



**NG ENERGY**

**NG ENERGY INTERNATIONAL CORP**

**ANNUAL AUDITED CONSOLIDATED  
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

## MANAGEMENT'S REPORT

The accompanying consolidated financial statements and related financial information are the responsibility of management and have been prepared in accordance with IFRS Accounting Standards. They include certain amounts that are based on estimates and judgments relating to matters not concluded by year-end. Financial information presented elsewhere in this document is consistent with that contained in the consolidated financial statements.

In management's opinion, the consolidated financial statements have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies adopted by management. If alternate accounting methods exist, management has chosen those policies it deems the most appropriate in the circumstances. Management has established systems of accounting and internal control that provide reasonable assurance that assets are safeguarded from loss or unauthorized use and produce reliable accounting records for the preparation of financial information. Policies and procedures are maintained to support the accounting and internal control systems.

The independent external auditors, PricewaterhouseCoopers LLP, have conducted an examination of the consolidated financial statements on behalf of shareholders. The auditors have unrestricted access to the Company and the Audit Committee.

The Board of Directors carries out its responsibility for the consolidated financial statements principally through its Audit Committee. This Committee reviews the consolidated financial statements with management and the auditors, as well as recommends to the Board of Directors the external auditors to be appointed by the shareholders at each annual meeting. The Audit Committee meets at least quarterly to review and approve interim consolidated financial statements prior to their release and recommend their approval to the Board of Directors.

The Board of Directors on the recommendation of the Audit Committee has approved the consolidated financial statements and information as presented.

*(signed)*

Jorge Fonseca  
Chief Executive Officer

March 27, 2026  
Calgary, Canada

*(signed)*

David Prieto  
Chief Financial Officer



# Independent auditor's report

To the Shareholders of NG Energy International Corp.

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## Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of NG Energy International Corp. and its subsidiaries (together, the Company) as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

## What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2025 and 2024;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP  
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Calgary, Alberta, Canada T2P 5L3  
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Fax to mail: ca\_calgary\_main\_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

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## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Impact of proved plus probable natural gas reserves on net development and production (D&amp;P) assets within property, plant and equipment</b></p> <p>Refer to note 2 – Basis of presentation, note 3 – Summary of material accounting policies and note 7 – Property, plant and equipment to the consolidated financial statements.</p> <p>The Company had \$65.3 million of net D&amp;P assets as at December 31, 2025. Depletion expense was \$4.8 million for the year then ended. D&amp;P assets are depleted using the unit-of-production method by reference to the ratio of production in the period to the related proved plus probable natural gas reserves, taking into account forecasted future development costs. The depletion calculation includes actual production in the period and total estimated proved plus probable natural gas reserves attributable to the assets being depleted.</p> <p>The proved plus probable natural gas reserves are estimated using the Company's independent third party reserve evaluators' (management's experts) reports. Key assumptions used by management to determine the proved plus probable natural gas reserves include production forecasts, forecasted prices, future development costs and future operating costs.</p> <p>We considered this a key audit matter due to (i) the significant judgement made by management, including the use of management's experts, when estimating the proved plus probable natural gas reserves, and (ii) a high degree of auditor judgement, subjectivity and effort in performing procedures relating to the key assumptions.</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none"><li>• Tested how management determined the proved plus probable reserves used to determine the depletion expense, which included the following:<ul style="list-style-type: none"><li>– The work of management's experts was used in performing the procedures to evaluate the reasonableness of the proved plus probable reserves. As a basis for using this work, the competence, capabilities, and objectivity of management's experts was evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts, tests of the data used by management's experts and an evaluation of their findings.</li><li>– Evaluated the reasonableness of key assumptions used, including production forecasts, forecasted prices, future development costs and future operating costs by considering current and past performance of the Company and whether those assumptions were consistent with evidence obtained in other areas of the audit, as applicable.</li><li>– Evaluated the reasonableness of forecasted commodity prices by comparing those forecasts with relevant contract terms and third party industry forecasts.</li></ul></li><li>• Recalculated the unit-of-production rates used to calculate the depletion expense.</li></ul>

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## Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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## **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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## **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ryan Lundeen.

