



NG ENERGY

NG ENERGY INTERNATIONAL CORP

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

MARCH 31, 2026

NG ENERGY INTERNATIONAL CORP.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited, expressed in U.S. Dollars)

March 31, 2026

December 31, 2025

Assets

Current Assets

Cash and cash equivalents	11,952,453	6,846,233
Accounts receivable (Note 3)	10,384,626	7,421,689
Consideration receivable (Note 4)	61,092,638	-
Tax instalments and receivables	9,808,944	9,662,649
Prepays	855,301	742,255
Current portion of restricted cash	21,383	21,925
Inventory	314,449	282,336
Assets held for sale (Note 4)	-	52,234,014

94,429,794 77,211,101

Non-current Assets

Non-current portion of restricted cash	42,389	40,969
VAT receivable (Note 16)	2,047,137	1,993,214
Advances to Acquisition (Note 4)	-	2,625,000
Deferred tax asset	8,561,587	11,208,462
Property, plant and equipment (Note 5)	133,948,532	147,236,778

Total Assets

239,029,439 240,315,524

Liabilities

Current Liabilities

Accounts payable and accrued liabilities (Note 3)	39,860,699	33,645,856
Consideration payable (Note 4)	15,246,000	-
Current portion of lease obligations (Note 8)	11,969,285	16,563,276
Current portion of debt (Note 6)	3,679,944	18,119,750
Derivative financial liability (Note 4)	1,654,266	-
Deferred consideration (Note 4)	-	40,000,000
Liabilities held for sale (Note 4)	-	28,855,825

72,410,194 137,184,707

Non-current Liabilities

Liability component of convertible debentures (Note 7)	10,374,896	10,811,423
Non-current portion of lease obligations (Note 8)	47,245,709	65,895,063
Non-current portion of debt (Note 6)	15,030,636	-
Decommissioning obligations (Note 9)	5,043,917	4,259,595

Total Liabilities

150,105,352 218,150,788

Shareholders' Equity

Share capital (Note 10a)	197,007,402	189,649,156
Contributed surplus	35,605,146	31,991,582
Warrants (Note 10b)	15,896,831	16,154,064
Equity component of convertible debentures (Note 7)	476,430	499,320
Deficit	(159,511,170)	(215,444,453)
Accumulated other comprehensive loss	(550,552)	(684,933)

Total Shareholders' Equity

88,924,087 22,164,736

Total Liabilities and Shareholders' Equity

239,029,439 240,315,524

Related parties (Note 15)

Commitments (Note 17)

Subsequent events (Note 21)

See accompanying notes to the interim condensed consolidated financial statements.

NG ENERGY INTERNATIONAL CORP.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME(LOSS) AND COMPREHENSIVE INCOME(LOSS)
For the three months ended March 31

<i>(Unaudited, expressed in U.S. Dollars)</i>	2026	2025
Revenue:		
Natural gas and NGL sales (Note 12)	9,525,837	6,420,443
Royalty expense	(1,954,554)	(1,083,765)
Revenues, net of royalties	7,571,283	5,336,678
Expenses:		
Operating expenses	7,613,193	3,440,679
General and administrative	5,361,961	1,681,621
Share-based compensation (Note 11)	5,573,921	430,058
Exploration and evaluation expense	49,520	58,453
Depletion and depreciation (Note 5)	3,079,848	1,620,449
Gain on disposition (Note 4)	(104,043,207)	-
Net finance expense (Note 13)	5,888,545	3,604,091
Other expenses (Note 14)	6,736,912	628,892
Foreign exchange gain	(50,175)	(292,439)
	(69,789,482)	11,171,804
Net income (loss) before income taxes	77,360,765	(5,835,126)
Current income tax expense	(18,780,607)	-
Deferred income tax expense	(2,646,875)	-
Net income (loss)	55,933,283	(5,835,126)
Other comprehensive income (loss)		
Foreign currency translation adjustment	134,381	34,033
Comprehensive income (loss)	56,067,664	(5,801,093)
Net income (loss) per share (Note 10c)		
Basic	0.21	(0.02)
Diluted	0.19	(0.02)

See accompanying notes to the interim condensed consolidated financial statements.

NG ENERGY INTERNATIONAL CORP.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31

<i>(Unaudited, expressed in U.S. Dollars)</i>	2026	2025
Operating Activities		
Net income (loss)	55,933,283	(5,835,126)
Items not affecting cash:		
Depletion and depreciation (Note 5)	3,079,848	1,620,449
Gain on disposition (Note 4)	(104,043,207)	
Share-based compensation (Note 11)	5,573,921	430,058
Unrealized foreign exchange loss (gain)	(57,998)	(126,298)
Net finance expense (Note 13)	5,888,545	3,604,091
Other expenses (Note 14)	5,545,309	628,892
Interest penalties paid	(10,000)	-
Deferred income tax expense	2,646,875	-
Change in non-cash working capital (Note 20)	10,732,365	(2,941,942)
Cash used in operating activities	(14,711,059)	(2,619,876)
Investing Activities		
Cash proceeds on Transaction (Note 4)	47,500,000	20,000,000
Transaction costs paid on Transaction (Note 4)	(5,535,309)	(628,892)
Cash payments toward SN-9 acquisition (Note 4)	(6,613,625)	-
Property, plant and equipment additions (Note 5)	(6,626,948)	(1,771,615)
Change in restricted cash	98	(33,036)
Change in non-cash working capital (Note 20)	(7,825,836)	150,675
Cash provided by investing activities	20,898,380	17,717,132
Financing Activities		
Principal payments on Macquarie debt	-	(3,000,000)
Proceeds on option exercises (Note 10b)	276,595	-
Proceeds on warrant exercises (Note 10c)	4,345,350	18,789
Interest income	34,814	61,602
Interest expense paid	(2,805,531)	(2,135,762)
Lease payments, principal and interest	(2,950,279)	(1,550,560)
Cash used in financing activities	(1,099,051)	(6,605,931)
Net change in cash	5,088,270	8,491,325
Foreign exchange gain on cash	17,950	175,117
Change in cash	5,106,220	8,666,442
Cash, beginning of period	6,846,233	8,185,473
Cash, end of period	11,952,453	16,851,915

Cash is defined as cash and cash equivalents.

See accompanying notes to the interim condensed consolidated financial statements.

