Note 10.

During the nine months ended September 30, 2026, the Company entered into a purchase and sale agreement with an independent third party for the sales of certain PP&E related to Dawson CGU for C$0.50 million.

Depletion, depreciation, impairment and impairment recovery

Depletion and depreciation, impairment of PP&E, and any reversal thereof, are recognised as separate line items in the statement of comprehensive loss. The depletion calculation for the three and nine months ended September 30, 2026 includes estimated future development costs of approximately C$0.15 million (2025: C$0.18 million) associated with the development of the Company's proved plus probable reserves. Impairment and impairment recovery are 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 September 30, 2026, 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 LEASE LIABILITIES

(a) Right of use assets

The right of use assets represented oil and gas production equipment, office space and vehicles. Lease contracts are entered into for fixed terms of 3 years (2025: 3 years). There are no lease contracts that include variable lease payments.

C$	**Oil and gas production equipment**	**Office space**	**Vehicles**	**Total**
At January 1, 2025	55,198	132,395	9,352	196,945
Additions	–	–	23,802	23,802
Amortisation	(55,198)	(123,965)	(12,659)	(191,822)
At December 31, 2025 and January 1, 2026	–	8,430	20,495	28,925
Additions	–	192,789	–	192,789
Amortisation	–	(45,915)	(5,951)	(51,866)
At September 30, 2026	**–**	**155,304**	**14,544**	**169,848**

Additions to the rights of use assets for the nine months ended September 30, 2026 amounted to C$192,789 due to a new lease of office space in Canada (2025: C$23,802).

(b) Lease liabilities

C$	Oil and gas production equipment	Office space	Vehicles	Total
At January 1, 2025	74,329	167,922	8,814	251,065
Additions	–	–	23,802	23,802
Interest expense	8,920	12,659	994	22,573
Lease payment	(83,249)	(170,035)	(12,453)	(265,737)
At December 31, 2025 and January 1, 2026	**–**	**10,546**	**21,157**	**31,703**
Additions	**–**	**192,789**	**–**	**192,789**
Interest expense	**–**	**13,459**	**653**	**14,112**
Lease payment	**–**	**(56,786)**	**(6,600)**	**(63,386)**
At September 30, 2026	**–**	**160,008**	**15,210**	**175,218**

Future lease payments are due as follows:

C$	Future lease payments	Interest	Present value
At September 30, 2026			
Within 1 year	85,664	16,036	69,628
1 to 2 years	85,665	9,419	76,246
2 to 5 years	32,332	2,988	29,344
Total	**203,661**	**28,443**	**175,218**

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, which is ranging from 3.99% to 9.25% (2025: 3.99% to 9.25%) for the oil and gas production equipment, office space and vehicles.

9 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

C$	**As at September 30, 2026 (Unaudited)**	As at December 31, 2025 (Audited)
Trade payables	**2,658,974**	1,401,062
Accrued liabilities	**1,967,554**	2,331,437
Total trade payables and accrued liabilities	**4,626,528**	3,732,499
Capital payables	**755,681**	1,254,849
Interest payables	**–**	12,410
Other payables	**483,844**	961,563
Total	**5,866,053**	5,961,321

All trade payables, accrued liabilities, capital payables, interest payables and other payables are expected to be settled within one year or are payable on demand.

Notes:

(a) Trade payables

Aging analysis of trade payables

The following is the aging analysis of trade payables based on invoice date at the end of the reporting period:

C$	**As at September 30, 2026 (Unaudited)**	As at December 31, 2025 (Audited)
Within 1 month	**450,031**	229,736
1 to 3 months	**1,268,367**	299,704
4 to 12 months	**563,921**	373,987
1 to 2 years	**217,802**	367,573
Over 2 years	**158,853**	130,062
Total	**2,658,974**	1,401,062

The average credit period granted by its suppliers of 30 to 90 days. The Company has financial risk management in place to ensure that all payables are settled within the credit timeframe.

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

Long-term debt

As at September 30, 2026 and December 31, 2025, the balances related to the shareholder loans and term debt are as follows:

C$	**As at September 30, 2026 (Unaudited)**	As at December 31, 2025 (Audited)
Term debt	**3,444,358**	3,372,176
Shareholder loans	**9,063,802**	12,160,215
Less: deferred financing costs related to term debt	**(26,782)**	(66,956)
Total	**12,481,378**	15,465,435
Analysed as:		
Current	**1,995,999**	15,465,435
Non-current	**10,485,379**	–

(a) Term debt

On March 27, 2023, the Company obtained new long-term debt of US$3.50 million (equivalent to approximately C$4.80 million) from CIMC Leasing USA, Inc. (the "**CIMC Loan**"). The CIMC Loan has a term of 48 months, bears interest of 9.25% per annum and is secured by certain PP&E owned by the Company and a personal guarantee from Yongtan Liu, the Company's executive director. The Company will be required to make monthly interest and principal payments of US$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 (collectively the "**Jixing GHCA**"), 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.

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

On November 25, 2024, CIMC USA, 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 and repayable on demand. During the nine months ended September 30, 2026, the Company made seven repayments of interest of C$261,673.

On August 27, 2026, the Company and Jixing Energy (Canada) Ltd. ("**Jixing**") entered into loan extension and restructuring agreements with CIMC USA (collectively, the "**Extension Agreements**"). Pursuant to the Extension Agreements, the repayment terms of both the CIMC Loan and the Jixing Loan were extended to March 27, 2029, with the restructured balances bearing interest at 9.25% per annum and repayable in phased monthly instalments commencing in August 2026. As security for the Extension Agreements, Mr. Yongtan Liu, the chairman of the Company, pledged 233,600,000 common shares of the Company held directly and indirectly by him in favour of CIMC. As a result of the restructuring, C$2,861,915 of the CIMC Loan was reclassified from current liabilities to non-current liabilities.

(b) Shareholder loans

C$	**As at September 30, 2026 (Unaudited)**	As at December 31, 2025 (Audited)
Jixing Loan	**8,359,263**	7,707,830
2019 Shareholder Loan	**–**	635,846
2020 Shareholder Loan	**–**	1,949,430
2024 Shareholder Loan	**87,000**	86,420
2025 Shareholder Loan	**617,539**	1,780,689
Total	**9,063,802**	12,160,215

On March 27, 2023, the Company received a loan from Jixing (the "**Jixing Loan**") for US$8.00 million (equivalent to approximately C$10.98 million). The Jixing Loan has a term of 48 months, bears interest of 9.25% per annum and unsecured. The Company will be required to make monthly interest and principal payments of US$200,031 beginning on April 27, 2023. During the nine months ended September 30, 2026, the Company made two repayments of interest of C$127,695. Pursuant to the Extension Agreements described in the CIMC Loan above, the repayment term of the Jixing Loan was extended to March 27, 2029. Accordingly, C$6,945,707 of the Jixing Loan was reclassified from current liabilities to non-current liabilities. Such Jixing Loan was linked with CIMC Loan as set out in Note 10(a).

On December 23, 2019, Jixing, a private Canadian company indirectly controlled by Yongtan Liu, an executive director of the Company and beneficial owner of Jixing Gas Holding Limited which is a shareholder of the Company, advanced approximately C$0.68 million to the Company (the "**2019 Shareholder Loan**"). The full proceeds of the 2019 Shareholder Loan were applied to amounts due in respect of the Contract. The 2019 Shareholder Loan had 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 approximately C$0.61 million fair value of the 2019 Shareholder Loan as at December 31, 2019, the Company applied an effective interest rate of 5.97%, comprised of 4% base plus 1.97% Canadian Dealer Offered Rate ("**CDOR**"). The residual of approximately C$0.07 million was recorded to contributed surplus on the same day. On March 11, 2022, the Company and Jixing agreed to extend the term of the 2019 Shareholder Loan to December 23, 2024. On December 19, 2023, the Company and Jixing agreed to further extend the term of the 2019 Shareholder Loan to December 23, 2025. On December 31, 2024, the Company and Jixing agreed to extend the term of the 2019 Shareholder Loan to December 23, 2026. As at December 31, 2025, the entire balance has been classified as current.

On June 2, 2020, Yongtan Liu, an executive director of the Company and beneficial owner of Jixing Gas Holding Limited which is a shareholder of the Company, advanced C$2.00 million to the Company (the "**2020 Shareholder Loan**"). The proceeds of the 2020 Shareholder Loan were used for working capital and general corporate purposes. The 2020 Shareholder Loan had 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 approximately C$1.84 million fair value of the 2020 Shareholder Loan as at June 2, 2020, the Company assumed an effective interest rate of 4% per annum base plus one month CDOR, over the term of the 2020 Shareholder Loan. On this basis the effective rate was 4.28% per annum, comprised of 4% base plus 0.28% CDOR. The residual of approximately C$0.16 million was recorded to contributed surplus on the same day. On March 11, 2023, the Company and director agreed to extend the term of the 2020 Shareholder Loan to June 2, 2024. On December 19, 2023, the Company and the director agreed to extend the term of the 2020 Shareholder Loan to June 2, 2025. On December 31, 2024, the Company and the director agreed to further extend the term of the 2020 Shareholder Loan to June 2, 2026. As at December 31, 2025, the entire balance has been classified as current.

On February 9, 2024, Jixing advanced approximately 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. In calculating the approximately 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 ("**IRROC**") one month Bankers' Acceptance rate. The residual of approximately C$0.01 million was recorded to contributed surplus (Note 13) during the year ended December 31, 2024. As at December 31, 2025, the entire balance has been classified as current.

During the year ended December 31, 2025, the Company received a total of approximately C$1.78 million of funds from Jixing (the "**2025 Shareholder Loan**"). The 2025 Shareholder loan is interest-free, unsecured and had no fixed terms of repayment. As such, the balance has been classified as current as at December 31, 2025.

On October 31, 2025, the Company, Jixing and Yongtan Liu has entered into the loan capitalisation agreement (the "**Loan Capitalisation Agreement**"), pursuant to which the parties thereto have agreed that the (i) aggregated amount of C$3,838,150 due from the Company to Yongtan Liu and/or Jixing as at the date of the Loan Capitalisation Agreement will be settled in full; and (ii) C$7,494,290 out of the C$33,157,678 long-term payable by the Company to Jixing will be settled, through the allotment and issue of 210,000,000 new common shares at HK$0.30 per common share to Yongtan Liu.

Upon the completion of the allotment and issuance of common shares on March 2, 2026, in relation to the abovementioned Loan Capitalisation Agreement, the 2019 Shareholder Loan, 2020 Shareholder Loan and partial of the 2025 Shareholder Loan amounting to C$3,838,150 in aggregate has been settled in full by common shares.

Details are set out in the announcements of the Company dated November 3, 2025 and January 29, 2026, and the Next Day Disclosure Return of the Company dated March 2, 2026.

Long-term payable

C$	**As at September 30, 2026 (Unaudited)**	As at December 31, 2025 (Audited)
Balance, beginning of period	**31,035,457**	20,696,153
Additions	**–**	9,932,572
Fair value adjustments to contributed surplus	**477,311**	(1,400,190)
Less: Repayments	**–**	(462,000)
Less: Capitalization	**(7,494,290)**	–
Less: Loss on capitalization of debt	**644,065**	–
Accretion expenses	**1,900,848**	2,268,922
Balance, end of period	**26,563,391**	31,035,457
Analysed as:		
Current	**–**	7,382,579
Non-current	**26,563,391**	23,652,878

The Company signed the Jixing Gas Handling and Jixing Voyager Compression Agreements (collectively the "**Jixing GHCA**") with a related party Jixing. Under the terms of the Jixing GHCA, the Company incurs monthly costs increasing the total liability over time. Per the terms of the subordination agreement, the Company may make payments against the Jixing GHCA liability for regular operating payments. On January 22, 2026, the Company and Jixing have entered into Amendment to Gas Handling Agreement and Amendment to Voyager Compression Agreement (collectively the "**Amendments to Jixing GHCA**") (Note 19(b)). Under Amendment to Gas Handling Agreement, the gas handling charges originally shall accrue for the years 2026 and 2027 are then deferred to the years 2028 and 2029, respectively. Under Amendment to Voyager Compression Agreement, payment and expenses of the 2026 gas compression charges are deferred to the year 2028. Based on this agreement, the Company incurred nil cost related to the Jixing GHCA during the three and nine months ended September 30, 2026 (2025: C$2.3 million and C$6.9 million). As a result of this unconditional right to defer payment, the Company has classified the payables as non-current liabilities, indicating their long-term nature.

For the three and nine months ended September 30, 2026, the Company recognized an adjustment of nil and C$0.48 million, respectively, of contributed surplus related to the Jixing GHCA.

For the three and nine months ended September 30, 2026, the Company recognized an adjustment of C$0.69 million and C$1.90 million, respectively, of accretion expenses related to the Jixing GHCA.

In determining the fair value of the Jixing GHCA for the nine months ended September 30, 2026, the Company applied an average effective rate of 10.36%.

As at December 31, 2025, the management of the Company classified the amount of approximately C$7.38 million in the current portion of the long-term payable to reflect the portion that has been settled through Loan Capitalisation Agreement as discussed in Note 10(b). Upon the completion of the allotment and issuance of common shares on March 2, 2026, in relation to the abovementioned Loan Capitalisation Agreement, partial of the Jixing GHCA liability amounting to C$7,494,290 has been settled in full by common shares.

Details are set out in the announcements of the Company dated November 3, 2025 and January 29, 2026, and the Next Day Disclosure Return of the Company dated March 2, 2026.