**/s/PricewaterhouseCoopers LLP**

Chartered Professional Accountants

Calgary, Alberta  
March 27, 2026

**NG ENERGY INTERNATIONAL CORP.**  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in U.S. Dollars)

December 31, 2025

December 31, 2024

**Assets**

Current Assets

Cash and cash equivalents	6,846,233	8,185,473
Accounts receivable (Note 5)	7,421,689	4,639,328
Tax instalments and receivables	9,662,649	2,209,568
Prepays	742,255	862,875
Current portion of restricted cash (Note 6)	21,925	-
Inventory	282,336	165,249
Assets held for sale (Note 9)	52,234,014	21,025,601
	<b>77,211,101</b>	<b>37,088,094</b>

Non-current Assets

Non-current portion of restricted cash (Note 6)	40,969	8,211,023
VAT receivable (Note 22)	1,993,214	2,684,350
Advances to Acquisition (Note 10)	2,625,000	-
Deferred tax asset (Note 21)	11,208,462	-
Property, plant and equipment (Note 7)	147,236,778	65,485,452

<b>Total Assets</b>	<b>240,315,524</b>	<b>113,468,919</b>
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**Liabilities**

Current Liabilities

Accounts payable and accrued liabilities (Note 5)	33,645,856	14,915,586
Current portion of lease obligations (Note 13)	16,563,276	6,289,994
Current portion of debt (Note 11)	18,119,750	9,417,158
Deferred consideration (Note 9)	40,000,000	-
Liabilities held for sale (Note 9)	28,855,825	680,489
	<b>137,184,707</b>	<b>31,303,227</b>

Non-current Liabilities

Liability component of convertible debentures (Note 12)	10,811,423	9,495,824
Non-current portion of lease obligations (Note 13)	65,895,063	11,103,651
Non-current portion of debt (Note 11)	-	13,741,072
Decommissioning obligations (Note 14)	4,259,595	3,001,993

<b>Total Liabilities</b>	<b>218,150,788</b>	<b>68,645,767</b>
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**Shareholders' Equity**

Share capital (Note 15a)	189,649,156	185,699,902
Contributed surplus	31,991,582	33,989,530
Warrants (Note 15c)	16,154,064	16,157,104
Equity component of convertible debentures (Note 12)	499,320	499,320
Deficit	(215,444,453)	(191,362,619)
Accumulated other comprehensive loss	(684,933)	(160,085)

<b>Total Shareholders' Equity</b>	<b>22,164,736</b>	<b>44,823,152</b>
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<b>Total Liabilities and Shareholders' Equity</b>	<b>240,315,524</b>	<b>113,468,919</b>
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Related parties (Note 22)

Commitments (Note 24)

Subsequent events (Note 27)

See accompanying notes to the consolidated financial statements.

**Approved by the Board of Directors:**

(signed)

Brian Paes-Braga

Chairman of the Board of Directors

(signed)

Brian O'Neill

Chairman of the Audit Committee

# NG ENERGY INTERNATIONAL CORP.

## CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the years ended December 31

<i>(Expressed in U.S. Dollars)</i>	2025	2024
<b>Revenue:</b>		
Natural gas and NGL sales (Note 17)	44,611,516	38,209,261
Royalty expense	(11,773,730)	(6,402,007)
<b>Revenues, net of royalties</b>	<b>32,837,786</b>	<b>31,807,254</b>
<b>Expenses:</b>		
Operating expenses	18,233,154	8,110,259
General and administrative (Note 18)	10,119,692	7,982,959
Share-based compensation (Note 15b & 16)	1,713,809	7,030,689
Exploration and evaluation expense	239,663	247,356
Depletion and depreciation (Note 7)	11,648,543	9,473,367
Impairment loss (Note 8)	-	9,502,135
Net finance expense (Note 19)	25,345,235	16,933,683
Debt settlement costs (Note 12)	-	22,927,667
Other expenses (Note 20)	2,055,694	2,306,087
Foreign exchange (gain) loss	(1,227,708)	1,356,139
	<b>68,128,082</b>	<b>85,870,341</b>
Loss before income taxes	(35,290,296)	(54,063,087)
Current income tax recovery (Note 21)	-	364,506
Deferred income tax recovery (Note 21)	11,208,462	-
<b>Net loss</b>	<b>(24,081,834)</b>	<b>(53,698,581)</b>
<b>Other comprehensive loss</b>		
Foreign currency translation adjustment	(524,848)	1,432,194
<b>Comprehensive loss</b>	<b>(24,606,682)</b>	<b>(52,266,387)</b>
Loss per share – basic and diluted (Note 15d)	(0.09)	(0.25)
Weighted average number of common shares outstanding	258,073,304	213,746,048

See accompanying notes to the consolidated financial statements.