NG ENERGY INTERNATIONAL CORP.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(Unaudited, expressed in U.S. Dollars)</i>	Number of Common Shares	Share Capital	Contributed Surplus	Warrants	ECCD ⁽¹⁾	Deficit	AOCL ⁽²⁾	Total
Balance at December 31, 2025	260,012,590	189,649,156	31,991,582	16,154,064	499,320	(215,444,453)	(684,933)	22,164,736
Net income	-	-	-	-	-	55,933,283	-	55,933,283
Shares issued through option exercise	630,000	481,667	(205,072)	-	-	-	-	276,595
Shares issued through warrant exercise	6,351,000	4,602,583	-	(257,233)	-	-	-	4,345,350
Shares issued through compensation unit settlement	2,269,376	1,755,285	(1,755,285)	-	-	-	-	-
Conversion of debentures	641,666	518,711	-	-	(22,890)	-	-	495,821
Foreign currency translation adjustment	-	-	-	-	-	-	134,381	134,381
Share-based compensation	-	-	5,573,921	-	-	-	-	5,573,921
Balance at March 31, 2026	269,904,632	197,007,402	35,605,146	15,896,831	476,430	(159,511,170)	(550,552)	88,924,087
Balance at December 31, 2024	255,011,840	185,699,902	33,989,530	16,157,104	499,320	(191,362,619)	(160,085)	44,823,152
Net loss	-	-	-	-	-	(5,835,126)	-	(5,835,126)
Shares issued through warrant exercise	25,000	19,621	-	(832)	-	-	-	18,789
Shares issued through compensation unit settlement	2,737,500	2,273,213	(2,273,213)	-	-	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	-	34,033	34,033
Share-based compensation	-	-	430,058	-	-	-	-	430,058
Balance at March 31, 2025	257,774,340	187,992,736	32,146,375	16,156,272	499,320	(197,197,745)	(126,052)	39,470,906

(1) Equity component of convertible debentures

(2) Accumulated other comprehensive loss

See accompanying notes to the interim condensed consolidated financial statements.

NG ENERGY INTERNATIONAL CORP
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended March 31, 2026 and 2025 (unaudited)

1. REPORTING ENTITY

NG Energy International Corp. (“NG Energy” or the “Company”) is an oil and gas company incorporated in Canada and is engaged in exploration and development activities in Colombia. The Company’s registered address is 25th Floor, 700 West Georgia Street, Vancouver, British Columbia, Canada V7Y 1B3. NG’s common shares are listed on the Toronto Stock Exchange (“TSX”) under the symbol “GASX” after graduating from the TSX Venture Exchange to the TSX on April 30, 2026. NG’s common shares are also listed on the OTCQX in the United States of America under the symbol “GASXF” and the Frankfurt Stock Exchange in Germany under the symbol “56P”.

2. BASIS OF PRESENTATION

Statement of compliance

These interim condensed consolidated financial statements (“Financial Statements”) have been prepared in accordance with IAS 34 “Interim Financial Reporting” under IFRS Accounting Standards as issued by the International Accounting Standards Board.

These Financial Statements follow the same accounting policies and method of computation as the Company’s annual consolidated financial statements for the year ended December 31, 2025, with the exception of certain disclosures that are normally required to be included in annual consolidated financial statements which have been condensed or omitted. These Financial Statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2025. These Financial Statements have been approved and authorized for issuance by the Company’s Board of Directors on May 13, 2026.

Basis of measurement

These Financial Statements have been prepared on the historical cost basis except for certain financial and non-financial assets and liabilities, restricted share units (“RSUs”), restricted share units with performance criteria (“PSUs”) and deferred share units (“DSUs”), which have been measured at fair value. The methods used to measure fair value are consistent with the Company’s annual consolidated financial statements for the year ended December 31, 2025.

Functional and presentation currency

These Financial Statements are presented in United States (US) dollars, with the exception of Canadian dollar unit prices (“C\$”) where indicated. The Company’s functional currency is the Canadian dollar while each of its subsidiaries with significant activity has US dollar functional currency, which is the primary economic environment in which each subsidiary operates.

Material accounting policies

The Company’s significant accounting policies can be read in Note 3 to the Company’s annual consolidated financial statements for the year ended December 31, 2025. There were no material changes in the Company’s significant accounting policies from those disclosed in the 2025 annual consolidated financial statements.

Accounting standards adoptions & pronouncements

The Company plans to adopt the following amendments to accounting standards, issued by the IASB, that are effective for annual periods beginning on or after January 1, 2027. The pronouncements are not expected to have a material impact on the financial statements.

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IFRS 7 and 9 – Financial Instruments

Effective January 1, 2026, the Company has prospectively adopted *Amendments to the Classification and Measurement of Financial Instruments*, as issued May 2024. The amendments relate to IFRS 7 *Financial Instruments: Disclosures* and IFRS 9 *Financial Instruments*. The amendments clarify the timing of recognition and derecognition of financial assets and liabilities. The amendments require opening balances of financial assets, financial liabilities, and retained earnings be adjusted to recognize the effect of the initial application if retrospective application is not selected. The initial application did not result in a material impact to the Financial Statements.

IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* ("IFRS 18") which will replace IAS 1 and includes requirements for all entities applying IFRS Accounting Standards for the presentation and disclosure of information in the financial statements. IFRS 18 will introduce new totals, subtotals and categories for income and expenses in the statements of comprehensive income, as well as classification changes to the consolidated statements of cash flows. IFRS 18 also requires disclosures of management-defined performance measures ("MPMs") and additional requirements regarding the aggregation and disaggregation of certain information. The new guidance is expected to improve the usefulness of information presented and disclosed in the financial statements of companies.

IFRS 18 will be effective for annual reporting periods beginning on or after January 1, 2027, and must be adopted on a retrospective basis. The Company is currently assessing system changes, preparing draft disclosures, and planning comparative restatements ahead of the 2027 effective date.

3. ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

The table below represents the composition of the accounts receivable and accounts payable balances as at March 31, 2026, and December 31, 2025. See Note 15 for accounts receivable and accounts payable relating to related parties.

	2026	2025
Trade receivable	6,858,449	4,118,574
Joint operation receivables	3,399,683	3,198,812
Other receivables	126,494	104,303
Accounts receivable	10,384,626	7,421,689
Trade accounts payable and accruals	16,908,647	11,598,562
Royalties payable	4,239,592	6,564,241
Joint operation payables	3,486,831	4,498,216
Capital accruals	3,990,374	10,984,837
Income taxes payable (Note 4)	11,235,255	-
Accounts payable and accrued liabilities	39,860,699	33,645,856

4. ASSET NET DISPOSITION

During the three months ended March 31, 2025, the Company completed a series of interrelated transactions involving its working interest in the Sinú-9 Block (the "Concession").

Pursuant to a primary purchase and sale agreement, the Company disposed of a 40% working interest in the Concession to Etablissements Maurel & Prom S.A. (the "Purchaser") for total cash consideration of \$150 million. As part of this transaction, the Purchaser assumed operatorship of the Concession.