Convertible debentures

The movement of the liability and derivative components of the convertible debentures for the period is set out below:

C$	**Liability component**	**Derivative component**
As at January 1, 2025	2,372,260	41,714
Transfer from other payable	2,114,801	–
Fair value of the derivative component recognised at the issue date	(199,820)	199,820
Conversion of convertible debentures	(2,153,521)	(40,041)
Transfer to other loan	(263,155)	–
Interest expenses	472,150	–
Change in fair value recognised in the profit or loss	–	538,425
Gain on conversion of convertible debentures	(40,041)	–
Exchange adjustments	(145,124)	(10,321)
As at December 31, 2025 and January 1, 2026	**2,157,550**	**729,597**
Conversion of convertible debentures	**(747,673)**	**(725,972)**
Transfer to other loan	**(728,732)**	**–**
Interest expenses	**40,813**	**–**
Loss on conversion of convertible debentures	**(711,238)**	**–**
Exchange adjustments	**(10,720)**	**(3,625)**
As at September 30, 2026	**–**	**–**

References are made to the Company's announcements dated July 25, 2024, July 26, 2024, April 11, 2025, May 14, 2025, November 3, 2025, January 29, 2026, and the Next Day Disclosure Return of the Company dated March 2, 2026.

On July 24, 2024 the Company entered into a convertible debenture agreement with an independent third party for US$1.60 million (equivalent to approximately C$2.18 million), bearing interest of 12% per annum payable monthly, and matures on July 24, 2025 (the "**July Debenture**"). The Company can repay, at its sole discretion, the July Debenture in full or part upon maturity including accrued and unpaid interest, in cash or with common shares at a deemed price of HK$0.20 per common share or one common share for each US$0.02558 of the July Debenture outstanding including accrued and unpaid interest.

The July Debenture due in 2025 contains two components, liability component and derivative component (including conversion option). Upon initial recognition, the fair value of July Debenture liability component was approximately US$1.57 million (equivalent to approximately C$2.13 million) and the fair value of derivative component is approximately US$0.03 million (equivalent to approximately C$0.05 million).

The fair value of derivative component of July Debenture as at initial measurement and December 31, 2024 have been determined on the basis of a valuation carried out by the management of the Company. A fair value gain of C$6,490 recognised in the profit or loss during the year ended December 31, 2024. The share price as at December 31, 2024 was HK$0.19.

Upon maturity of July Debenture, the Company issued 62,548,866 common shares to convert the principal portion of the July Debenture of US$1.60 million (equivalent to approximately C$2.18 million). On the same day, the Company entered into a loan agreement with the lender to transfer the accrued and unpaid interest of approximately US$0.19 million (equivalent to approximately C$0.26 million) as other loan (Note 12).

On March 19, 2025, the Company entered into a convertible debenture agreement with an independent third party for approximately US$1.52 million (equivalent to approximately C$2.11 million), bearing interest of 9% per annum payable monthly and maturing on December 10, 2025 (the "**December Debenture**"). The Company can repay, with mutual agreement of the lender, the December Debenture in full or part upon maturity including accrued and unpaid interest, in cash or with common shares at a deemed price of HK$0.20 per common share or one common share for each US$0.02571 of the December Debenture outstanding including accrued and unpaid interest.

Upon initial recognition, the fair value of December Debenture liability component was approximately US$1.38 million (equivalent to approximately C$1.91 million) and the fair value of derivative component is approximately US$0.14 million (equivalent to approximately C$0.20 million).

Due to certain administrative procedures, the conversion of December Debentures did not commence on the maturity date.

The fair value of derivative component of December Debenture as at initial measurement and December 31, 2025 have been determined on the basis of a valuation carried out by the management of the Company. A fair value loss of C$538,425 recognised in the profit or loss during the year ended December 31, 2025. The share price as at December 31, 2025 was HK$0.28.

On March 2, 2026, the Company issued 42,028,438 common shares to convert part of the principal portion of the December Debenture of approximately US$1.08 million (equivalent to approximately C$1.48 million). The Company also entered into an other loan agreement with the lender to transfer the remaining principal of approximately US$0.44 million (equivalent to approximately C$0.60 million) and accrued and unpaid interest of approximately US$0.10 million (equivalent to approximately C$0.14 million) as other loan (Note 12).

11 DECOMMISSIONING LIABILITIES

C$	**As at September 30, 2026 (Unaudited)**	As at December 31, 2025 (Audited)
Balance, beginning of period	**2,005,974**	1,451,965
Effect of changes in estimates	**(76,075)**	525,109
Accretion expense	**47,792**	28,900
Balance, end of period	**1,977,691**	2,005,974
Analysed as:		
Current	**881,448**	881,448
Non-current	**1,096,243**	1,124,526

The total future decommissioning obligations were estimated based on the Company's net ownership interests 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 September 30, 2026, the Company estimated the total undiscounted amount of cash flows required to settle its decommissioning obligations to be approximately C$1.6 million (2025: C$1.6 million) which will be incurred between 2026 and 2046 (2025: between 2025 and 2072). The majority of these costs were estimated to be incurred by 2046 (2025: 2050). As at September 30, 2026, an annual risk-free rate of 4.25% (2025: 3.54%) and an inflation rate of 2.10% (2025: 2.10%) per annum were used to estimate the decommissioning costs to reclaim and abandon the facilities in future years.

12 OTHER LOANS

C$	**As at September 30, 2026 (Unaudited)**	As at December 31, 2025 (Audited)
Balance, beginning of period	**400,215**	–
Reclass of interest	**12,410**	–
Addition	**728,732**	400,215
Interest expense	**100,560**	–
Foreign exchange adjustments on principal	**43,468**	–
Foreign exchange adjustments on accrued interest	**(10,909)**	–
Balance, end of period	**1,274,476**	400,215
Analysed as:		
Current	**1,274,476**	400,215
Non-current	**–**	–

On November 25, 2025, the Company entered into a short-term loan agreement of US$0.10 million (equivalent to approximately C$0.14 million) with an independent third party, which is unsecured, interest bearing at 15% per annum, guaranteed by Mr. Yongtan Liu and repayable on May 25, 2026. On May 25, 2026, the Company and the lender entered into a Loan Maturity Date Extension Agreement, pursuant to which the maturity date of the loan was extended to December 31, 2026.

During the year ended December 31, 2025, the unpaid interests under the July Debenture which were matured and converted, were transferred into other loan at principal amount of approximately US$0.19 million (equivalent to approximately C$0.26 million), which is unsecured, interest bearing at 9% per annum and repayable on December 10, 2026.

During the nine months ended September 30, 2026, the remaining part of the principal of December Debenture and the respective accrued and unpaid interest were transferred as other loan at a total principal amount of approximately US$534,343 (equivalent to approximately C$0.73 million), which is unsecured, interest bearing at 9% per annum and repayable on December 10, 2026.

Details of the balances denominated in currency other than functional currency of the Company is disclosed in Note 20.

13 SHARE CAPITAL

(a) Authorised:

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

(b) Issued:

C$	Common Shares	Amount *C$*
At January 1, 2025	522,886,520	222,417,603
Shares issued for cash	31,828,773	1,964,139
Allocation to contributed surplus for shares issued above market value	–	2,707,078
Share issue costs	–	(17,159)
Conversion of convertible debentures	62,548,866	2,193,562
At December 31, 2025 and January 1, 2026	**617,264,159**	**229,265,223**
Conversion of convertible debentures	**42,028,438**	**1,473,645**
Capitalization of long-term payable	**138,875,732**	**7,494,290**
Capitalization of shareholder loan	**71,124,268**	**3,838,150**
At September 30, 2026	**869,292,597**	**242,071,308**

On March 2, 2026, the Company issued 42.03 million common shares to convert part of the principal portion of the December Debenture of approximately US$1.08 million (equivalent to approximately C$1.48 million) instead of cash repayment under the convertible debenture agreement (Note 10);

On March 2, 2026, the Company has completed the loan capitalisation to make partial settlement at approximately C$3.84 million and C$7.49 million of certain long-term debt and certain long-term payable, respectively, through the allotment and issuance of 71.12 million and 138.88 million shares to the lender (Note 10);

On October 10, 2025, the Company entered into private placement subscription agreement to issue approximately 11.16 million common shares at a price of HK$0.31 per common share for gross proceeds of approximately HK$3.46 million (equivalent to approximately C$0.62 million). Such subscription was completed on November 3, 2025. At closing, the market price of the Company's common shares was HK$0.325 and the HK$0.015 per share discount to market value, totaling approximately C$0.03 million (equivalent to approximately HK$0.17 million) was allocated to contributed surplus.

On September 5, 2025, the Company entered into private placement subscription agreement to issue approximately 12.89 million common shares at a price of HK$0.33 per common share for gross proceeds of approximately HK$4.25 million (equivalent to approximately C$0.75 million). Such subscription was completed on September 19, 2025. At closing, the market price of the Company's common shares was HK$0.38 and the HK$0.050 per share discount to market value, totaling approximately C$0.11 million (equivalent to approximately HK$0.64 million) was allocated to contributed surplus.

On August 14, 2025, the Company entered into private placement subscription agreement to issue approximately 7.78 million common shares at a price of HK$0.436 per common share for gross proceeds of approximately HK$3.39 million (equivalent to approximately C$0.59 million). Such subscription was completed on September 19, 2025. At closing, the market price of the Company's common shares was HK$0.38 and the HK$0.056 per share in excess of market value, totaling approximately C$0.08 million (equivalent to approximately HK$0.44 million) was allocated to contributed surplus.

On August 1, 2025, upon maturity of the convertible debenture, the principal amount of US$1.60 million (equivalent to approximately C$2.18 million) was converted into common shares of the Company at a conversion price of HK$0.20 (equivalent to US$0.02558) per common share in accordance with the terms of the agreement. At closing, the market price of the Company's common shares was HK$0.44, and the HK$0.240 per share discount to market value, totaling approximately C$2.64 million (equivalent to approximately HK$15.01 million), was allocated to contributed surplus.

(c) Share options and share-based expenses:

The Company adopted a share option plan on June 8, 2018 (the "**Option Plan**") for a term of 10 years. The purpose of the Option Plan is to provide incentives and rewards to eligible participants, including directors, employees and consultants of the Company, for their contribution to the long-term growth and success of the Company.

During the three months ended September 30, 2026, no share options were granted, exercised, cancelled or forfeited (2025: 0.8 million). As at September 30, 2026 and December 31, 2025, there were no outstanding share options under the Option Plan.

No share-based compensation expense was recognised during the three and nine months ended September 30, 2026 (2025: C$1,779 and C$5,335).

During the year ended December 31, 2025, a total of 3,080,200 share options were forfeited or lapsed, including 800,200 share options forfeited following the resignation of employees during the vesting period and 2,280,000 share options lapsed upon expiry. Accordingly, an amount of C$366,416 previously recognised in contributed surplus was transferred to accumulated deficit during the year ended December 31, 2025.

The Company did not have any share options outstanding, exercisable or available for exercise as at September 30, 2026. Accordingly, there was no dilutive impact from share options on the Company's basic and diluted loss per share for the three and nine months ended September 30, 2026.

(d) Contributed surplus:

As at September 30, 2026 and December 31, 2025, contributed surplus is comprised of the fair value adjustment to long-term payable, difference between the deemed fair value and gross value of the Shareholder Loans at the date of initial recognition, share-based expenses recognised when vested during the year, forfeiture or lapse of unexercised options, and the allocation of shares issued during the year in excess of or discount to market value.

14 REVENUE AND OTHER INCOME

	Three months ended September 30,		Nine months ended September 30,	
C$	**2026**	2025	**2026**	2025
Revenue from contract with customers within the scope of IFRS 15, recognised at a point in time				
Commodity sales from production				
Natural gas, natural gas liquids and condensate	**2,185,333**	21,675	**7,492,630**	4,544,687
Crude oil	**225,369**	235,094	**743,750**	745,066
Total commodity sales from production	**2,410,702**	256,769	**8,236,380**	5,289,753
Trading revenue (loss)				
Natural gas trading revenue	**169,028**	569	**226,002**	19,062
Natural gas trading cost	**(79,855)**	(557)	**(110,660)**	(16,938)
Total trading revenue (loss)	**89,173**	12	**115,342**	2,124
Other income	**498**	306	**2,788**	4,686

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, weekly 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 realised 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.

During the three and nine months ended September 30, 2026 and 2025, the Company has applied the practical expedient in paragraph 121 of IFRS 15 of not disclosing the transaction price allocated to performance obligations that were unsatisfied to the above contracts as all contracts that had an original expected duration of one year or less.

Other income is comprised of over-riding royalty payments and income generated from sources outside normal operations including rent inducement. 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 and nine months ended September 30, 2026, the Company had five (2025: five) active customers, of which one (2025: two) customers exceeded 10% of the Company's revenues. During the three and nine months ended September 30, 2026, the Company's largest customer accounted for 79% and 79% of revenues (2025: 69% and 72%), the second largest customer accounted for 9% and 9% of revenues (2025: 20% and 14%).

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 and nine months ended September 30, 2026 and 2025, all of the Company's revenues and commodity sales from production are recognized at a point in time.

15 FINANCE EXPENSES

C$	Three months ended September 30, 2026	Three months ended September 30, 2025	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Interest expense and financing costs:				
Term debt *(Note 10)*	**52,540**	55,485	**224,967**	175,698
Shareholder term loan debt *(Note 10)*	**127,696**	126,821	**530,995**	401,595
Right of use assets and leases *(Note 8)*	**5,568**	5,199	**14,112**	22,573
Commitment charges[1]	**(149,630)**	69,058	**(58,200)**	98,629
Convertible debenture *(Note 10)*	**–**	115,070	**40,813**	349,822
Other loans *(Note 12)*	**28,742**	–	**88,696**	–
Other financing costs and bank charges	**7,610**	4,669	**68,260**	13,923
Accretion expenses:				
Decommissioning liabilities *(Note 11)*	**5,846**	–	**47,792**	26,922
Shareholder loans *(Note 10)*	**–**	47,270	**27,400**	149,894
Long-term payable *(Note 10)*	**689,664**	600,332	**1,900,848**	1,606,271
Amortization of debt issuance costs	**13,391**	13,392	**40,173**	40,174
(Gain)/loss on foreign exchange[2]	**(7,659)**	279,605	**420,961**	(459,767)
Total finance expenses	**773,768**	1,316,901	**3,346,817**	2,425,734

(1) For the three and nine months ended September 30, 2026 and 2025, commitment charges are primarily comprised of costs associated with the Company's PSG facility.