# NG ENERGY INTERNATIONAL CORP.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31

<i>(Expressed in U.S. Dollars)</i>	2025	2024
<b>Operating Activities</b>		
Net loss	(24,081,834)	(53,698,581)
Items not affecting cash:		
Impairment loss	-	9,502,135
Depletion and depreciation (Note 7)	11,648,543	9,473,367
Share-based compensation (Note 15b & 16)	1,713,809	7,030,689
Unrealized foreign exchange (gain) loss	(724,708)	535,291
Net finance expense (Note 19)	25,345,235	16,933,683
Debt settlement costs (Note 12)	-	22,927,667
Other expenses (Note 20)	2,055,694	1,502,000
Interest penalties paid	(164,314)	-
Deferred income tax recovery (Note 21)	(11,208,462)	-
Change in non-cash working capital (Note 26)	(1,236,388)	4,260,311
<b>Cash provided by operating activities</b>	<b>3,347,575</b>	<b>18,466,562</b>
<b>Investing Activities</b>		
Cash proceeds on Transaction (Note 9)	40,000,000	-
Transaction costs paid on Transaction (Note 9)	(1,154,648)	-
Cash payments toward SN-9 acquisition (Note 10)	(2,625,000)	-
Property, plant and equipment additions (Note 7)	(26,297,473)	(6,552,897)
Exploration and evaluation asset additions	-	(12,200,995)
Change in restricted cash	8,153,977	(693,146)
Change in non-cash working capital (Note 26)	9,524,839	(4,155,197)
<b>Cash provided by (used in) investing activities</b>	<b>27,601,695</b>	<b>(23,602,235)</b>
<b>Financing Activities</b>		
Proceeds on Macquarie debt financing	-	40,000,000
Transaction costs paid on Macquarie debt financing	(228,604)	(4,603,220)
Principal payments on Macquarie debt	(12,000,000)	(5,000,000)
Cash paid on conversion/redemption of convertible debentures	-	(24,539,445)
Proceeds on private placement	-	22,285,396
Transaction costs paid on private placement	-	(1,181,079)
Repayment of short-term loans	-	(1,000,000)
Proceeds on option exercises (Note 15b)	181,980	558,098
Proceeds on warrant exercises (Note 15c)	52,477	8,542
Proceeds released from escrow	-	1,554,036
Interest income	250,060	523,733
Interest expense paid	(7,946,408)	(8,635,934)
Lease payments, principal and interest	(13,469,203)	(7,388,321)
Change in non-cash working capital (Note 26)	164,314	(4,500)
<b>Cash provided by (used in) financing activities</b>	<b>(32,995,384)</b>	<b>12,577,306</b>
<b>Net change in cash</b>	<b>(2,046,114)</b>	<b>7,441,633</b>
Foreign exchange gain (loss) on cash	706,874	(550,582)
<b>Change in cash</b>	<b>(1,339,240)</b>	<b>6,891,051</b>
Cash, beginning of year	8,185,473	1,294,422
<b>Cash, end of year</b>	<b>6,846,233</b>	<b>8,185,473</b>

Cash is defined as cash and cash equivalents.

See accompanying notes to the consolidated financial statements.