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In connection with the primary transaction, and contemporaneously therewith, the Company and the Purchaser entered into additional agreements with existing minority partners in the Concession (the "Minority Partners"). Under these arrangements, the Company acquired an additional 7% working interest from Minority Partners, while the Purchaser acquired the remaining 21% working interest held by such Minority Partners. The pricing of these transactions was consistent with the valuation implied by the primary transaction and was determined on a pro-rata basis. Completion of the transactions with the Minority Partners was conditional upon the closing of the primary transaction with the Purchaser.

Following completion of the transactions, the Company's working interest in the Concession decreased from 72% to 39%, while the Purchaser's working interest increased to 61% and it became the operator of the Concession.

Although the transactions were executed through multiple legal agreements, management determined that they were negotiated as a package and were interdependent. In particular, the transactions were subject to mutual conditionality, were priced using a consistent valuation framework, and were undertaken with a single commercial objective of restructuring ownership and transferring operatorship of the Concession. Accordingly, the Company has accounted for these transactions as a single integrated arrangement, resulting in a net disposition of a 33% working interest in the Concession.

In connection with the transaction, the Company has granted Purchaser the irrevocable right to purchase an additional 5% working interest in the Sinú-9 Block for a period of 12 months from closing on the same terms and conditions as the transaction. Management determined that the option met the definition of a derivative financial instrument under IFRS 9 and accordingly recognized a derivative financial liability at fair value upon inception. The derivative liability was measured at \$1,654,266 using an option pricing model incorporating assumptions for commodity price volatility of 17.6%, risk-free discount rate of 3.68%, expected term of 1 year, and the estimated fair value of the underlying working interest of \$18.75 million.

The resulting gain on disposition recognized for this transaction is as follows:

Gross proceeds from disposition	150,000,000
Purchase price adjustments	(1,407,362)
Purchase price paid to Minority Partners	(24,484,625)
Net consideration	124,108,013
Acquired minority interest	4,103,448
Derivative liability (5% purchase option)	(1,654,266)
Elimination of assets held for sale	(52,234,014)
Elimination of liabilities held for sale	28,855,825
Termination of ROU assets (Note 5)	(21,676,069)
Termination of lease obligations (Note 8)	22,540,270
Gain on disposition	104,043,207

As of March 31, 2026, a balance of \$61,092,638 (after purchase price adjustments of \$1,407,362 in favor of the Purchaser were calculated per the terms of the sale agreement) of the cash consideration remained owed by the Purchaser to the Company on the primary transaction, determined as follows:

Total purchase price	150,000,000
Advanced consideration received in 2025	(40,000,000)
Consideration received in 2026	(47,500,000)
Purchase price adjustments in favor of Purchaser	(1,407,362)
Consideration receivable	61,092,638

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The payment of the remaining consideration is to be realized as follows, subject to the terms of the sales agreement:

April 2026 installment payment (net of purchase price adjustments)	18,592,638
May 2026 installment payment	12,500,000
June 2026 installment payment	15,000,000
July 2026 installment payment	15,000,000
Total remaining consideration payments	61,092,638

Subsequent to March 31, 2026, each of the April 2026 and May 2026 installment payments were received in full by the Company from the Purchaser.

As of March 31, 2026, a balance of \$15,246,000 of the cash consideration owed by the Company to the Minority Partners on the secondary transactions was still owing, determined as follows:

Purchase price paid to Minority Partners	24,484,625
Advanced consideration paid in 2025	(2,625,000)
Consideration paid in 2026	(6,613,625)
Consideration payable	15,246,000

The remaining balance is expected to be paid to Minority Partners within the next twelve months per the terms of the underlying purchase agreements.

Estimated income taxes resulting from the transaction of \$18,780,607 were recognized during the three months ended March 31, 2026. After statutory withholding taxes paid under Colombian tax regulations, a balance of \$11,235,255 remains included within accounts payable as of March 31, 2026.

5. PROPERTY, PLANT, AND EQUIPMENT

The Company's property, plant, and equipment ("PP&E") consist of development and production ("D&P") assets, corporate fixed assets and right-of-use leased ("ROU") assets. D&P assets include the Company's interest in any developed natural gas properties. The components of the Company's PP&E assets are as follows:

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Cost	D&P	Corporate	ROU	Total
Balance, December 31, 2024	56,164,958	463,848	23,328,836	79,957,642
Capital additions	26,287,443	10,030	51,861,107	78,158,580
Revision of ROU assets	-	-	45,335,655	45,335,655
Revision of asset retirement estimate	1,114,047	-	-	1,114,047
Transfer to held for sale	(4,113,327)	-	(27,095,086)	(31,208,413)
Balance, December 31, 2025	79,453,121	473,878	93,430,512	173,357,511
Acquisitions	4,103,448	-	-	4,103,448
Capital additions	6,624,727	2,221	-	6,626,948
Revision of asset retirement estimate	737,275	-	-	737,275
Termination of ROU assets (Note 8)	-	-	(24,702,427)	(24,702,427)
Balance, March 31, 2026	90,918,571	476,099	68,728,085	160,122,755

Accumulated depletion, depreciation and impairment				
Balance, December 31, 2024	9,307,143	301,919	4,863,128	14,472,190
Depletion and depreciation	4,848,844	67,039	6,732,660	11,648,543
Balance, December 31, 2025	14,155,987	368,958	11,595,788	26,120,733
Depletion and depreciation	1,515,447	15,569	1,548,832	3,079,848
Termination of ROU assets (Note 8)	-	-	(3,026,358)	(3,026,358)
Balance, March 31, 2026	15,671,434	384,527	10,118,262	26,174,223

Net book value				
Balance, December 31, 2025	65,297,134	104,920	81,834,724	147,236,778
Balance, March 31, 2026	75,247,137	91,572	58,609,823	133,948,532

As at March 31, 2026, the balance of D&P consisted of those oil and gas properties of the Maria Conchita Block CGU and Sinú-9 Block CGU. Future development costs in the amount of \$91.2 million were included in depletion calculated for the three months ended March 31, 2026 (\$136.3 million - December 31, 2025).

6. DEBT

The Company maintains a definitive credit and guarantee agreement (the "Credit Agreement") with Macquarie Group ("Macquarie") for financing of up to \$100 million of which \$50 million is committed funding (the "Macquarie Financing"). The Company received \$40 million in March 2024 pursuant to the terms of the Macquarie Financing, with the remaining \$10 million in committed funding to be advanced to the Company on a date to be determined pursuant to the terms of the Credit Agreement. The additional \$50 million in uncommitted funding will be made available to the Company by Macquarie under an accordion feature.