(2) For the three and nine months ended September 30, 2026 and 2025, the gain and loss on foreign exchange is primarily due to the conversion of the Company's USD term debt, shareholder loan, other loans and convertible debentures.

16 INCOME TAX EXPENSE

No provision for income tax was made for the three and nine months ended September 30, 2026 and year ended December 31, 2025 as the Company had no assessable profits for both years.

During the three and nine months ended September 30, 2026, the blended statutory tax rate was 23% (2025: 23%).

Under Canadian tax laws, unused tax losses can be carried forward for 20 years if the loss arises in tax years ended after December 31, 2005. Included in unrecognised tax losses are losses of approximately C$75.84 million that will expire from 2037 to 2045 (2025: approximately C$56 million that will expire from 2037 to 2044).

17 INCOME (LOSS) PER SHARE

C$ except share amounts	Three months ended September 30, **2026**	2025	Nine months ended September 30, **2026**	2025
Loss and comprehensive loss	**(872,219)**	(6,307,385)	**(3,709,215)**	(15,196,223)
Weighted average number of common shares	**869,292,597**	565,251,758	**812,978,550**	537,163,450
Dilutive shares[1]	**–**	–	**–**	104,577,304
Income (loss) per share – basic	**(0.00)**	(0.01)	**(0.00)**	(0.03)
Income (loss) per share – diluted	**(0.00)**	(0.01)	**(0.00)**	(0.02)

Basic loss per share is calculated by dividing the loss attributable to the shareholders of the Company by the weighted average number of shares outstanding during the year. Diluted loss per share is determined by adjusting the loss attributable to shareholders and the weighted average number of shares outstanding for the effects of all potential shares, which is comprised of any outstanding share options or convertible debentures.

Diluted loss per share equals basic loss per share for the three and nine months ended September 30, 2026. Potential ordinary shares outstanding before the conversion of the December Debenture were excluded because their effect was anti-dilutive.

There were 3.08 million options and the maximum number of shares related to the convertible shares were excluded from the weighted-average share calculations for the nine months ended September 30, 2025 because they were anti-dilutive.

18 DIVIDEND

The directors of the Company did not recommend or declare the payment of any dividend in respect of the three and nine months ended September 30, 2026 and 2025.

19 RELATED PARTY TRANSACTIONS, PERSONNEL COSTS AND REMUNERATION POLICY

Remuneration policy

In addition to the transactions disclosed elsewhere in these financial statements, during the periods, the Company entered into the following material related party transactions.

(a) Transactions with key management personnel

Key management compensation for the three and nine months ended September 30, 2026 and 2025 including director's emoluments is as follows:

	Three months ended September 30,		Nine months ended September 30,	
C$	**2026**	2025	**2026**	2025
Director's fees	**30,000**	21,913	**90,000**	76,420
Salaries, allowance and other benefits	**111,875**	97,966	**318,959**	295,570
Share-based payments and phantom unit adjustments				
Employer portion of Canadian Pension Plan contributions	**3,481**	1,779 1,739	**15,005**	5,335 13,444
Total	**145,356**	123,397	**423,964**	390,769

(b) Transactions with directors

Directors' Fees and Phantom Unit Plan

Following the resignation of the last independent non-executive director participating in the Phantom Unit Plan on December 24, 2024, none of the newly appointed independent non-executive directors has participated in this plan. Accordingly, no director's fees in relation to the Phantom Unit Plan was recognised for the three and nine months ended September 30, 2026 and 2025.

For resigned independent non-executive directors who were participating in the Phantom Unit Plan, their cash redemption value of their Phantom Units was fixed at the Director Termination Date in accordance with the terms of the Company's Phantom Unit Plan. Subsequent payments made to them will only reduce the outstanding Phantom Unit balance.

The Company's total independent non-executive directors' compensation expense was approximately C$0.03 million and C$0.09 million for the three and nine months ended September 30, 2026 (2025: C$0.04 million and C$0.12 million).

Jixing Gas Handling and Voyager Compression Agreements

On May 9, 2019, the Company entered into a gas handling agreement with Jixing (the "**Jixing Gas Handling Agreement**"). Jixing is a private Canadian company controlled by Yongtan Liu, who was appointed as director and Chairman of the Company on December 18, 2019. Under the terms of the Jixing Gas Handling Agreement, the Company will transport its gas from the Voyager area through Jixing's gas gathering system. The agreement has a term of May 9, 2019 to December 31, 2044, however the Company's obligations commenced with the commissioning of production operations at Voyager on June 29, 2020.

On November 1, 2019, the Company and Jixing entered into a gas compression agreement (the "**Jixing Voyager Compression Agreement**"). The agreement has a term of November 1, 2019 to December 31, 2026, however the Company's obligations commenced with the commissioning of production operations at Voyager on June 29, 2020.

On January 22, 2026, the Company and Jixing have entered into Amendment to Gas Handling Agreement and Amendment to Voyager Compression Agreement (collectively the "**Amendments to Jixing GHCA**"). Under Amendment to Gas Handling Agreement, the gas handling charges originally shall accrue for the years 2026 and 2027 are then deferred to the years 2028 and 2029, respectively. Under Amendment to Voyager Compression Agreement, payment and expenses of the 2026 gas compression charges are deferred to the year 2028.

Accordingly, no gas handling charges or gas compression charges were incurred by the Company for the three and nine months ended September 30, 2026 under the Amendments to Jixing GHCA. For the three and nine months ended September 30, 2025, the Company incurred total gas handling charges of approximately C$1.85 million and C$5.56 million in respect of the gas handling agreement. For the three and nine months ended September 30, 2025, the Company incurred total gas compression charges of approximately C$0.44 million and C$1.31 million in respect of the gas compression agreement.

On March 2, 2026, the Company completed a loan capitalisation, pursuant to which approximately C$7.49 million of long-term payables in respect of Jixing gas handling and gas compression charges were partially settled through the allotment and issuance of 138.88 million shares to the lender (Note 13).

Jixing is a private Canadian company controlled by Yongtan Liu, who was appointed as director and Chairman of the Company on December 18, 2019. Prior to December 18, 2019, Jixing was not a related party to the Company. The terms of the agreements were determined through arm's length negotiations, giving reference to the prevailing market rates quoted on normal commercial terms by providers of similar services in the same or nearby geographical regions.

Such related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Shareholder Loans

Details of the shareholder loans are set out in Note 10.

20 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 risks, and the Company's management of capital.

The Company's risk management policies are established to identify and analyse 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

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company considers all elements of credit risk exposure such as counterparty default risk and sector risk for risk management purposes. The Company's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the statement of financial position.

The Company is exposed to credit risk in relation to its (i) trade receivables; (ii) deposits and other receivables; and (iii) deposits with banks and other financial institutions.

Trade receivables

In order to minimise the credit risk, individual credit evaluations are regularly performed on all customers. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment. The Company does not obtain collateral from customers. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Company's credit risk is significantly reduced.

An impairment test is performed at the end of the reporting period using the simplified approach. Each of the customers is assessed for impairment individually by reference to the repayment history over a period of 12 month and the corresponding historical credit losses experienced within this period. The historical loss rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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. There are no material trade receivables that the Company considers past due and at risk of collection. As at September 30, 2026 and December 31, 2025, all of the trade receivables were aged less than 90 days old. The Company seeks to manage its credit risk on trade receivables by trading with third party customers it considers to be creditworthy. Based on the credit worthiness and past payment history of the counterparties, the ECL of the trade receivables is immaterial (2025: Same).

As at September 30, 2026, the Company's trade receivables consisted of approximately C$0.88 million (2025: C$1.32 million) due from purchasers of the Company's crude oil and natural gas.

Deposits and other receivables

For deposits and other receivables, the Company performs an ongoing individual credit evaluation of their counterparties' financial conditions and historical settlement records. The directors of the Company believe that there is no significant increase in credit risk of these amounts since initial recognition and the Company provided impairment based on 12-month ECL and the management is of the opinion that the outstanding balances are recoverable.

Deposits with banks and other financial institutions

The credit risk on deposits with banks and other financial institutions is limited because the counterparties are financial institutions with high credit ratings.

The Company's exposure to credit risk

In order to recognise credit risk, the Company has developed and maintained the Company's credit risk grading to categorise exposures according to their degree of risk of default.

The Company's internal credit risk grading assessment comprises the following categories:

		Basis for recognising ECL	
Category	**Description**	**Other financial assets**	**Trade receivables**
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired	12-month ECL	Lifetime ECL – not credit impaired
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired	Lifetime ECL – not credit impaired	Lifetime ECL – not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred	Lifetime ECL – credit impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off	Amount is written off

The identification of internal credit rating for all financial assets regularly reviewed by the management of the Company to ensure relevant information about specific financial assets is updated.

The tables below detail the credit risk exposures of the Company's financial assets, which are subject to ECL assessment:

	Notes	**External Credit Rating**	**Internal Credit Rating**	**12-month or Lifetime ECL**	**As at September 30, 2026 Gross carrying amount** ***C$***	As at December 31, 2025 Gross carrying amount *C$*
Financial assets at amortised cost						
Deposits with banks and other financial institutions	*4*	A1 – Aa2	N/A	12-month ECL	**94,125**	81,753
Deposits and other receivables	*5*	N/A	N/A	12-month ECL	**–**	–
Trade receivables	*5*	N/A	Performing	Lifetime ECL – not credit impaired	**879,253**	1,318,865
					973,378	1,400,618

(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 directors of the Company have carried out a detailed review of the cash flow forecast of the Company for the 12 months ending September 30, 2027 and the measures taken by the management as set out in the Note 3 to the financial statements, and consider that the Company will have sufficient working capital to meet its liabilities as and when they fall due for the 12 months from September 30, 2026.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and the earliest date on which the Company is required to pay. The table includes both interest and principal cash flows.

C$	Carrying amounts	Total	On demand or less than 1 year	1 – 2 years	3 – 5 years
At September 30, 2026					
Accounts payable and accrued liabilities	4,653,580	4,653,580	4,653,580	–	–
Long-term debt – shareholder loans[1]	9,063,802	9,063,802	1,413,556	5,050,232	2,600,014
Long-term debt – term debt[2]	3,417,576	3,444,358	582,443	1,790,603	1,071,312
Long-term payable[3]	26,563,391	27,257,633	–	–	27,257,633
Other loans	1,274,476	1,274,476	1,274,476		
Lease liabilities	175,218	203,661	85,664	85,665	32,332
Total	**45,148,043**	**45,897,510**	**8,009,719**	**6,926,500**	**30,961,291**
At December 31, 2025					
Accounts payable and accrued liabilities	4,655,059	4,655,059	4,655,059	–	–
Long-term debt – shareholder loans[1]	12,160,215	12,250,520	12,250,520	–	–
Long-term debt – term debt[2]	3,305,220	3,372,176	3,372,176	–	–
Long-term payable[3]	31,035,457	34,751,923	7,494,290	–	27,257,633
Convertible debentures – liability component	2,157,550	2,213,374	2,213,374	–	–
Other loans	400,215	431,103	431,103	–	–
Lease liabilities	31,703	34,256	20,323	8,801	5,132
Total	53,745,419	57,708,411	30,436,845	8,801	27,262,765

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

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

(3) Carrying amount is the long-term payable fair value 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 performance and cash flow from operations. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximising returns. There have been no changes over the prior year to the Company's objectives, policies or processes to manage market risks.

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 has taken advantage of the low-price environment and purchased from the market to fulfill the committed forward contracts for natural gas, saving operating costs and arbitraging from the price difference. The Company's hedging arrangements covering approximately 7,000 GJ per day at prices ranging from C$3.04 to C$3.11 per GJ remained in effect during the three and nine months ended September 30, 2026, partially mitigating the Company's exposure to fluctuations in natural gas prices. No such hedging arrangements were in effect during the year ended December 31, 2025.

Interest rate risk

As at September 30, 2026, the Company's debts are comprised of lease liabilities, shareholder loans, term debt, other loans and amounts owing under the Contract (refer to Note 10 and 12), which all carry a fixed interest rate (2025: Same except for convertible debentures).

As at September 30, 2026 and December 31, 2025, the Company has no variable rate borrowings. For the period ended September 30, 2026 and year ended December 31, 2025, the exposure to cash flow interest rate risk on deposits with banks and other financial institutions are insignificant.

Foreign currency risk

Foreign exchange risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's businesses are principally conducted in C$. The Company has transactional currency exposures. Such exposures arise from financing and operating activities of the Company's entities conducted in currencies other than the functional currency. 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 recognises 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 September 30, 2026 and December 31, 2025, the Company's overall net exposure to foreign exchange risk is as follows:

Expressed in C$	**As at September 30, 2026 (Unaudited)**	As at December 31, 2025 (Audited)
HKD Cash and cash equivalents	**1,558**	1,518
HKD Accounts payable and accrued liabilities	**(249,541)**	(377,779)
USD Accounts payable and accrued liabilities	**–**	(12,095)
USD Other loans	**(1,274,476)**	(400,215)
USD Long-term debt (current and non-current portions)	**(11,803,621)**	(11,080,006)
USD Convertible debentures	**–**	(2,157,550)
Overall net exposure	**(13,326,080)**	(14,026,127)

With all other variables held constant, changes in the HKD/CAD foreign exchange rate of less than 10% would not materially change the Company's financial statements for the period ended September 30, 2026 and year ended December 31, 2025. Changes in the USD/CAD foreign exchange rate +/- US$0.01 would increase/decrease the foreign exchange gain by approximately C$0.1 million (2025: C$0.1 million) and increase/decrease the Company's USD denominated debt by the same amounts for the period ended September 30, 2026.