The Macquarie debt is secured by a first priority lien over all of the assets of the Company, its wholly owned subsidiaries and a trust formed in Colombia and matures on December 29, 2028. The Macquarie debt bears interest at the bank's assessed prime or SOFR terms rates plus applicable margins. The applicable margin charged by the bank is dependent upon criteria including loan life coverage ratio and short-term gas production results, with an applicable margin rate range between 6.25% to 8.5%. As at March 31, 2026, the Macquarie debt had an effective interest rate of 11.2% per annum (2025 – 12.8%). Subsequent to amendments to the Credit Agreement in March 2026, repayments of the remaining principal of \$23.0 million are deferred until December 2026 when a principal payment of \$3.0 million is due. Remaining quarterly principal repayments are \$3.2 million through 2027, and \$1.8 million through 2028.

A summary of the outstanding Macquarie debt as at March 31, 2026, is as follows:

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Total commitment	50,000,000
Principal balance	23,000,000
Principal balance, net of unamortized issue costs	18,710,580
Current portion	3,679,944
Non-current portion	15,030,636

In addition, the Company maintains an uncommitted letter of credit facility from Macquarie of up to an additional \$25.6 million (the "LC Facility"). The Company uses the capacity of the LC Facility to guarantee work commitments under the Company's contracts with midstream partners and with the ANH. As of March 31, 2026, a total of \$22.6 million of the LC Facility was being utilized for said work commitments guarantees.

Financial covenants

The Company is required to maintain the following debt covenants throughout the term of the Macquarie debt:

- Maintain a current ratio (as defined in the Credit Agreement) of more than 1.00.
- Maintain a loan life coverage ratio (as defined in the Credit Agreement) of more than 1.30.
- Maintain an asset coverage ratio (as defined in the Credit Agreement) of more than 1.50.

As at March 31, 2026, the Company was compliant with all restrictions and covenants for the Macquarie debt.

7. CONVERTIBLE DEBENTURES

May 2022 Offering

In May 2022, the Company completed a prospectus offering of convertible debenture units for aggregate proceeds of \$13.4 million (C\$17.1 million). Each convertible debenture unit is denominated in Canadian dollars and consisted of: (i) one 8% convertible unsecured debenture in the principal amount of \$1,000 maturing on May 20, 2027; and (ii) 400 common share purchase warrants of the Company, with each warrant entitling the holder thereof to purchase one common share of the Company at an exercise price of C\$1.40 per share for a period of five years ending May 20, 2027. Under the terms of the debentures, the lenders may at any time prior to the maturity date convert any or all the principal amount of the debentures into shares of the Company at a conversion price of C\$1.20 per share. As of March 31, 2026, the conversion of existing convertible debenture would result in the issuance of 13,355,833 common shares. Interest on the debentures is payable monthly in arrears on the last day of each month.

The Company may force the exercise at any time after May 20, 2024, of all but not less than all of the outstanding warrants on not more than 60 days' and not less than 30 days' notice, if the volume weighted average trading price of the common shares on the TSX is greater than C\$2.00 for the ten consecutive trading days preceding the notice.

As of March 31, 2026, the components of the convertible debentures of the May 2022 offering are as follows:

	Liability Component	Equity Component	Warrants	Total
Balance, December 31, 2024	9,495,824	499,320	2,354,764	12,349,908
Accretion	826,600	-	-	826,600
Impact of foreign exchange	488,999	-	-	488,999
Balance, December 31, 2025	10,811,423	499,320	2,354,764	13,665,507
Accretion	235,746	-	-	235,746
Conversion of debentures	(495,821)	(22,890)	-	(518,711)
Impact of foreign exchange	(176,452)	-	-	(176,452)
Balance, March 31, 2026	10,374,896	476,430	2,354,764	13,206,090

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8. LEASE OBLIGATIONS

The Company has certain service agreements related to natural gas operations in Colombia. As of March 31, 2026, the Company recognizes right-of-use assets and corresponding lease obligations relating to the construction, ownership, maintenance, and transfer agreement (“BOOMT Agreement”) with GTX International Corp. (“GTX”). Furthermore, the Company has office lease agreements also in Colombia, for which the Company has recognized right-of-use assets and corresponding lease obligations. During the three months ended March 31, 2026, recognized right-of-use assets and corresponding lease obligations relating to the natural gas transportation services agreement with INFRAES SAS ESP (“INFRAES”); and the gathering and processing services agreement with Surenergy SAS ESP (“Surenergy”) were eliminated as these service agreements were assumed by the Purchaser as part of the transfer of operatorship in the Concession (see Note 4). Please refer to Note 17 for “Contractual Commitments” regarding details of each of these service agreements.

The presented lease obligations have a discount rate between 16.33% and 16.85% (2025 – between 16.33% and 16.76%). A continuity of lease obligations is presented below.

	GTX	Surenergy	INFRAES	Office Leases	Total
Balance, December 31, 2024	17,230,213	-	-	163,432	17,393,645
Additions	-	28,701,367	23,159,740	-	51,861,107
Adjustment to lease terms	45,391,806	(450,170)	386,576	7,443	45,335,655
Interest expense	4,822,468	2,512,340	2,129,383	24,417	9,488,608
Lease payments	(7,660,915)	(2,981,007)	(2,742,623)	(84,658)	(13,469,203)
Transfer to held for sale	-	(15,434,739)	(12,740,597)	-	(28,175,336)
Foreign exchange	-	-	-	23,863	23,863
Balance, December 31, 2025	59,783,572	12,347,791	10,192,479	134,497	82,458,339
Additions	-	-	-	-	-
Adjustment to lease terms	-	-	-	-	-
Interest expense	2,239,189	-	-	5,016	2,244,205
Lease payments	(2,925,000)	-	-	(25,279)	(2,950,279)
Termination of lease	-	(12,347,791)	(10,192,479)	-	(22,540,270)
Foreign exchange	-	-	-	2,999	2,999
Balance, March 31, 2026	59,097,761	-	-	117,233	59,214,994
Current portion	11,862,500	-	-	106,785	11,969,285
Non-current portion	47,235,261	-	-	10,448	47,245,709
Balacne, March 31, 2026	59,097,761	-	-	117,233	59,214,994

Future lease payments as at March 31, 2026, are as follows:

	Less than 1 year	1-2 years	3-5 years	Thereafter	Total
GTX	11,862,500	11,895,000	35,587,500	52,487,500	111,832,500
Office Leases	109,726	20,599	-	-	130,325
Total	11,972,226	11,915,599	35,587,500	52,487,500	111,962,825

9. DECOMMISSIONING OBLIGATIONS

The Company’s decommissioning obligations result from ownership interests in oil and gas properties. The Company estimates the total uninflated, undiscounted amount of cash flows required to settle its decommissioning obligation at March 31, 2026, to be \$5.6 million (December 31, 2025 - \$5.0 million) with the cost projected to be incurred between 2035 and 2040. The entire balance of decommissioning obligations are recorded as a non-current liability

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given that there is no anticipated obligation expected to be incurred by March 31, 2027. The decommissioning obligations have been estimated using existing technology at current prices.

At March 31, 2026, a US inflation rate of 3.3% (December 31, 2025 – 2.7%) and a US risk-free rate of 4.31% (December 31, 2025 – 4.19%) were used in the valuation of the liabilities. Settlement of the obligations is anticipated to be invoiced in US dollars and settled in Colombian pesos. As at March 31, 2026, no funds had been set aside to settle these obligations. Changes to decommissioning obligations for the three months ended March 31, 2026, and the year ended December 31, 2025, were as follows:

	2026	2025
Balance, beginning of period	4,259,595	3,001,993
Additions	516,969	798,153
Accretion expense	47,047	143,555
Change in estimate	220,306	315,894
Balance, end of period	5,043,917	4,259,595

10. SHARE CAPITAL

a) Common Shares

The Company is authorized to issue an unlimited number of common shares, with no par value, with holders of common shares entitled to one vote per share and to dividends, if declared. Outstanding common shares as at March 31, 2026, are as follows:

	Common shares	Amount (\$)
Balance, December 31, 2024	255,011,840	185,699,902
Shares issued through warrant exercise	77,000	55,517
Shares issued through option exercise ⁽¹⁾	625,000	330,371
Shares issued through compensation unit settlement	4,298,750	3,563,366
Balance, December 31, 2025	260,012,590	189,649,156
Shares issued through warrant exercise	6,351,000	4,602,583
Shares issued through option exercise ⁽¹⁾	630,000	481,667
Shares issued through compensation unit settlement	2,269,376	1,755,285
Conversion of debentures	641,666	518,711
Balance, March 31, 2026	269,904,632	197,007,402

(1) Of the 675,000 stock options exercised during the year ended December 31, 2025, common shares were issued for 625,000 of those stock options. Shares for the remaining 50,000 stock options were issued during the three months ended March 31, 2026.

b) Warrants

As at March 31, 2026, a total of 95,974,943 (December 31, 2025 - 102,325,943) warrants were issued and outstanding. A summary of the change in total warrants is presented below:

	Warrants	Weighted average exercise price (C\$)
Balance, December 31, 2024	102,402,943	1.02
Warrants exercised	(77,000)	0.96
Balance, December 31, 2025	102,325,943	1.02
Warrants exercised	(6,351,000)	0.94
Balance, March 31, 2026	95,974,943	1.02

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The following summarizes information about total purchase warrants outstanding as at March 31, 2026:

Exercise prices (C\$)	Number of warrants outstanding	Weighted average term to expiry (years)	Number of warrants exercisable
0.90	29,944,000	0.33	29,944,000
0.98	5,714,286	2.75	5,714,286
1.00	20,742,857	2.75	20,742,857
1.08	32,715,000	1.67	32,715,000
1.40	6,858,800	1.14	6,858,800
	95,974,943	1.51	95,974,943

c) Net income (loss) per share

The table below summarizes the weighted average (“WA”) number of common shares outstanding used in the calculation of net income (loss) per share for the three months ended March 31, 2026 and 2025:

	2026	2025
WA common shares outstanding, basic	264,034,430	256,064,896
Dilutive effect of stock options	4,939,776	-
Dilutive effect of warrants	25,812,818	-
WA common shares outstanding, diluted	294,787,024	256,064,896
Net income (loss)	55,933,283	(5,835,126)
\$ per common share, basic	0.21	(0.02)
\$ per common share, diluted	0.19	(0.02)

The Company uses the treasury stock method to determine the impact of dilutive securities. Under this method, only “in-the-money” dilutive instruments impact the calculation of diluted net income per share. The treasury stock method assumes that the proceeds received from the exercise of all potentially dilutive instruments are used to repurchase common shares at the average market price during the period.

In computing diluted net income per share for the three months ended March 31, 2026, a total of 10,000 stock options, 6,858,800 warrants, and 16,027 units of convertible debentures were excluded as they were not in-the-money based on the volume weighted average trading price of the Company’s common shares of \$1.40 during the period, and therefore anti-dilutive. For the three months ended March 31, 2025, a total of 10,891,893 stock options, 102,377,943 warrants, and 16,797 units of convertible debentures were excluded as their impact was anti-dilutive to the net loss per share in the period.

11. LONG TERM INCENTIVE COMPENSATION

Stock Options

The Company’s stock option plan provides for the issue of stock options to directors, officers, employees, charities and consultants. The plan provides that stock options may be granted up to a number equal to 10% of the Company’s outstanding shares. Vesting terms are determined by the Board of Directors as they are granted and currently include periods ranging from immediately vesting to one-fourth vesting on each anniversary date over four years. The maximum term for options is ten years.

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As at March 31, 2026, a total of 18,786,893 (December 31, 2025 – 10,116,893) options were issued and outstanding under this plan. Options which are forfeited/expired are available for reissue.

A summary of the changes in stock options is presented below:

	Stock options	Weighted average exercise price (C\$)
Balance, December 31, 2024	10,941,893	0.94
Options exercised	(675,000)	0.45
Options expired	(150,000)	1.17
Balance, December 31, 2025	10,116,893	0.97
Options issued	9,250,000	1.08
Options exercised	(580,000)	0.57
Balance, March 31, 2026	18,786,893	1.04

In January 2026, the Company granted 9,250,000 options to acquire common shares to officer, directors, employees, and consultants of the Company at an exercise price of C\$1.08 per common share. The options are for a five-year term, expiring on August 6, 2029. 500,000 of the options vest over a period of one year, with one-fourth of the options vesting each quarter of the 2026 calendar year. The remaining 8,750,000 vested immediately at the time of grant.

For the stock options issued, the Black-Scholes option pricing model was used to estimate their fair value based on the assumptions of expected stock price volatility of 92%, risk-free interest rate of 2.94%, expected dividend yield of 0%, and an expected option life of 5 years, resulting in an assessed fair value per option of C\$0.73.