The above sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the reporting dates and that all other variables remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date.

(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 optimise 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 debt, long-term payable, lease liabilities and net 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 Company's overall strategy remains unchanged from 2025.

The following represents the capital structure of the Company:

C$	**As at September 30, 2026 (Unaudited)**	As at December 31, 2025 (Audited)
Non-current portion of long-term debt	**10,485,379**	–
Non-current portion of long-term payable	**26,563,391**	23,652,878
Non-current lease liabilities	**105,590**	13,154
Net working capital deficit	**7,603,981**	30,972,581
Net debt	**44,758,341**	54,638,613
Shareholders' deficit	**(30,762,526)**	(39,382,085)
Total	**13,995,815**	15,256,528

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

On April 25, 2018, the Company obtained a PSG facility from Export Development Canada ("**EDC**") totaling approximately C$4.4 million. On July 30, 2020 the aggregate PSG was reduced to approximately C$1.85 million. On October 17, 2022, the aggregate PSG was reduced to approximately 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 collateralised, 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 December 31, 2025, the Company has PSG coverage for the following L/C's:

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

During the year ended December 31, 2025, the holder of the C$0.08 million L/C called the L/C, and the PSG facility covered the amount. The Company repaid the called L/C to EDC in equal monthly installments over nine months commencing in May 2025, and the balance has been fully repaid in January 2026.

The PSG facility has a 12-month term and must be renewed annually. The current term expires on August 31, 2026. As the facility was not approved for renewal, the PSG coverage terminated upon the expiry of the existing L/C.

During the nine months ended September 30, 2026, the holder of the C$0.65 million L/C called the L/C. The Company settled C$0.46 million in cash, and the remaining C$0.19 million was covered under the PSG facility. The Company will repay the amount covered by EDC in equal monthly installments over nine months commencing in April 2026, with the balance to be fully repaid by December 2026.

(f) Fair value measurements of financial instruments

The fair value of the derivative component of convertible debentures was classified as Level 3 under the fair value hierarchy.

There were no transfers between Level 1, Level 2 and Level 3 during the three and nine months ended September 30, 2026 and the year ended December 31, 2025.

The movement in the Level 3 fair value measurement of the derivative component is as follows:

Reconciliation of Level 3 fair value measurements	**Derivative component** *(Note 10)* *C$*
At January 1, 2025	41,714
Conversion of convertible debentures	(40,041)
Fair value recognised at the issue date	199,820
Change in fair value recognised in profit or loss	538,425
Exchange adjustments	(10,321)
At December 31, 2025 and January 1, 2026	**729,597**
Conversion of convertible debentures	**(725,972)**
Exchange adjustments	**(3,625)**
At September 30, 2026	–

The fair values of other financial liabilities of the Company are determined as follows:

- the fair value of financial liabilities carried at amortised costs is determined in accordance with generally accepted pricing models based on discounted cash flow analysis, which the carrying amount is approximate to its fair value; and

- the fair value of financial guarantee contracts at initial recognition is determined to be insignificant, using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss given default.

As at September 30, 2026, the Company had no outstanding derivative financial liabilities measured at fair value following the settlement and conversion of the related convertible debentures during the period.

21 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 to third parties/ related party at the end of the reporting period:

C$	**Total**	**Less than 1 year**	**1-2 years**	**3-5 years**	**After 5 years**
Transportation commitment	**1,264,440**	**1,264,440**	**–**	**–**	**–**
Jixing GHCA[1]	**104,550,120**	**–**	**8,064,435**	**26,268,810**	**70,216,875**
PSG facility[2]	**–**	**–**	**–**	**–**	**–**
Total	**105,814,560**	**1,264,440**	**8,064,435**	**26,268,810**	**70,216,875**
At December 31, 2025					
Transportation commitment	3,100,868	3,100,868	–	–	–
Jixing GHCA[1]	104,550,120	10,927,620	10,402,500	10,402,500	72,817,500
PSG facility[2]	650,000	650,000	–	–	–
Total	108,300,988	14,678,488	10,402,500	10,402,500	72,817,500

(1) Jixing GHCA are predominantly non-cash payables due to being subordinated to the term debt (see Note 10). On January 22, 2026, the Company and Jixing entered into Amendments to Jixing GHCA to defer the charges from 2026 onwards as set out in Note 10.

(2) As the facility was not approved for renewal, the PSG coverage terminated upon the expiry of the existing L/C as set out in Note 20(e).

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 counterparty on an annual basis). The amounts presented in the Commitments table above for the transportation service commitment fee are based on fixed transportation capacity as per these agreements and management's best estimate of future transportation charges.

22 SUBSEQUENT EVENTS

There are no major subsequent events occurring after the reporting 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 and nine months ended September 30, 2026 and 2025

** 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, 2025 and 2024 (the "**Financial Statements**") and the unaudited condensed interim financial statements for the three and nine months ended September 30, 2026 and 2025 (the "**Interim 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 November 12, 2026.

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 2025, commodity prices experienced frequent and significant volatility as the wars in Ukraine and the Middle East, weather-related factors, global trade developments and tariff negotiations continued to affect global commodity markets. Natural gas prices weakened significantly in the third quarter before recovering strongly in the fourth quarter, supported in part by seasonal heating demand and improving market conditions. This late-year recovery partially offset the weaker pricing environment experienced earlier in the year.

During the first half of 2026, heightened geopolitical tensions and conflict in the Middle East increased concerns over crude oil supply and disruptions to international energy shipments, supporting global oil and LNG prices. However, Western Canadian natural gas prices were more directly influenced by regional supply and demand conditions. Following the recovery in late 2025, AECO prices declined during the first quarter and remained relatively weak in the second quarter, despite intermittent improvements. Strong Canadian production, relatively mild spring weather and elevated storage inventories contributed to this weakness. Producers had increased output in anticipation of growing LNG export demand, while the initial ramp-up of LNG Canada was slower than expected, leaving more gas available in the domestic market. In addition, associated natural gas production from oil-directed activity contributed to abundant North American gas supplies.

During the third quarter of 2026, AECO prices remained under pressure as Western Canadian production continued at seasonally record levels, while regional demand and available export capacity were insufficient to absorb the strong supply. High storage inventories limited the market's capacity to accommodate additional gas, and pipeline maintenance and transportation constraints restricted deliveries to other Canadian and U.S. markets. These conditions contributed to a widening discount of AECO prices to the U.S. Henry Hub benchmark, reflecting the regional supply surplus and limited access to higher-priced markets. Consequently, stronger international energy prices arising from geopolitical disruptions did not translate into a comparable improvement in Western Canadian natural gas prices.

Towards the end of the third quarter, improved export pipeline availability provided some support to AECO prices. Increasing feedgas demand from LNG Canada also helped absorb regional supply, although operational interruptions limited this support at times. Further LNG export capacity development, including LNG Canada's Phase 2 expansion, is expected to broaden access to international markets and support Western Canadian natural gas demand over the longer term. Nevertheless, these developments provided limited immediate relief from the prevailing supply surplus, and the overall pricing environment remained subdued.

As the spot price for Western Canadian natural gas fluctuates daily, there can be no assurance that the Company will realise future sales prices consistent with currently forecast levels. The Company continues to evaluate additional development targets and may commence drilling during 2027 and 2028, subject to the availability of capital and commodity prices reaching levels comparable to the averages experienced in 2022.

Natural gas power project and LNG project

On July 25, 2025, the Company announced its intention to proceed with a project to build a 9.6MW natural gas power plant (the "**Project**"). The Company is proceeding with the engineering, procurement and construction phase (the "**EPC Phase**") of the Project and it is expected that the EPC Phase will cost approximately C$5.84 million subject to further adjustments depending on, among others, subsequent quotations from other independent suppliers and the prevailing market conditions. To finance the development of the Project, the Company intends to raise funds through equity financing, including issuing new shares. Any such fundraising arrangement will be subject to further approval from the Board and The Stock Exchange of Hong Kong Limited. As at the date of this MD&A, the Company has not entered into any understanding, arrangement or agreement about the aforesaid plan with any party.

The Company views the Project as a strategic objective to expand the Company's revenue sources and enable the Company to generate electricity independently for both internal operations and external markets, helping to address the rising electricity demand in Alberta. While the application for the regulatory permits and approvals for the Project remain in progress, the Company has resolved to proceed with certain activities of the EPC Phase, as the Company recognises the strategic importance of maintaining the momentum and readiness of the Project. As at September 30, 2026, the Company has spent approximately C$0.24 million on the Project.

On November 4, 2025, the Board further approved the development of an additional 4.7MW natural gas power generation project consisting of five 0.94MW power generation units located at the Company's existing well sites and at the site of Jixing Energy (Canada) Ltd. ("**Jixing**"). The EPC cost for this project is currently estimated to be approximately C$3.0 million and will be paid in stages. The Company expects this project to enable the independent generation of electricity for external sale and enhance the overall value of the Company's natural gas production.

On January 6, 2026, the Company received the primary regulatory approval from Alberta Environment and Protected Areas in relation to the natural gas power project, with the approved project capacity adjusted from 9.6MW to 9.5MW. The Company continues to pursue the remaining regulatory approvals required for the project.

On January 16, 2026, the Company announced a 75 KTPA (thousand tonnes per annum) liquefied natural gas ("**LNG**") project. On April 20, 2026, the Company received a disposition from the Alberta Energy Regulator ("**AER**") for the LNG project. The disposition covers a total project area of approximately 17 hectares (170,000 m²) and is effective from April 20, 2026 to April 19, 2051. The Company continues to advance the LNG project and pursue the remaining regulatory approvals and permits.

Convertible debentures

On March 19, 2025, the Company entered into a convertible debenture agreement with an independent third party for approximately US$1.52 million (equivalent to approximately C$2.11 million), bearing interest of 9% per annum payable monthly and maturing on December 10, 2025 (the "**December Debenture**"). The Company may repay, with mutual agreement of the lender, the December Debenture in full or part upon maturity, including accrued and unpaid interest, in cash or with common shares at a deemed price of HK$0.20 per common share or one common share for each US$0.02571 of the December Debenture outstanding including accrued and unpaid interest. Due to certain administrative procedures, the conversion of the December Debenture did not commence on the maturity date. Subsequently, on March 2, 2026, the Company issued 42,028,438 common shares to convert part of the principal amount of the December Debenture of approximately US$1.08 million (equivalent to approximately C$1.48 million). The remaining principal of approximately US$0.44 million (equivalent to approximately C$0.60 million) and accrued and unpaid interest of approximately US$0.10 million (equivalent to approximately C$0.14 million) were transferred into a separate loan agreement with the lender.

On July 24, 2024 the Company entered into a convertible debenture agreement with an independent third party for US$1.60 million (equivalent to approximately C$2.18 million), bearing interest of 12% per annum payable monthly, and matures on July 24, 2025 (the "**July Debenture**"). Upon maturity on July 24, 2025, the principal amount of US$1.60 million (equivalent to approximately C$2.18 million) was converted into 62,548,866 common shares of the Company, which were allotted and issued under the 2024 General Mandate on August 1, 2025. The accrued and unpaid interest of approximately US$0.19 million (equivalent to approximately C$0.26 million) was transferred into a separate loan agreement with the lender.

Share issuance for cash

On September 19, 2025 the Company completed the placing issuing 12.89 million common shares at a price of HK$0.33 per common share for gross proceeds of HK$4.25 million (C$0.75 million). At closing, the market price of the Company's common shares was HK$0.38 and the HK$0.050 per share discount to market value, totaling C$0.11 million (HK$0.64 million) was allocated to contributed surplus.

On September 19, 2025 the Company completed the placing issuing 7.78 million common shares at a price of HK$0.436 per common share for gross proceeds of HK$3.39 million (C$0.59 million). At closing, the market price of the Company's common shares was HK$0.38 and the HK$0.056 per share in excess of market value, totaling C$0.08 million (HK$0.44 million) was allocated to contributed surplus.

On November 3, 2025 the Company completed the placing issuing 11.16 million common shares at a price of HK$0.31 per common share for gross proceeds of HK$3.46 million (C$0.62 million). At closing, the market price of the Company's common shares was HK$0.325 and the HK$0.015 per share discount to market value, totaling C$0.03 million (HK$0.17 million) was allocated to contributed surplus.

Loan capitalisation

On October 31, 2025, the Company, Jixing, and Mr. Liu entered into a loan capitalisation agreement, pursuant to which (i) a shareholder's loan of C$3,838,150 (equivalent to approximately HK$21,337,280) will be settled in full, and (ii) C$7,494,290 (equivalent to approximately HK$41,662,720) of outstanding debt will be settled through the issuance of 210,000,000 common shares at a price of HK$0.30 per share. Based on the closing market price of HK$0.305 per share on October 31, 2025, the capitalisation shares had a market value of approximately HK$64,050,000. The transaction was approved by the shareholders of the Company at the Special General Meeting held on February 13, 2026, and the issuance of the capitalisation shares was completed on March 2, 2026.