The following summarizes information about stock options outstanding as at March 31, 2026:

Exercise prices (C\$)	Number of options outstanding	Weighted average term to expiry (years)	Number of options exercisable
0.275	456,000	4.23	456,000
0.45	900,000	3.20	900,000
0.91	1,175,000	5.29	1,175,000
1.00	2,250,000	4.65	2,250,000
1.08	9,250,000	4.81	8,875,000
1.14	1,695,893	6.36	1,695,893
1.18	3,050,000	2.58	1,450,000
8.00	10,000	1.36	10,000
	18,786,893	4.51	16,811,893

The value of the stock options vesting in the three months ended March 31, 2026, equaled \$4,867,058 (March 31, 2025 - \$113,181), which was expensed as share-based payments.

Compensation Units

Compensation units include DSUs, RSUs and PSUs. Each of these compensation units are expected to be settled by way of the issuance of NG Energy common shares when settled. As such, they are recognized as contributed surplus on a graded vesting basis over the vesting term of each grant.

A summary of the changes in compensation units is presented below:

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	DSUs	RSUs	PSUs
Balance, December 31, 2024	1,940,000	2,997,500	6,132,500
Units issued	-	-	300,000
Units settled	(1,600,000)	(2,698,750)	-
Balance, December 31, 2025	340,000	298,750	6,432,500
Units issued	300,000	3,150,000	1,550,000
Units settled	(225,000)	-	(2,044,376)
Balance, March 31, 2026	415,000	3,448,750	5,938,124

Deferred Share Units

On January 22, 2026, the Company granted a total of 300,000 DSUs to directors of the Company. The DSUs vest in one year from the grant date and are expected to be settled in common shares of the Company.

For the three months ended March 31, 2026, a total 225,000 DSUs were settled by the Company through the issuance of common shares.

Restricted Share Units

On January 22, 2026, the Company granted a total of 3,150,000 RSUs to officers and employees of the Company. The RSUs vest in one year from the grant date and are expected to be settled in common shares of the Company.

For the three months ended March 31, 2026, no RSUs were settled by the Company.

Restricted Share Units with Performance Criteria

On January 22, 2026, and March 2, 2026, the Company granted a total of 1,400,000 and 150,000 PSUs, respectively, to officers and employees of the Company. The PSUs vest in three equal tranches with the vesting conditions of each tranche related to the successful realization of specific operational milestones that the Company expects to be achieved over the foreseeable future. At a minimum, each tranche can only vest after a minimum of one year has transpired since the date of grant.

For the three months ended March 31, 2026, a total 2,044,376 PSUs were settled by the Company through the issuance of common shares.

Share-based compensation relating to RSUs, PSUs and DSUs of \$706,863 (2025 - \$316,877) was recognized during the three months ended March 31, 2026.

12. REVENUE

The following table presents the Company's sale revenue disaggregated by product type for the three months ended March 31, 2026 and 2025:

	2026	2025
Natural gas sales	9,492,593	6,396,556
Natural gas liquid sales	33,244	23,887
Total sales revenue	9,525,837	6,420,443

As at March 31, 2026, receivables from contracts with customers, which are included in accounts receivable, were \$6,858,449 (December 31, 2025 - \$4,118,574). For the three months ended March 31, 2026, the Company had five external customers that each constituted more than 10% of commodity sales from production. Revenue from each

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of the five customers ranged from \$1.4 million to \$2.0 million, representing approximately 14.4% to 20.9% of the Company's total revenue in each case.

13. NET FINANCE EXPENSE

The components of net finance expense for the three months ended March 31, 2026 and 2025, are as follows:

	2026	2025
Interest income	(34,814)	(61,602)
Bank/trust fees	162,485	75,436
Interest and fees on convertible debentures	243,620	234,070
Interest and fees on Macquarie debt	2,399,426	1,826,256
Accretion on decommissioning obligations	47,047	32,089
Accretion on liability component of convertible debentures	235,746	188,124
Accretion on lease obligations	2,244,205	693,656
Amortization of transaction costs on Macquarie Financing	590,830	616,062
Total net finance expense	5,888,545	3,604,091

14. OTHER EXPENSES

The components of other expenses for the three months ended March 31, 2026 and 2025, are as follows:

	2026	2025
Expenses incurred toward asset disposition (Note 4)	5,535,309	628,892
Colombian wealth tax levy	816,603	-
Contract settlement through cash payments	375,000	-
Interest penalties	10,000	-
Total other expenses	6,736,912	628,892

During the three months ended March 31, 2026, the Company incurred expenses of \$6,736,912 (2025 - \$628,892) in relation to the asset disposition. As well, during the three months ended March 31, 2026, the Company terminated certain existing contracts with counterparties through settlement arrangements. Termination agreements with these counterparties resulted in cash settlement payments in the sum of \$375,000. Lastly, during the three months ended March 31, 2026, the Company recognized \$10,000 in interest penalties tied to delayed royalty payments to a particular royalty holder.

During the three months ended March 31, 2026, the Government of Colombia enacted emergency tax measures through Decree 0173 of 2026, which introduced a temporary tax on the net equity (*impuesto al patrimonio*) of certain legal entities operating in Colombia. The tax is calculated based on the net equity position of applicable Colombian entities as determined under Colombian tax legislation and is payable during the 2026 taxation year. The Company has evaluated the requirements of the decree and determined that certain of its Colombian subsidiaries are subject to the tax.

Accordingly, the Company recognized an expense of \$816,603 during the three months ended March 31, 2026, related to the Colombian equity tax. The Company has classified the tax as "other expense" based on management's assessment of the nature of the levy under IFRS and applicable Colombian tax legislation.

The Colombian equity tax was enacted pursuant to emergency governmental measures and remains subject to ongoing legal and constitutional review in Colombia. Management will continue to monitor developments

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associated with the legislation and will adjust the recorded liability and related disclosures as additional information becomes available.

15. RELATED PARTIES

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

During the three months ended March 31, 2026 and 2025, the Company incurred expenditures of \$350,828 in royalties paid to directors of the Company or to organizations that are affiliated with directors of the Company (2025 - \$252,842). These royalties are in relation to overriding royalty rights on petroleum and natural gas production from the Maria Conchita and Sinú-9 Blocks, with royalty payments made on a monthly basis. As of March 31, 2026, the balance of royalties payable to these related parties was \$143,030.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks, and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk reflects the risk of loss if counterparties do not fulfill their contractual obligations. The carrying amount of cash and cash equivalents, deposits in escrow, accounts receivable, tax instalments and receivable, VAT receivable and restricted cash represent the maximum credit exposure. As at March 31, 2026, the Company had \$63,772 (December 31, 2025 - \$62,894) in restricted cash towards debt and lease arrangements.