SELECTED QUARTERLY INFORMATION

Daily Average Production	**Q3 2026**	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024
Natural gas (mcf/d)	**6,284**	7,163	8,655	6,070	219	7,194	10,231	3,746
Crude oil (bbls/d)	**28**	26	32	31	31	31	26	28
NGLs and condensate (bbls/d)	**46**	43	67	53	4	67	75	33
Total production (boe/d)	**1,122**	1,263	1,542	1,095	72	1,297	1,807	685
Daily Average Trading								
Natural gas (boe/d)	**96**	29	3	7	2	3	13	18
Daily Average Sales (boe/d)	**1,218**	1,292	1,545	1,102	74	1,300	1,820	703

Financial								
C$000s except share amounts	**Q3 2026**	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024
Production revenue	**2,411**	2,781	3,045	2,112	257	2,125	2,908	1,174
Net trading (loss) revenue	**89**	26	–	1	–	(8)	10	–
Royalties expense	**(252)**	(1,003)	(153)	(247)	(17)	(151)	(198)	(78)
Operating costs	**(1,661)**	(1,937)	(1,835)	(3,910)	(3,495)	(3,990)	(4,199)	(3,358)
Operating netback[1]	**587**	(133)	1,057	(2,044)	(3,255)	(2,024)	(1,479)	(2,262)
Net loss	**(872)**	(2,314)	(523)	(8,272)	(6,307)	(5,313)	(3,576)	(8,777)
Adjusted EBITDA[4]	**314**	(471)	1,324	(1,150)	(1,130)	137	718	702
Net working capital[2]	**(7,604)**	(18,280)	(16,895)	(30,973)	(23,177)	(24,029)	(16,261)	(16,278)
Total assets	**17,576**	18,051	18,065	18,405	20,023	21,924	25,726	25,888
Capital expenditures (disposals)[3]	**27**	58	39	186	67	52	28	27
Loss per share basic	**(0.00)**	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)
Loss per share diluted	**(0.00)**	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)

(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. During the three months ended September 30, 2026, the Company and Jixing Energy (Canada) Ltd. ("**Jixing**") entered into the Extension Agreements with CIMC, pursuant to which the repayment terms of the CIMC Loan and the Jixing Loan were extended to March 27, 2029. As a result, C$2.86 million and C$6.95 million of the CIMC Loan and the Jixing Loan, respectively, were reclassified from current liabilities to non-current liabilities.

(3) Capital expenditures consist of total expenditures for property, plant and equipment plus exploration and evaluation assets.

(4) Adjusted EBITDA is defined as earnings before income tax, depreciation, amortisation and non-cash expenses. Adjusted EBITDA is a non-IFRS financial measure. See "Non-IFRS Financial Measures" for further information.

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.

In contrast, natural gas prices in Q1 2025 had recovered modestly above Q4 2024 averages, allowing the Company to resume full production. However, the broader natural gas market remained volatile throughout 2024 and early 2025, impacted by fluctuating demand, warmer-than-expected winters, and oversupply conditions across North America.

In Q2 2025, the Company recorded a net loss that included C$2.35 million in write-offs of undeveloped land in the Voyager CGU due to land expiries. The decision to curtail production during June and July followed a significant decline in commodity prices from late Q2 2025 levels, which rendered gas production uneconomic at the time.

In Q3 2025, the Company reported a net loss primarily attributable to the temporary suspension of gas production and non-cash write-offs of undeveloped land. The Company recorded C$1.41 million in write-offs related to the expiry of undeveloped lands in the Voyager CGU. In response to the sustained weakness in natural gas prices during the quarter, management elected to shut in gas production in early July for approximately 3.5 months to preserve reserves and mitigate losses from uneconomic operations. This temporary production curtailment was the principal factor contributing to the loss for the quarter.

In Q4 2025, the Company recorded a net loss that included C$3.36 million in impairment losses in the Basing and Voyager CGUs due to decreases in forecast commodity prices, and C$0.54 million in change in fair value of the derivative component of convertible debentures. During the fourth quarter, natural gas prices increased materially compared with the third quarter of 2025, supported by stronger winter demand and improved AECO benchmark prices. The Company resumed production in October 2025 following the temporary suspension earlier in the year. As production only resumed late in the year, revenues in the fourth quarter continued to be impacted by lower overall production volumes; however, the recovery in market prices supported the recovery in revenue during the quarter.

In Q1 2026, the Company recorded a net loss; however, the magnitude of the loss decreased significantly compared with the previous quarter. During the quarter, geopolitical tensions in the Middle East contributed to increased crude oil production in North America and a corresponding rise in associated natural gas supply, resulting in an unusual decline in natural gas prices during the winter season. Despite the weaker pricing environment, the Company benefited from its hedging arrangements covering approximately 7,000 GJ per day from January 1, 2026 to December 31, 2026 at prices ranging from C$3.04 to C$3.11 per GJ, which provided greater revenue stability and supported operating cash flows during the period.

On January 22, 2026, the Company and Jixing entered into amendments to the Gas Handling Agreement and the Voyager Compression Agreement (collectively, the "**Amendments to Jixing GHCA**"). Under the amendment to the Gas Handling Agreement, gas handling charges originally accruing for the years 2026 and 2027 were deferred to 2028 and 2029, respectively. As a result, operating costs were significantly reduced during the quarter, enabling the Company to achieve a positive operating netback for the first time in over two years.

In Q2 2026, the Company recorded a net loss of C$2.31 million, representing a significant increase compared with C$0.52 million in Q1 2026, but a substantial decrease from C$5.31 million in Q2 2025. The Company's hedging arrangements and the Amendments to Jixing GHCA remained in effect throughout Q2 2026, continuing to provide greater revenue stability and significantly reduce operating costs. Consequently, the Company's financial performance improved considerably compared with the corresponding period in 2025, with operating costs and net loss decreasing by approximately 51% and 56%, respectively. However, compared with Q1 2026, commodity sales revenue decreased moderately, operating costs increased modestly and royalty expense increased significantly. The combined effect of these factors resulted in a lower operating netback and a significant increase in the net loss for Q2 2026 compared with the preceding quarter.

During the third quarter of 2026, the ongoing war in Ukraine and heightened tensions and conflict in the Middle East continued to create uncertainty in global energy markets. However, Western Canadian natural gas prices were primarily affected by regional supply and demand conditions. Strong production, elevated storage inventories and pipeline maintenance and export constraints contributed to an oversupplied market. Together with seasonally lower heating demand during the summer, these factors kept AECO benchmark prices subdued, despite some improvement towards the end of the quarter.

In response to the weak pricing environment, the Company continued to manage production selectively to preserve reserves and cash flow. While maintaining sufficient production to support volumes covered by its fixed-price hedging arrangements, the Company curtailed additional production during periods of unfavourable spot prices and selectively increased sales into the spot market on days when prices were more attractive. This approach enabled the Company to maintain cash inflows from natural gas sales despite lower overall production. Lower production volumes also contributed to reductions in royalty expenses and operating costs, which, together with the protection provided by the hedging arrangements, helped mitigate the impact of weak market prices and narrow the net loss compared with the previous quarter.

During the quarter, the Company also entered into loan extension and restructuring arrangements with CIMC, extending the repayment period and rescheduling debt service payments. These arrangements reduced near-term repayment requirements, improved the Company's debt maturity profile and provided greater flexibility in managing working capital and operating cash flows.

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 September 30,			Nine months ended September 30,		
	2026	2025	Change	**2026**	2025	Change
Production						
Natural gas (mcf/d)	**6,284**	219	2,767%	**7,347**	5,938	24%
Oil (bbl/d)	**28**	31	(10%)	**28**	31	(11%)
NGLs (bbl/d)	**19**	3	576%	**20**	19	5%
Condensate (bbl/d)	**27**	1	1,979%	**32**	31	3%
Total production (boe/d)	**1,122**	72	1,457%	**1,305**	1,071	22%
Trading						
Natural gas (mcf/d)	**575**	13	4,296%	**260**	37	610%
Total trading (boe/d)	**96**	2	4,296%	**43**	6	610%
Total sales volume (boe/d)	**1,218**	74	1,541%	**1,348**	1,077	25%

Total sales volume for the three and nine months ended September 30, 2026 was 1,541% and 25% higher, respectively, than the comparative periods in 2025. Natural gas production increased significantly by approximately 2,767% during the three-month period and 24% during the nine-month period compared with the corresponding periods in 2025. The substantial increase during the three-month period was primarily attributable to the exceptionally low production levels in Q3 2025, when Western Canadian natural gas prices remained depressed and the Company did not have hedging arrangements in place to provide price protection against prevailing market conditions. As a result, the Company voluntarily curtailed natural gas production for most of Q3 2025 to preserve reserves for future production when market conditions improve. In contrast, the Company's hedging arrangements in 2026 provided greater revenue certainty and supported continued production despite the prevailing weak natural gas pricing environment. The increase in production during Q3 2026 also contributed to the higher overall production volumes for the nine-month period, notwithstanding certain production curtailments implemented during Q1 2026 in response to weaker natural gas prices.

The Company's hedging arrangements covering approximately 7,000 GJ per day at prices ranging from C$3.04 to C$3.11 per GJ remained in effect during the three and nine months ended September 30, 2026, providing greater revenue certainty and supporting cash flow stability amid continued weakness in prevailing market prices. The hedging arrangements also enabled the Company to maintain greater operational and financial flexibility in determining the timing of production. In comparison, the Company did not have any hedging arrangements in place during the corresponding periods in 2025, which limited its ability to sustain production under the prevailing low natural gas pricing environment.

When the Company's natural gas production on a given day is insufficient to meet its nominated sales volume, it purchases natural gas from the market ("**traded gas**") to fulfil its delivery obligations. As nominations are made daily, any shortfall experienced on a given day can be rectified on the following day by adjusting nominations to reflect changes in production.

The volume of traded gas increased significantly during the three and nine months ended September 30, 2026 compared with the corresponding periods in 2025, although it continued to represent a relatively small proportion of the Company's total natural gas sales for the nine-month period. Traded gas accounted for approximately 8.4% and 3.4% of total natural gas sold during the three and nine months ended September 30, 2026, respectively, compared with approximately 5.6% and 0.6% during the corresponding periods in 2025. The increase primarily reflected short-term fluctuations in daily production relative to nominated sales volumes and did not represent a material change in the stability of the Company's overall natural gas production.

Natural gas liquids ("**NGLs**") and condensate are by-products of natural gas production. The amount of NGL and condensate production varies by well, and their production rates as a percentage of natural gas production may change over time. NGL production increased by approximately 576% and 5% during the three and nine months ended September 30, 2026, respectively, while condensate production increased by approximately 1,979% and 3%, respectively, compared with the corresponding periods in 2025. The significant increases during the three-month period were primarily attributable to the substantially higher natural gas production volumes compared with the same period in 2025. However, the proportion of NGL and condensate production relative to natural gas production decreased, reflecting changes in the production mix and the liquids content of the wells producing during the periods. On an absolute boe/d basis, combined NGL and condensate production as a percentage of natural gas production was approximately 4.4% and 4.2% for the three and nine months ended September 30, 2026, respectively, compared with approximately 11.2% and 5.0% for the corresponding periods in 2025.

Oil production for the three and nine months ended September 30, 2026 was 10% and 11% lower, respectively, than the comparative periods in 2025, primarily reflecting lower production during Q2 and Q3 2026. Notwithstanding volatility in global crude oil markets arising from geopolitical developments and concerns regarding potential supply disruptions, the Company's oil production volumes were primarily affected by internal operational factors, including natural production declines from mature wells and periods of reduced production associated with maintenance and other field operations during 2026.

Revenue

	Three months ended September 30,			**Nine months ended September 30,**		
C$000s	**2026**	2025	Change	**2026**	2025	Change
Production						
Natural gas	**1,894**	28	6,664%	**6,457**	3,602	79%
Crude oil	**226**	235	(4%)	**744**	745	(0%)
NGLs	**43**	–	n/m	**142**	133	7%
Condensate	**248**	(6)	n/m	**893**	810	10%
Total production revenue	**2,411**	257	838%	**8,236**	5,290	56%
Trading						
Natural gas trading revenue	**169**	1	n/m	**226**	19	1,089%
Natural gas trading cost	**(80)**	(1)	n/m	**(111)**	(17)	553%
Total trading revenue (loss)	**89**	–	n/m	**115**	2	5,330%
Other income	**–**	–	–	**3**	5	(41%)
Total revenue	**2,500**	257	873%	**8,354**	5,297	58%

Production revenue for the three and nine months ended September 30, 2026 increased by 838% and 56%, respectively, compared with the corresponding periods in 2025. The increases were primarily attributable to higher natural gas revenue, which increased by 6,664% and 79%, respectively. The significant increase for the three-month period reflected the low comparative base in Q3 2025, when natural gas production was suspended for most of the quarter in response to weak market prices and the absence of fixed-price hedging arrangements to support continued production. The Company's hedging arrangements remained in effect throughout the 2026 periods and enabled the Company to realize natural gas prices above prevailing market prices, providing revenue stability and supporting continued production despite the weak pricing environment. During Q3 2026, the Company maintained production to support its hedged sales volumes while selectively increasing spot market sales when prices were more favourable. Alberta natural gas market prices remained relatively weak during the first nine months of 2026, reflecting continued supply pressure, elevated natural gas inventories and pipeline takeaway constraints.

Crude oil production revenue for the three months ended September 30, 2026 decreased by approximately 4% compared with the corresponding period in 2025, as lower production volumes were partially offset by higher average realized sales prices. For the nine months ended September 30, 2026, crude oil production revenue remained broadly unchanged, with higher average realized sales prices largely offsetting the decrease in production volumes.

NGL and condensate revenue for the three months ended September 30, 2026 improved from a negative amount in the corresponding period in 2025. A conventional percentage comparison is not meaningful because the comparative revenue was negative. The improvement primarily reflected substantially higher production and sales volumes compared with Q3 2025, when natural gas production and the associated production of NGLs and condensate were suspended for most of the quarter. The negative revenue recorded in the comparative period limits the usefulness of a direct comparison of average realized sales prices. For the nine months ended September 30, 2026, NGL and condensate revenue increased by approximately 10%, reflecting modest increases in production and sales volumes together with higher average realized sales prices.