As at March 31, 2026, the Company had \$10,384,626 (December 31, 2025 - \$7,421,689) in accounts receivable (see Note 3), which are substantially made up of 1) receivables with customers in the oil and gas industry and are subject to normal industry credit risks, and 2) receivables owed by joint operation partners to the Company for joint operations managed under joint operating agreements. Tax instalments and receivables of \$9,808,944 (December 31, 2025 - \$9,662,649) constitute income tax remittances paid to Colombian tax authorities to be utilized against taxes assessed to the Company in futures years. The Company does not consider any of its receivables past due. For the three months ended March 31, 2026, the majority of the Company's natural gas sales were to five counterparties. The Company historically has not experienced any collection issues with its customers.

The Company maintained a VAT receivable balance of \$2,047,137 as of March 31, 2026 (December 31, 2025 - \$1,993,214), which is classified as a non-current asset. The Company considers these VAT balances to be collectible in the future as such VAT amounts will be utilized to offset future VAT charged on sales realized by the Company on future oil and condensate production that would otherwise be required to be paid to the Colombian tax authorities.

As at March 31, 2026, the Company held cash and cash equivalents of \$11,952,453 (December 31, 2025 - \$6,846,233). The Company manages the credit exposure related to cash and cash equivalents by ensuring

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counterparties (e.g., banks) maintain satisfactory credit ratings and monitors all investments to ensure a stable return.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due and describes the Company's ability to access cash. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient cash resources to finance operations, fund capital expenditures, and to repay debt and other liabilities of the Company as they come due without incurring unacceptable losses or risking harm to the Company's reputation. The Company's processes for managing liquidity risk include preparing and monitoring capital and operating budgets, coordinating and authorizing project expenditures, and the authorization of contractual agreements. The Company seeks additional financing based on the results of these processes. The budgets are updated when required as conditions change.

The following table outlines the contractual maturities of the Company's financial liabilities at March 31, 2026:

	Within 1 Year	Year 2	Years 3-5	Thereafter	Total
Trade accounts payable	16,908,647	-	-	-	16,908,647
Royalties payable	4,239,592	-	-	-	4,239,592
Capital payables	3,990,374	-	-	-	3,990,374
Joint operation payables	3,486,831	-	-	-	3,486,831
Lease obligation payments ⁽¹⁾	11,972,226	11,915,599	35,587,500	52,487,500	111,962,825
Convertible debentures - interest	980,417	381,273	-	-	1,361,690
Convertible debentures - principal ⁽¹⁾	-	12,050,362	-	-	12,050,362
Macquarie Debt - interest ⁽²⁾	2,493,151	1,352,787	306,291	-	4,152,229
Macquarie Debt - principal ⁽¹⁾	6,181,818	11,363,636	5,454,545	-	23,000,000
	50,253,056	37,063,657	41,348,336	52,487,500	181,152,550

⁽¹⁾ Represents undiscounted face value of debt balances and lease obligations outstanding as of each respective date presented.

⁽²⁾ Presumed interest rate of 11.2% over the life of the debt.

Market risk

Market risk is the risk or uncertainty that changes in price, such as commodity prices, foreign exchange rates, and interest rates will affect the Company's net earnings and the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. From time to time, the Company may utilize financial derivative contracts to manage market risks in accordance with the risk management policy that has been approved by the Board of Directors. There were no financial derivative contracts or embedded derivatives outstanding at March 31, 2026, nor at December 31, 2025.

Commodity price risk

Commodity price risk is the risk that the fair value of the future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for natural gas are affected not only by the United States dollar, but also by world economic events that dictate the levels of supply and demand. The Company's natural gas revenue is derived from natural gas production on the Maria Conchita Block and Sinú-9 Block.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign currency exchange rates. Some of the Company's business transactions and commitments occur in currencies other than US dollars. A portion of the Company's oil and natural gas activities in Colombia transact in Colombian Peso

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(COP\$). In addition, the majority of the Company's financing and a portion of the administrative costs will be based and paid in Canadian dollars and COP\$. Therefore, the Company is exposed to the risk of fluctuations in foreign exchange rates between US dollars, COP\$ and Canadian dollars.

As at March 31, 2026, the Company had not entered into any foreign currency derivatives to manage its exposure to currency fluctuations, nor were there any foreign currency derivatives as at the previous year ended December 31, 2025.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in prevailing market interest rates. Fluctuations of interest rates for the three months ended March 31, 2026 and 2025, would not have had a significant impact on cash and cash equivalents and short-term investments. Furthermore, the Company is not currently exposed to interest rate risk on its interest-bearing loans given these debt instruments are all subject to fixed interest rates.

Capital management

The Company's objectives when managing capital are to ensure the Company will have sufficient financial capacity, liquidity, and flexibility to fund the Company's operations, growth, and ongoing exploration and development commitment activities of its oil and gas assets. The Company is dependent upon funding these activities through a combination of available cash, debt, and equity, being the components of its capital structure as outlined below. To maintain or adjust the capital structure, from time to time the Company may issue or repurchase common shares or other securities, sell assets or adjust its capital spending to manage current and projected debt levels.

The Company monitors leverage and adjusts its capital structure based on its net debt level. Net debt is defined as the principal amount of its outstanding debt less working capital. To facilitate the management of its net debt, the Company prepares annual budgets, which are updated as necessary depending on varying factors including current and forecasted commodity prices, changes in capital structure, execution of the Company's business plan and general industry conditions. The annual budget is approved by the Board of Directors and updates are prepared and reviewed as required.

	March 31, 2026	December 31, 2025
Convertible debentures (May 2022)	12,050,362	12,255,217
Macquarie debt	23,000,000	23,000,000
Lease obligations	111,962,825	157,823,225
Total debt	147,013,187	193,078,442
Working capital deficit (surplus) ⁽¹⁾	(39,323,095)	25,290,580
Net debt	107,690,092	218,369,022

(1) Calculation of working capital excludes current portion of lease obligations, current portion of debt, and derivative financial liability as presented on the consolidated statement of financial position.

The Company regularly monitors its capital structure and, as necessary, adjusts to changing economic circumstances and the underlying risk characteristics of its assets to meet current and upcoming obligations and investments by the Company. The Company frequently reviews alternate financing options and arrangements to meet its current and upcoming commitments and obligations.

Fair value of financial instruments

The carrying values of cash and cash equivalents, accounts receivable, prepaids, VAT receivable, restricted cash, accounts payables and accrued liabilities and promissory notes approximate their fair values at March 31, 2026. The liability component of convertible debentures and Macquarie Debt are carried at amortized cost. As at March 31,

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2026, the fair value of the convertible debentures was \$13.2 million, and the fair value of the Macquarie Debt approximated the carrying value of the debt at \$22.3 million.