Commodity prices

	Three months ended September 30,			Nine months ended September 30,		
	2026	2025	Change	**2026**	2025	Change
Natural gas (C$/mcf)						
Average market price (AECO)	**1.51**	0.99	53%	**1.73**	2.13	(19%)
Average trading price	**3.19**	2.19	46%	**3.18**	1.91	67%
Average trading cost price	**1.51**	2.06	(27%)	**1.56**	1.69	(8%)
Average sales price	**3.20**	1.94	65%	**3.10**	2.18	42%
Crude oil (C$/bbl)						
Average market price (Edmonton Par)	**122.31**	84.84	44%	**115.61**	95.19	21%
Average sales price	**91.87**	62.28	48%	**98.07**	87.40	12%
Sales/market differential	***(25%)***	*(27%)*		***(15%)***	*(8%)*	
NGLs (C$/bbl)						
Average market price (Propane/Butane)	**31.67**	33.47	(5%)	**33.52**	37.02	(9%)
Average sales price	**28.28**	21.55	31%	**25.83**	25.38	2%
Sales/market differential	***(11%)***	*(36%)*		***(23%)***	*(31%)*	
Condensate (C$/bbl)						
Average market price (Pentane Plus)	**127.67**	86.69	47%	**123.27**	91.45	35%
Average sales price	**100.75**	96.09	5%	**102.86**	96.43	7%
Sales/market differential	***(21%)***	*11%*		***(17%)***	*5%*	

Realized natural gas sales prices for the three and nine months ended September 30, 2026 increased by approximately 65% and 42%, respectively, compared with the corresponding periods in 2025. Average AECO market prices increased by approximately 53% for the three-month period but decreased by approximately 19% for the nine-month period. The Company's hedging arrangements remained in effect throughout the periods and enabled the Company to realize natural gas prices above prevailing market prices, thereby mitigating the impact of the generally weak Alberta natural gas pricing environment and providing greater revenue and cash flow stability.

The Company did not utilise hedging or forward contracts during the corresponding periods in 2025. Accordingly, realized prices in 2025 primarily reflected prevailing market conditions and daily trading activities. Alberta natural gas prices generally weakened following the winter heating season and remained subdued during Q3 2026, notwithstanding the improvement compared with the low prices recorded in Q3 2025. The Company's realized natural gas prices may also be affected by gas quality, as natural gas with a higher heating value may generally be sold at a premium to the average AECO benchmark.

During the three and nine months ended September 30, 2026 and 2025, the Company purchased natural gas from the market as required to meet shortfalls in its daily production nominations. Average trading prices increased by approximately 46% and 67% for the three and nine months ended September 30, 2026, respectively, compared with the corresponding periods in 2025. Average trading cost prices decreased by approximately 27% and 8% for the three- and nine-month periods, respectively. Average trading prices and costs are affected by the timing, quantity and price of gas purchased and sold and, therefore, may fluctuate significantly and may not be directly comparable between periods.

Crude oil realized sales prices increased by approximately 48% for the three months ended September 30, 2026, consistent with the approximately 44% increase in the average Edmonton Par benchmark price. The discount of realized prices to the benchmark narrowed slightly during the quarter. For the nine months ended September 30, 2026, realized crude oil prices increased by approximately 12%, compared with a 21% increase in the average benchmark price, resulting in a wider discount to the benchmark. The Company's realized prices may differ from benchmark prices due to product quality differentials and the timing of shipments. Benchmark prices represent average daily reference prices, whereas the Company's realized prices are volume-weighted based on actual sales transactions and may therefore not be directly comparable.

NGL and condensate production is associated with natural gas output and varies based on reservoir characteristics and production mix. The Company's natural gas wells produce varying amounts of propane, butane and condensate, which are sold at different market prices. NGL realized sales prices increased by approximately 31% and 2% for the three and nine months ended September 30, 2026, respectively, compared with the corresponding periods in 2025, despite decreases of approximately 5% and 9% in the corresponding average NGL market prices. Consequently, the discount of realized prices to benchmark prices narrowed during both periods. Differences between market and realized prices may reflect changes in product mix, including the relative proportions of propane and butane sold, as well as market differentials and the timing of sales.

Condensate realized sales prices increased by approximately 5% and 7% for the three and nine months ended September 30, 2026, respectively, compared with increases of approximately 47% and 35% in the corresponding average market prices. Realized prices therefore did not increase to the same extent as benchmark prices, moving from premiums in the corresponding periods in 2025 to discounts in 2026. Variances between realized and benchmark prices may reflect differences in product quality, market demand and the timing of sales.

Overall, realized commodity prices for the three and nine months ended September 30, 2026 were affected by changes in benchmark prices, product mix, quality differentials and the timing of sales. The Company's natural gas hedging arrangements supported realized prices above prevailing AECO market levels and contributed to more stable and predictable natural gas revenues and cash inflows during the periods.

Royalties

	Three months ended September 30,			Nine months ended September 30,		
C$000s	**2026**	2025	Change	**2026**	2025	Change
Natural gas, NGLs and condensate	**202**	(11)	n/m	**1,199**	149	706%
Crude oil	**50**	28	79%	**209**	218	(4%)
Total royalty expense/ (recovery)	**252**	17	1,343%	**1,408**	367	283%
Effective average royalty rate	**10%**	7%	54%	**17%**	7%	146%

In Alberta, Crown royalties are calculated under the applicable royalty framework using product-specific formulas that take into account reference prices and well production. Royalty rates may therefore fluctuate in response to changes in commodity prices and production levels, while the royalties payable may also be affected by applicable cost allowances and royalty reassessments.

On a "per-well" basis, for the three and nine months ended September 30, 2026, the Company's base royalty rate for natural gas ranged from 5% to 19%, the base royalty rate for NGLs (propane and butane) was 30%, the base royalty rate for condensate was 40%, and the base royalty rate for crude oil was 35%. For the corresponding periods in 2025, the Company's base royalty rate for natural gas ranged from 5% to 26%, the base royalty rate for NGLs was 30%, and the base royalty rates for condensate and crude oil were both 40%.

Effective royalty rates may differ from the applicable base rates as a result of cost allowances, royalty programs and adjustments or reassessments relating to current or prior production periods. During the three and nine months ended September 30, 2026, the absence of production from the Voyager area resulted in a reduction in the applicable gas cost allowances and a related reassessment of royalties by the Government of Alberta.

Operating Costs

	Three months ended September 30,			**Nine months ended September 30,**		
C$000s	**2026**	2025	Change	**2026**	2025	Change
Natural gas, NGLs and condensate	**1,554**	3,417	(55%)	**5,014**	11,441	(56%)
Crude oil	**107**	78	37%	**419**	242	73%
Total operating costs	**1,661**	3,495	(52%)	**5,433**	11,683	(54%)
Unit Cost (C$/boe)						
Natural gas, NGLs and condensate	**15.44**	914.07	(98%)	**14.39**	40.31	(64%)
Crude oil	**41.56**	26.99	54%	**55.18**	28.39	94%
Average cost	**16.10**	527.31	(97%)	**15.26**	39.96	(62%)

The Company entered into the Jixing Gas Handling Agreement and the Jixing Voyager Compression Agreement (collectively, the "**Jixing GHCA**") with a related party, Jixing, which historically comprised the majority of the operating expenses for natural gas, NGLs and condensate. On January 22, 2026, the Company and Jixing entered into amendments to the Jixing GHCA. Under these amendments, gas handling charges originally scheduled for 2026 and 2027 were deferred to 2028 and 2029, respectively, and the 2026 Voyager compression charges were deferred to 2028. As a result, the Company incurred nil costs related to the Jixing GHCA during the three and nine months ended September 30, 2026.

In comparison, Jixing-related operating expenses amounted to C$2.38 million and C$7.15 million for the three and nine months ended September 30, 2025, respectively, representing approximately 68% and 61% of total operating expenses for the corresponding periods. Under the Company's agreements with Jixing, the majority of these operating expenses were subject to cash deferral arrangements.

Primarily as a result of the absence of Jixing-related operating expenses, OPEX for natural gas, NGLs and condensate decreased by 55% and 56% for the three and nine months ended September 30, 2026, respectively, compared with the corresponding periods in 2025. On a unit cost basis, OPEX decreased by approximately 98% and 64%, respectively. The Amendments to Jixing GHCA significantly reduced the Company's operating cost base and partially mitigated the financial impact of the continued weakness in Western Canadian natural gas prices during the periods.

OPEX for crude oil increased by 37% and 73% for the three and nine months ended September 30, 2026, respectively, compared with the corresponding periods in 2025. The increase for the nine-month period reflected, in part, workover activities conducted during Q2 2026 to reactivate and return the 1-27 well to production. The related field service, contract labour and maintenance costs, together with an increase in administration fees charged by the Alberta Energy Regulator, contributed to the increase in crude oil OPEX. The increase for the nine-month period also reflected the replacement of the pump jack on another producing well during Q1 2026.

On a unit cost basis, crude oil OPEX increased by approximately 54% and 94% for the three and nine months ended September 30, 2026, respectively. The increases in unit costs were greater than the corresponding increases in total OPEX because crude oil production volumes decreased by approximately 10% and 11% for the respective periods. As a result, the higher operating costs were allocated over lower production volumes.

Overall, total operating costs decreased by approximately 52% and 54% for the three and nine months ended September 30, 2026, respectively, compared with the corresponding periods in 2025. On an average unit cost basis, total operating costs decreased by approximately 97% and 62%, respectively. The savings resulting from the amendments to the Jixing GHCA more than offset the higher crude oil operating costs incurred during the periods. Higher total production volumes, particularly compared with the low production base in Q3 2025, further contributed to the reduction in average unit operating costs.

General and Administrative Costs

C$000s	Three months ended September 30, **2026**	2025	Change	Nine months ended September 30, **2026**	2025	Change
Staff costs	**100**	100	–	**290**	309	(6%)
Directors fees	**30**	21	43%	**90**	76	18%
Accounting, legal and consulting fees	**84**	110	(24%)	**352**	317	11%
Office	**53**	25	112%	**105**	8	1213%
Share-based expense	**–**	1	(100%)	**–**	5	(100%)
Other	**6**	11	(45%)	**14**	14	–
Total G&A costs	**273**	268	2%	**851**	729	17%
Capitalized staff costs	**27**	27	0%	**80**	80	0%

For the three and nine months ended September 30, 2026, staff costs remained unchanged and decreased by approximately 6%, respectively, compared with the corresponding periods in 2025, with the nine-month decrease primarily reflecting changes in the CFO position. Directors' fees increased by 43% and 18%, respectively, mainly due to changes in the timing and amount of directors' remuneration recognized during the periods.

Accounting, legal and consulting fees for the three months ended September 30, 2026 decreased by approximately 24% compared with the corresponding period in 2025. For the nine-month period, these fees increased by approximately 11%. The nine-month increase primarily reflected additional professional fees incurred during the first quarter of 2026 in connection with the Loan Capitalisation and the special general meeting held to obtain shareholders' approval for the transaction, as well as other related corporate and regulatory matters.

Office expenses for the three and nine months ended September 30, 2026 increased by approximately 112% and 1,213%, respectively, compared with the corresponding periods in 2025. The particularly significant percentage increase for the nine-month period reflected the low comparative base in 2025, resulting in part from sublease recoveries recognised in that year. The Company's sublease arrangement ended in February 2025 following the relocation of its head office.

No share-based expenses were recognized during the three and nine months ended September 30, 2026, representing a 100% decrease compared with the corresponding periods in 2025.

Other costs include memberships, travel and accommodation, telephone and internet expenses, and computer system and software contract fees. Other costs decreased by approximately 45% for the three months ended September 30, 2026 and remained unchanged for the nine-month period compared with the corresponding periods in 2025.

As a result of the above, total G&A costs increased by approximately 2% and 17% for the three and nine months ended September 30, 2026, respectively, compared with the corresponding periods in 2025. The three-month increase primarily reflected higher office expenses and directors' fees, largely offset by lower accounting, legal and consulting fees and other costs. The nine-month increase primarily reflected higher office expenses, accounting, legal and consulting fees and directors' fees, partially offset by lower staff costs and the absence of share-based expenses.

Capitalised staff costs comprise qualifying expenditures relating to geological and geophysical activities, as well as staff costs directly attributable to the Company's ongoing natural gas power and LNG projects. Capitalised staff costs remained unchanged for the three and nine months ended September 30, 2026 compared with the corresponding periods in 2025. The Company periodically reviews its capitalisation policy and adjusts the amounts capitalised as required.

Finance Expenses

C$000s	Three months ended September 30, **2026**	2025	Change	Nine months ended September 30, **2026**	2025	Change
Interest expense and financing costs:						
Term debt	**52**	56	(5%)	**225**	176	28%
Shareholder loan – Jixing Loan	**128**	127	1%	**531**	402	32%
Interest on lease liabilities	**6**	5	7%	**14**	23	(38%)
Commitment charges	**(150)**	69	(316%)	**(58)**	98	(159%)
Convertible debentures	**–**	115	(100%)	**41**	350	(88%)
Other loan	**29**	–	n/m	**89**	–	n/m
Other financing costs and bank charges	**8**	5	63%	**68**	14	386%
Accretion expenses:						
Decommissioning liabilities	**6**	–	n/m	**48**	27	78%
Shareholder loans, except for Jixing Loan	**–**	47	(100%)	**27**	150	(82%)
Long-term payable	**690**	600	15%	**1,901**	1,606	18%
Amortization of deferred financing costs related to term debt	**13**	13	–	**40**	40	–
(Gain)/loss on foreign exchange	**(8)**	280	(103%)	**421**	(460)	(192%)
Total finance expenses	**774**	1,317	(41%)	**3,347**	2,426	38%

For the nine months ended September 30, 2026, interest expenses were incurred on the Company's term debt, shareholder loans – Jixing Loan, other loans, convertible debentures and lease liabilities. No interest expense on convertible debentures was recognized during the three-month period. The Company also recognized commitment charges and other financing costs and bank charges in connection with its financing arrangements. As the Company's term debt, Jixing Loan, other loans and convertible debentures are denominated in US dollars, the interest expenses recorded in Canadian dollars may vary due to fluctuations in the US$/C$ exchange rate.

Interest expenses and financing costs decreased by approximately 81% and 14% for the three and nine months ended September 30, 2026, respectively, compared with the corresponding periods in 2025. The decreases primarily reflected net credits recognized in respect of commitment charges, compared with expenses in the corresponding periods in 2025, together with lower interest expenses on convertible debentures and lease liabilities. Interest expenses on convertible debentures decreased following the conversion of the July Debenture in August 2025 and the partial conversion of the December Debenture in March 2026. The remaining principal and accrued interest transferred from the convertible debentures are included in other loans. These decreases were partially offset by interest incurred on other loans and higher financing costs and bank charges, as well as higher interest expenses on the term debt and Jixing Loan for the nine-month period.

For the three and nine months ended September 30, 2026 and 2025, accretion expenses were incurred in respect of decommissioning liabilities and the fair-value adjustments of the Company's long-term payable. Accretion expenses on shareholder loans other than the Jixing Loan were also recognized during the nine-month period in 2026 and both comparative periods in 2025. Total accretion expenses increased by approximately 7% and 11% for the three- and nine-month periods, respectively, primarily reflecting higher accretion on the long-term payable and decommissioning liabilities, partially offset by lower accretion on shareholder loans other than the Jixing Loan. Accretion on these shareholder loans decreased by 100% and approximately 82% for the three- and nine-month periods, respectively, primarily as a result of the completion of the Loan Capitalisation in March 2026.

Amortisation of deferred financing costs includes legal fees, commissions and commitment fees incurred in connection with the term debt facilities obtained in March 2023. These costs were capitalised against the related debt and are amortised over the respective loan terms. Amortisation expenses remained unchanged for both the three and nine months ended September 30, 2026 compared with the corresponding periods in 2025.

For the three months ended September 30, 2026, the Company recognized a small foreign exchange gain, compared with a foreign exchange loss in the corresponding period in 2025. For the nine-month period, the Company recognized a foreign exchange loss, compared with a foreign exchange gain in the corresponding period in 2025. These movements primarily reflected changes in the US$/C$ exchange rate affecting the Canadian-dollar carrying amounts of the Company's US-dollar-denominated financial liabilities, including the CIMC Loan, Jixing Loan, other loans and convertible debentures outstanding during the respective periods.

As a result, total finance expenses decreased by approximately 41% for the three months ended September 30, 2026, compared with the corresponding period in 2025, primarily reflecting lower interest expenses and financing costs and the change from a foreign exchange loss to a small foreign exchange gain, partially offset by higher accretion expenses. For the nine-month period, total finance expenses increased by approximately 38%, principally attributable to the change from a foreign exchange gain to a foreign exchange loss and higher accretion expenses, partially offset by lower interest expenses and financing costs. Excluding foreign exchange gains and losses, finance expenses decreased by approximately 25% for the three-month period and increased by approximately 1% for the nine-month period.

Depletion, Depreciation and Amortization

	Three months ended September 30,			**Nine months ended September 30,**		
C$000s except per unit costs	**2026**	2025	Change	**2026**	2025	Change
Depletion	**386**	30	1,187%	**1,380**	1,399	(1%)
Depreciation	**1**	–	n/m	**2**	1	100%
Amortization of right of use assets	**18**	34	(47%)	**52**	178	(71%)
Total DD&A	**405**	64	533%	**1,434**	1,578	(9%)
Per boe	**3.92**	9.66	(59%)	**4.03**	5.40	(25%)

Depletion expense comprises depletion incurred from the production of the Company's developed assets and varies depending on production volumes and the capitalised value of the assets subject to depletion. Depreciation expense comprises depreciation of fixed assets, including office furniture and office equipment, which are depreciated on a straight-line basis. Amortisation of right-of-use assets relates to the Company's capitalised lease assets.

Total DD&A expenses for the three months ended September 30, 2026 increased by approximately 533% compared with the corresponding period in 2025, primarily reflecting an approximately 1,187% increase in depletion expense. This increase was attributable to substantially higher production volumes compared with Q3 2025, when production was suspended for most of the quarter. For the nine months ended September 30, 2026, total DD&A expenses decreased by approximately 9%, primarily reflecting lower amortisation of right-of-use assets, while depletion expense decreased slightly by approximately 1%. Despite higher production volumes during the nine-month period, depletion expense remained broadly stable, reflecting a lower average depletion rate per boe.

Amortisation of right-of-use assets decreased by approximately 47% and 71% for the three and nine months ended September 30, 2026, respectively, compared with the corresponding periods in 2025. The decreases primarily reflected the lower carrying amount of right-of-use assets subject to amortisation during the periods.

On a unit-cost basis, DD&A decreased by approximately 59% and 25% for the three and nine months ended September 30, 2026, respectively, compared with the corresponding periods in 2025. The decreases reflected lower depletion expense per boe and lower amortisation of right-of-use assets. The particularly significant decrease for the three-month period also reflected the allocation of right-of-use asset amortisation over substantially higher production volumes compared with the low production base in Q3 2025.

Loss and Comprehensive Loss

	Three months ended September 30,			Nine months ended September 30,		
C$000s	**2026**	2025	Change	**2026**	2025	Change
Total loss and comprehensive loss	**(872)**	(6,307)	86%	**(3,709)**	(15,196)	76%

Loss and comprehensive loss for the three months ended September 30, 2026 decreased by approximately 86% compared with the corresponding period in 2025. The decrease was primarily attributable to higher natural gas production revenue, supported by the Company's hedging arrangements and substantially higher production volumes compared with the low production base in Q3 2025, together with the significant reduction in exploration and evaluation ("**E&E**") asset write-offs and OPEX for natural gas, NGLs and condensate following the amendments to the Jixing GHCA. Lower finance expenses and higher net trading revenue also contributed to the improvement. These improvements were partially offset by higher royalty expenses, DD&A expenses, crude oil OPEX and G&A costs.

Loss and comprehensive loss for the nine months ended September 30, 2026 decreased by approximately 76% compared with the corresponding period in 2025. The decrease was primarily attributable to the significant reduction in E&E asset write-offs, together with the significant reduction in natural gas, NGL and condensate OPEX resulting from nil Jixing GHCA costs during the period, higher natural gas production revenue and lower DD&A expenses. A gain on disposal of assets and higher net trading revenue also contributed to the reduction in the loss. These improvements were partially offset by higher royalty expenses, crude oil OPEX and finance expenses, including the change from foreign exchange gains in the corresponding period in 2025 to foreign exchange losses in 2026, as well as higher G&A costs.

The reduction in the Company's operating cost base, together with the protection provided by its natural gas hedging arrangements and higher production volumes compared with the corresponding periods in 2025, helped mitigate the impact of continued weakness in Western Canadian natural gas prices and significantly narrow the Company's losses.

CAPITAL EXPENDITURES

	Three months ended September 30,			Nine months ended September 30,		
C$000s	**2026**	2025	Change	**2026**	2025	Change
PP&E Assets						
Power plant	**–**	40	(100%)	**44**	63	(30%)
G&A costs capitalized	**27**	27	–	**80**	79	1%
Total PP&E	**27**	67	(60%)	**124**	142	(13%)
E&E Assets						
Land	**–**	–	–	**–**	2	(100%)
Total E&E	**–**	–	–	**–**	2	(100%)
Total PP&E and E&E	**27**	67	(60%)	**124**	144	(14%)
Change in non-cash working capital	**(27)**	(536)	(95%)	**(124)**	(1,131)	(89%)
Total	**–**	(469)	(100%)	**–**	(987)	(100%)

In the three and nine months ended September 30, 2026, the Company capitalised qualifying G&A expenses in accordance with its accounting policies (refer to Note 4 in the Financial Statements). Capitalised G&A expenses remained unchanged for the three-month period and increased by approximately 1% for the nine-month period compared with the corresponding periods in 2025. The capitalised G&A expenses comprised qualifying expenditures relating to geological and geophysical activities and the Company's ongoing natural gas power and LNG projects.

The Company incurred no capital expenditures on its power plant project during the three months ended September 30, 2026, representing a 100% decrease compared with the corresponding period in 2025. For the nine months ended September 30, 2026, capital expenditures on the power plant project decreased by approximately 30% compared with the corresponding period in 2025. The decrease primarily reflected the timing and stage of development activities associated with the project.

The Company incurred no expenditures on land or E&E assets during the three and nine months ended September 30, 2026. No such expenditures were incurred during the corresponding three-month period in 2025, while land expenditures were incurred during the corresponding nine-month period. Total PP&E and E&E expenditures decreased by approximately 60% and 14% for the three- and nine-month periods, respectively, primarily reflecting lower capital expenditures on the power plant project.

After changes in non-cash working capital, net cash flows associated with capital expenditures were nil for the three and nine months ended September 30, 2026, compared with a net cash recovery in the corresponding period in 2025. The decreases primarily reflected smaller recoveries of capital-related working capital balances in 2026, partially offset by lower capital expenditures.

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 optimise 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 September 30, 2026**	As at December 31, 2025
Non-current portion of long-term debt[(1)]	**10,485**	–
Non-current portion of long-term payable[(5)]	**26,563**	23,653
Non-current lease liabilities[(2)]	**106**	13
Net working capital deficit[(2)]	**7,604**	30,973
Net debt	**44,758**	54,639
Shareholders' deficit[(3)]	**(30,763)**	(39,382)
Total capital	**13,995**	15,257
Gearing ratio[(4)]	**320%**	358%

Notes:

1 Represents the fair value of the long-term portions of the shareholder loans, CIMC Loan and Jixing Loan.

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

3 As at September 30, 2026, the Company has 869,292,597 common shares issued.

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

5 Long-term 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 Loan and Jixing Loan have been paid in full.

Performance services guarantee ("PSG") facility

On April 25, 2018, the Company obtained a PSG facility from Export 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 collateralised, 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 December 31, 2025, the Company has PSG coverage for the following L/C:

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

During the year ended December 31, 2025, the holder of the C$0.08 million letter of credit called the L/C, and the PSG facility covered the amount. The Company repaid the called L/C to EDC in equal monthly installments over nine months commencing in May 2025, and the balance has been fully repaid in January 2026.

The PSG facility has a 12-month term and must be renewed annually. The current term expired on March 16, 2026. As the facility was not approved for renewal, the PSG coverage terminated upon the expiry of the existing L/C.

During the three months ended March 31, 2026, the holder of the C$0.65 million letter of credit called the L/C. The Company settled C$0.46 million in cash, and the remaining C$0.19 million was covered under the PSG facility. The Company will repay the amount covered by EDC in equal monthly installments over nine months commencing in April 2026, with the balance to be fully repaid by December 2026.

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 gas 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.

(a) Shareholder Loan and Jixing GHCA Long-term Payable

During the year ended December 31, 2025, the Company received C$1.78 million from a shareholder. The shareholder loan is interest-free, unsecured and has no fixed repayment terms.

During the year ended December 31, 2025, the Company incurred C$9.53 million of costs related to the Jixing GHCA. During the three and nine months ended September 30, 2026, the Company incurred nil costs related to the Jixing GHCA.

On October 31, 2025, the Company, Jixing and Yongtan Liu entered into the loan capitalisation agreement (the "**Loan Capitalisation Agreement**"), pursuant to which the parties agreed that the (i) aggregated amount of C$3,838,150 due from the Company to Yongtan Liu and/or Jixing as at the date of the Loan Capitalisation Agreement will be settled in full; and (ii) C$7,494,290 out of the C$33,157,678 long-term payable by the Company to Jixing will be settled, through the allotment and issue of 210,000,000 new common shares at HK$0.30 per common share to Yongtan Liu.

Upon completion of the allotment and issuance of common shares on March 2, 2026 pursuant to the Loan Capitalisation Agreement, the 2019 Shareholder Loan, the 2020 Shareholder Loan and partial of the 2025 Shareholder Loan, amounting to C$3,838,150 in aggregate, were settled in full through the issuance of common shares. In addition, a portion of the Jixing GHCA liability amounting to C$7,494,290 was settled in full through the issuance of common shares.

(b) CIMC Loan and Jixing Loan

On March 27, 2023, the Company obtained long-term debt through a combination of a shareholder loan from Jixing for US$8.00 million (the "**Jixing Loan**"), and US$3.50 million from CIMC Leasing USA, Inc. (the "**CIMC Loan**").

The Jixing Loan has a term of 48 months and bears interest of 9.25% per annum. The Company will be required to make monthly interest and principal payments of US$200,031.

The CIMC Loan has a term of 48 months, bears 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 US$87,514. The CIMC Loan ranks senior to all other debt and equity payments, including payments under 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.

On August 27, 2026, the Company entered into a loan extension and restructuring agreement with CIMC, pursuant to which the repayment term of the CIMC Loan was extended by 24 months to March 27, 2029. Outstanding unpaid interest was capitalised into the restructured principal balance, which bears interest at 9.25% per annum and is repayable through phased monthly principal and interest payments commencing in August 2026. Following the restructuring, C$2,861,915 of the CIMC Loan was reclassified from current to non-current liabilities as at September 30, 2026.

On the same date, Jixing entered into a corresponding loan extension and restructuring agreement with CIMC in respect of the loan underlying the Jixing Loan, extending its repayment term by 24 months to March 27, 2029. The restructured balance, including capitalised unpaid interest, bears interest at 9.25% per annum and is repayable through phased monthly principal and interest payments commencing in August 2026. Following the restructuring, C$6,945,707 of the Jixing Loan was reclassified from current to non-current liabilities as at September 30, 2026. These arrangements reduced the Company's near-term repayment requirements and improved its debt maturity profile and liquidity flexibility.