17. COMMITMENTS

Capital commitments

A summary of the Company's estimated capital commitments (in millions of dollars) are as follows:

Block	2026	2027	Total
Sinu-9 Block ⁽¹⁾	-	2.1	2.1
Tiburon Block ⁽²⁾	3.0	-	3.0
Maria Conchita Block ⁽³⁾	-	-	0.0
Total	3.0	2.1	5.1

- 1) NG Energy's ANH commitment relates to the Company's go-forward 39% working interest (i.e. "net") in the Sinú-9 Block subsequent to the closing of the Sinú-9 Transactions. The remaining ANH commitment of \$5.4 million (\$2.1 million net) for the current Phase 1 contractual exploration program consists of the drilling an additional exploration well (Hechicero-1X) and the acquisition, processing, and interpretation of 60 km² of 3D seismic. The current deadline for completion of the Phase 1 commitment was extended by the ANH to August 2027. Drilling of the Hechicero-1X well was completed in April 2026 to fulfill this commitment. Final acknowledgement by the ANH officially confirming the completion of the phase commitment is pending.
- 2) Under the terms of the Tiburon purchase agreement, NG Energy's carry requirement of the ANH commitment to acquire, process, and interpret 69.75 km² of 3D seismic according to Phase 3 of the contractual exploration program to earn a 10% working interest in the Tiburon Block. Currently, operations are delayed due to community disputes in the region, with 148 days to fulfil the commitment after the local disputes are resolved and the activities carried out in the previously proposed area. The Company assumes that activities related to the permits for the new seismic survey will commence in 2026 if the dispute is resolved by the Colombian Ministry of the Interior.
- 3) The ANH commitment to drill one exploration well for an estimated cost of \$5.0 million under the contractual evaluation program at the Maria Conchita Block was completed with the drilling of the Aruchara-4 well in September 2025. The Company has moved forward with the application to the ANH for the 24-year Production License and has no capital commitments on the Maria Conchita Block at this time.

The expenditures provided in the above table only represent the Company's estimated cost to satisfy contract requirements. Actual expenditures to satisfy these commitments, initiate production or create proved plus probable natural gas reserves may differ from these estimates. The expenditures in the above table are based on the latest possible date required per contract and may be incurred at an earlier date.

Contractual commitments

Natural Gas Transportation Services – Maria Conchita

Pursuant to amended terms executed in September 2025, the Company maintains a build-own-operate-maintain-transfer agreement (the "BOOMT Agreement") with GTX International Corp. ("GTX") pursuant to which GTX has built and will operate production facilities and pipeline (the "Pipeline Facilities") with capacity of 30 million cubic feet per day ("MMcf/d") that extend from the Company's Maria Conchita Block in Colombia to existing national transportation infrastructure as well as provide and operate compression equipment to adequately handle the gas volumes. The BOOMT Agreement outlines the take-or-pay ("ToP") arrangement pursuant to which NG Energy has agreed, pursuant to the amended terms, to transport, or pay for, 25 MMcf/d through the treatment plant and Pipeline Facilities until September 2035 (the "Guaranteed Commitment") at a tariff of \$1.30/Mcf of gas, annually adjusted to the Consumer Price Index. At the termination of the BOOMT Agreement, ownership of the Pipeline Facilities will transfer to the Company. Upon review it was determined under IFRS 16 guidelines that this agreement met the criteria to be accounted for as a ROU asset and liability and has been disclosed as such in Note 7 and 13.

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Transfer of Sinú-9 Contracts

In May 2025, the Company formalized long-term agreements with INFRAES for pipeline transportation services for natural gas production from the Sinú-9 Block, and with Surenergy to provide processing, treatment and compression services for natural gas produced from the Sinú-9 Block. In January 2026, in accordance with the transaction with the Purchaser (see Note 4), these existing agreements, and all rights and responsibilities therein, were assigned in their entirety to the Purchaser as the operator of the Sinú-9 Block. As a result, in accordance with IFRS 16, the ROU assets and lease liabilities previously recognized in relation to these agreements have been eliminated (see Note 8).

18. ARBITRATION PROCEEDINGS

In February 2026, arbitration proceedings concluded before the London Court of International Arbitration in relation to a dispute initiated by a certain royalty holder (the “Claimant”) wherein the Company and certain wholly-owned subsidiaries were named as respondents. The Claimant alleges that the Company has failed to fulfill their obligations under the pertinent gross overriding royalty agreement to the detriment of Claimant’s rights and interests, including \$2.3 million in outstanding royalty payments plus interest payments. The Company has never refuted the obligation for the outstanding royalties, which have been continually accrued for and presented within the Company’s consolidated financial statements since the moment that such royalties were first owed. The other claims allege losses suffered by the Claimant based on the failure to acknowledge alleged rights of first refusal or rights of assignment, or due to modifications to the Maria Conchita E&P Contract that were allegedly to the detriment of the Claimant. The Company has disputed these other claims during the arbitration proceedings and maintains that they are without merit. With the arbitration proceedings now concluded, the Company currently awaits the final determination from the arbitrator.

Based on the information currently available, management is unable to reliably estimate the outcome or potential financial impact, if any, of the arbitration. Accordingly, no provision has been recognized in these Financial Statements in respect of this matter. Management will continue to assess the matter as additional information becomes available. Management believes that it is unlikely that the resolution of this matter will result in a material adverse impact on the Company’s financial position, results of operations, or cash flows.

19. SEGMENTED INFORMATION

The Company is engaged in the exploration and development of natural gas in the country of Colombia. The Company determined that it operates in a single operating segment based on the organization and management of its business activities. As a result, the financial performance of the Company is reported as a single operating segment. Therefore, the information provided in these consolidated financial statements primarily reflects the results of the Company’s operations in the single operating segment.

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Notes to the Interim Condensed Consolidated Financial Statements
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20. SUPPLEMENTAL CASH FLOW INFORMATION

Information regarding changes in non-cash working capital for the three months ended March 31, 2026 and 2025 is as follows:

	2026	2025
Receivables and prepaids	(3,222,278)	177,790
Inventory	(32,113)	-
VAT receivable	(53,923)	(293,783)
Payables and accrued liabilities	6,214,843	(2,675,274)
Change in non-cash working capital	2,906,529	(2,791,267)
Relating to:		
Operating activities	10,732,365	(2,941,942)
Investing activities	(7,825,836)	150,675
Change in non-cash working capital	2,906,529	(2,791,267)

21. SUBSEQUENT EVENTS

Stock Option and Warrant Exercises

Subsequent to March 31, 2026, 958,000 stock options were exercised resulting in the issuance of 958,000 common shares. Furthermore, subsequent to March 31, 2026, 986,000 warrants were exercised resulting in the issuance of 986,000 common shares.