During the year ended December 31, 2025, the Company made one repayment of interest of C$25,888 and principal payment of C$99,249. During the nine months ended September 30, 2026, the Company made seven interest payments totalling C$261,673 on the CIMC Loan and two interest payments totalling C$127,695 on the Jixing Loan.

Working capital and going concern basis

As at September 30, 2026, the Company had a working capital deficiency of C$7.60 million and incurred a net loss of C$3.71 million for the nine months then ended.

The Company remains exposed to volatility in commodity prices and uncertainty in global economic conditions arising from geopolitical conflicts, trade developments and other market factors. In particular, weak Western Canadian natural gas prices, reflecting strong regional supply, elevated inventories and pipeline takeaway constraints, continued to affect the Company's operating environment and its ability to generate cash flows.

During the nine months ended September 30, 2026, the Company implemented measures to support liquidity and reduce near-term funding requirements. Its natural gas hedging arrangements provided greater revenue and cash flow stability, while selective production management and the amendments to the Jixing GHCA reduced operating costs. In addition, the loan extension and restructuring agreements entered into with CIMC on August 27, 2026 extended the repayment terms of the CIMC Loan and the loan underlying the Jixing Loan to March 27, 2029. These arrangements resulted in the reclassification of portions of the related liabilities from current to non-current, improving the Company's working capital position and debt maturity profile.

Notwithstanding these measures, the Company's ability to continue as a going concern remains dependent on generating sufficient cash flows from operations and, where necessary, obtaining additional financing, disposing of assets or implementing other arrangements to meet its operating, investing and debt service requirements. There can be no assurance that additional funding or other arrangements will be available on terms acceptable to the Company. Failure to meet scheduled payments or comply with applicable loan covenants could result in the CIMC Loan and Jixing Loan becoming repayable on demand in accordance with their respective terms.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Nevertheless, having considered the Company's cash flow projections, the revised loan repayment schedules and the measures described above, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Use of proceeds from the October 2025 Subscription

C$ millions

Business objective as stated in the announcement[1]	% of total net proceeds	Planned use of net proceeds from the Closing Date to December 31, 2025[2]	Actual use of net proceeds during the period from the Closing Date to December 31, 2025[2]	Proceeds unused
General working capital	100%	0.62	0.62	–
Total	**100%**	**0.62**	**0.62**	**–**

Notes:

(1) Refer to the Company's announcement dated October 13, 2025.

(2) The October 2025 subscription was closed on November 3, 2025.

Use of proceeds from the September 2025 Subscription

C$ millions

Business objective as stated in the announcement[1]	% of total net proceeds	Planned use of net proceeds from the Closing Date to December 31, 2025[2]	Actual use of net proceeds during the period from the Closing Date to December 31, 2025[2]	Proceeds unused
General working capital	100%	0.75	0.75	–
Total	**100%**	**0.75**	**0.75**	**–**

Notes:

(1) Refer to the Company's announcement dated September 5, 2025.

(2) The September 2025 subscription was closed on September 19, 2025.

Use of proceeds from the August 2025 Subscription

C$ millions

Business objective as stated in the announcement[1]	% of total net proceeds	Planned use of net proceeds from the Closing Date to December 31, 2025[2]	Actual use of net proceeds during the period from the Closing Date to December 31, 2025[2]	Proceeds unused
General working capital	100%	0.59	0.59	–
Total	**100%**	**0.59**	**0.59**	**–**

Notes:

(1) Refer to the Company's announcement dated August 14, 2025.

(2) The August 2025 subscription was closed on September 19, 2025.

CONVERTIBLE DEBENTURE, SHARES AND STOCK OPTIONS OUTSTANDING

Convertible debentures

On March 19, 2025, the Company entered into a convertible debenture agreement with an independent third party for approximately US$1.52 million (equivalent to approximately C$2.11 million), bearing interest at 9% per annum payable monthly and maturing on December 10, 2025 (the "**December Debenture**"). The Company may, with the mutual agreement of the lender, repay the December Debenture in full or in part upon maturity, including accrued and unpaid interest, in cash or by issuing common shares at a deemed price of HK$0.20 per common share, or one common share for each US$0.02571 of the outstanding December Debenture, including accrued and unpaid interest.

Due to certain administrative procedures, the conversion of the December Debenture did not commence on the maturity date. Subsequently, on March 2, 2026, the Company issued 42,028,438 common shares to convert part of the principal amount of the December Debenture of approximately US$1.08 million (equivalent to approximately C$1.48 million). The remaining principal of approximately US$0.44 million (equivalent to approximately C$0.60 million), together with accrued and unpaid interest of approximately US$0.10 million (equivalent to approximately C$0.14 million), was transferred into a separate loan agreement with the lender.

On July 24, 2024 the Company entered into a convertible debenture agreement with an independent third party for US$1.60 million (equivalent to approximately C$2.18 million), bearing interest of 12% per annum payable monthly, and matures on July 24, 2025 (the "**July Debenture**"). Upon maturity on July 24, 2025, the principal amount of US$1.60 million (equivalent to approximately C$2.18 million) was converted into 62,548,866 common shares of the Company, which were allotted and issued under the 2024 General Mandate on August 1, 2025. The accrued and unpaid interest of approximately US$0.19 million (equivalent to approximately C$0.26 million) was transferred into a separate loan agreement with the lender.

Common Shares

According to the terms of the Loan Capitalisation Agreement described above, on March 2, 2026, the Company issued 210,000,000 common shares at a price of HK$0.30 per share to settle (i) a shareholder's loan of C$3,838,150 and (ii) a Jixing OPEX long-term payable of C$7,494,290.

Pursuant to the conversion arrangements of the December Debenture described above, on March 2, 2026, the Company issued 42,028,438 common shares at a conversion price of HK$0.20 per share to convert part of the principal amount of the December Debenture of approximately US$1.08 million (equivalent to approximately C$1.48 million).

On October 10, 2025, 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 approximately 11.16 million common shares at a price of HK$0.31 per common share. On November 3, 2025 the Company completed the placing for gross proceeds of approximately HK$3.46 million (equivalent to approximately C$0.62 million).

On October 30, 2025, the Company entered into an agreement to issue approximately 1.99 million common shares at a price of HK$0.279 per share as an exit payment to a departing executive officer. On December 16, 2025, the Company and the executive officer mutually agreed to terminate the proposed issuance of the exit shares.

On September 5, 2025, 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 approximately 12.89 million common shares at a price of HK$0.33 per common share. On September 19, 2025 the Company completed the placing for gross proceeds of approximately HK$4.25 million (equivalent to approximately C$0.75 million).

On August 14, 2025 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 approximately 7.78 million common shares at a price of HK$0.436 per common share. On September 19, 2025 the Company completed the placing for gross proceeds of approximately HK$3.39 million (equivalent to approximately C$0.59 million).

On August 1, 2025, the Company settled the principal portion on the convertible debenture maturing on July 24, 2025 of US$1.60 million (equivalent to approximately C$2.18 million) by issuing 62,548,866 common shares of the Company.

As at September 30, 2026 and as at the date of this MD&A, the Company had 869,292,597 common shares outstanding.

Share Options

The Company has a share option plan which was approved and adopted by the shareholders of the Company by ordinary resolution passed on June 8, 2018 ("**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 September 30, 2026 and as at the date of this MD&A, the Company has no options outstanding (2025: 0.8 million).

COMMITMENTS

Commitments and contingencies exist under various agreements and operations in the normal course of the Company's business. Refer to Note 26(b) and Note 28 of the Audited Financial Statements for disclosure of the Company's commitments and contingencies.

DIVIDEND

The Board did not recommend or declare the payment of any dividend for the three and nine months ended September 30, 2026 and 2025.

RELATED PARTY TRANSACTIONS

Refer to Notes 10, 19 and 21 of the Interim Statements and Notes 13, 26 and 28 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 and nine months ended September 30, 2026 and 2025.

PLEDGED ASSETS

As disclosed in this MD&A, certain physical property and plant and equipment assets with a cost of approximately C$5.22 million (2025: approximately C$5.22 million) are pledged in support of the Company's debt arrangements. The Company's remaining assets are not pledged as security.

CONTINGENT LIABILITIES

As at September 30, 2026 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 and nine months ended September 30, 2026 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**").

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there are no major subsequent events occurring after the reporting period.

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 analyse 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, CIMC and Jixing Loans, convertible debentures 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 amortised cost.

Before their settlement or conversion, the liability components of the Company's convertible debentures were measured at amortised cost and the derivative components were measured at fair value through profit or loss. No convertible debentures remained outstanding as at September 30, 2026 (refer to Note 10 of the Interim Statements). Refer to Note 27 of the Financial Statements for details on the valuation of the derivatives related to the convertible debentures.

The Company's hedging arrangements covering approximately 7,000 GJ per day from January 1, 2026 to December 31, 2026 at prices ranging from C$3.04 to C$3.11 per GJ remained in effect during the three and nine months ended September 30, 2026. The Company did not enter into any financial derivatives contracts for the three and nine months ended September 30, 2025. For the three and nine months ended September 30, 2026, the Company recognised an unrealised foreign exchange gain of C$0.01 million and an unrealised foreign exchange loss of C$0.42 million, respectively (2025: an unrealised foreign exchange loss of C$0.28 million and an unrealised foreign exchange gain of C$0.46 million, respectively). These foreign exchange movements primarily reflected the revaluation of US-dollar-denominated financial liabilities, including term debt, the Jixing Loan, other loans and convertible debentures outstanding during the respective periods. 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 individuals 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 September 30, 2026 (2025: 3 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 and nine months ended September 30, 2026 totaled C$0.13 million and C$0.38 million (2025: C$0.10 million and C$0.31 million). 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 recognised 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 the amendments to an IFRS Accounting Standard effective from January 1, 2025. For the purpose of preparing the financial statements, the Company has applied the applicable amendments to IFRS Accounting Standard for the period ended September 30, 2026 and year ended December 31, 2025.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

For the period starting January 1, 2026 and ending September 30, 2026, Mr. Binyou Dai in the capacity as Chief Executive Officer ("**CEO**"), and Ms. Jun Xiang as 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 filings 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, summarised and reported within the time period specified in securities legislation.

For the period starting January 1, 2026 and ending September 30, 2026, Mr. Binyou Dai and Ms. Jun Xiang, 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 authorised and to facilitate the preparation of relevant, reliable and timely information. A control system, no matter how well conceived 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 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, 2026 and ending September 30, 2026 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 were effective as of September 30, 2026. 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 factors 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 recapitalisation 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, 2025. 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 requirements may result in suspension or revocation of necessary licenses and authorisations, 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 recognised measures under IFRS, and do not have a standardised meaning prescribed by IFRS Accounting Standard. 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 Accounting Standard as an indication of the Company's performance.

Operating netback

	Three months ended September 30,			**Nine months ended September 30,**		
C$000s	**2026**	2025	Change	**2026**	2025	Change
Commodity sales from production	**2,411**	257	838%	**8,236**	5,290	56%
Net trading revenue (loss)	**89**	–	n/m	**115**	2	5330%
Royalties	**(252)**	(17)	1382%	**(1,408)**	(367)	283%
Operating costs	**(1,661)**	(3,495)	(52%)	**(5,433)**	(11,683)	(54%)
Operating netback	**587**	(3,255)	n/m	**1,511**	(6,758)	n/m

Adjusted EBITDA

C$000s	Three months ended September 30, **2026**	2025	Change	Nine months ended September 30, **2026**	2025	Change
(Loss) and comprehensive (loss)	**(872)**	(6,307)	(86%)	**(3,709)**	(15,196)	(76%)
Finance expenses	**774**	1,317	(41%)	**3,347**	2,426	38%
DD&A	**405**	64	533%	**1,434**	1,578	(9%)
Cash deferred operating expenses[1]	**–**	2,382	(100%)	**–**	7,147	(100%)
Non-cash share-based expenses	**–**	1	(100%)	**–**	5	(100%)
E&E Write-offs	**7**	1,413	(100%)	**95**	3,764	(97%)
Adjusted EBITDA	**314**	(1,130)	n/m	**1,167**	(276)	n/m

(1) Cash deferred operating expenses represent the OPEX incurred pursuant to the agreement with the Company's related party. Under the Company's current long-term debt agreements, the majority of the Jixing operating expenses are cash deferred. See Notes 13 and 26 of the Financial Statements for details on the Jixing related agreements.

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 and nine months ended September 30, 2026 (the "**Reporting Period**").

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

According to the terms of the Loan Capitalisation Agreement described above, on March 2, 2026, the Company issued 210,000,000 common shares at a price of HK$0.30 per share to settle (i) a shareholder's loan of C$3,838,150 and (ii) a Jixing OPEX long-term payable of C$7,494,290.

Pursuant to the conversion arrangements of the December Debenture described above, on March 2, 2026, the Company issued 42,028,438 common shares at a conversion price of HK$0.20 per share to convert part of the principal amount of the December Debenture of approximately US$1.08 million (equivalent to approximately C$1.48 million).

Save as disclosed above, the Company has not purchased, redeemed or sold any of its listed securities (including any sale of treasury shares) during the Reporting Period.

As at September 30, 2026, there were no treasury shares held by the Company (whether held or deposited in the Central Clearing and Settlement System, or otherwise).

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 and nine months ended September 30, 2026 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 interim results announcement is published on the websites of the Stock Exchange *(www.hkexnews.hk)*, SEDAR+ (*www.sedarplus.ca*) and the Company (*www.jxenergy.ca*). This announcement 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 = 0.0283168 thousand 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)