## NG ENERGY INTERNATIONAL CORP.

### CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(Expressed in U.S. Dollars)</i>	Number of Common Shares	Share Capital	Contributed Surplus	Warrants	ECCD <sup>(1)</sup>	Deficit	AOCL <sup>(2)</sup>	Total
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	-	-	-	-	-	(24,081,834)	-	(24,081,834)
Shares issued through option exercise	625,000	330,371	(148,391)	-	-	-	-	181,980
Shares issued through warrant exercise	77,000	55,517	-	(3,040)	-	-	-	52,477
Shares issued through compensation unit settlement	4,298,750	3,563,366	(3,563,366)	-	-	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	-	(524,848)	(524,848)
Share-based compensation	-	-	1,713,809	-	-	-	-	1,713,809
<b>Balance at December 31, 2025</b>	<b>260,012,590</b>	<b>189,649,156</b>	<b>31,991,582</b>	<b>16,154,064</b>	<b>499,320</b>	<b>(215,444,453)</b>	<b>(684,933)</b>	<b>22,164,736</b>
Balance at December 31, 2023	137,450,742	114,641,544	25,792,259	6,459,578	2,454,288	(137,664,038)	(1,592,279)	10,091,352
Net loss	-	-	-	-	-	(53,698,581)	-	(53,698,581)
Shares issued through option exercise	1,120,000	1,015,821	(457,723)	-	-	-	-	558,098
Shares issued through warrant exercise	13,000	9,094	-	(552)	-	-	-	8,542
Shares issued through compensation unit settlement	125,000	109,209	(109,209)	-	-	-	-	-
Shares issued for debt settlement	2,000,000	1,502,000	-	-	-	-	-	1,502,000
Conversion of debentures	85,731,098	47,317,917	-	-	(1,860,622)	-	-	45,457,295
Redemption of debentures	-	-	94,346	-	(94,346)	-	-	-
Shares issued through private placement, net of costs	28,572,000	21,104,317	-	-	-	-	-	21,104,317
Warrants issued under Macquarie debt financing	-	-	-	8,891,132	-	-	-	8,891,132
Bonus warrants issued on Macquarie debt financing	-	-	-	2,446,114	-	-	-	2,446,114
Warrants expired	-	-	1,639,168	(1,639,168)	-	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	-	1,432,194	1,432,194
Share-based compensation	-	-	7,030,689	-	-	-	-	7,030,689
<b>Balance at December 31, 2024</b>	<b>255,011,840</b>	<b>185,699,902</b>	<b>33,989,530</b>	<b>16,157,104</b>	<b>499,320</b>	<b>(191,362,619)</b>	<b>(160,085)</b>	<b>44,823,152</b>

(1) Equity component of convertible debentures

(2) Accumulated other comprehensive loss

See accompanying notes to the consolidated financial statements.

NG ENERGY INTERNATIONAL CORP  
Notes to the Consolidated Financial Statements  
For the years ended December 31, 2025 and 2024

## 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 25<sup>th</sup> Floor, 700 West Georgia Street, Vancouver, British Columbia, Canada V7Y 1B3. NG’s common shares are listed on the TSX Venture Exchange (“TSX-V”) under the symbol “GASX”, 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 consolidated financial statements were prepared by management in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

These consolidated financial statements have been approved and authorized for issuance by the Company’s Board of Directors on March 27, 2026.

### Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial and non-financial assets and liabilities, which have been measured at fair value.

Estimates and judgments made by management in the preparation of these consolidated financial statements are subject to a higher degree of measurement uncertainty during this volatile period.

### Functional and presentation currency

These consolidated 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.

### Use of estimates and judgments

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

#### ***Significant judgments in applying accounting policies***

The following are the significant judgments that management has made in the process of applying the Company’s accounting policies and that have the most significant effect on the amounts recognized in these consolidated financial statements:

*i) Identification of cash-generating units*

Natural gas assets and processing facilities are grouped into cash generating units (“CGUs”) identified as having largely independent cash inflows and are geographically integrated. The determination of the CGUs was based on management’s interpretation and judgment. The recoverability of development and

NG ENERGY INTERNATIONAL CORP  
Notes to the Consolidated Financial Statements  
For the years ended December 31, 2025 and 2024

production (“D&P”) asset carrying values is assessed at the CGU level. The asset composition of a CGU can directly impact the recoverability of the assets included therein.

*ii) Depletion, depreciation and reserves*

Depletion is based on the Proved plus Probable natural gas reserves estimates as evaluated in accordance with National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities (“NI 51-101”) and incorporating the estimated future cost of developing and extracting those. The process of estimating reserves is complex. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The natural reserve estimates are based on production forecasts, forecasted prices, future development costs and future operating costs. As circumstances change and additional data becomes available, reserve estimates may also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions of reserve estimates are often required due to changes in well performance, prices, economic conditions and governmental regulations.

Although every reasonable effort is made to determine that reserve estimates are accurate, reserve estimation is an inferential science. As a result, subjective decisions, new geological or production information and a changing environment may impact these estimates. Revisions to reserve estimates can arise from changes in year-end natural gas prices and reservoir performance. Such revisions can be either positive or negative. Changes in reserve estimates impact the financial results of the Company as reserves and estimated future development costs are used to calculate depletion.

*iii) Impairment of property, plant and equipment and exploration and evaluation assets*

Judgments are required to assess when impairment indicators, or reversal indicators, exist and impairment testing is required. In determining the recoverable amount of assets, in the absence of quoted market prices, impairment tests are based on estimates of reserves, production rates, future oil and natural gas prices, future costs, discount rates, market value of land, transaction values and other relevant assumptions.

*iv) Exploration and evaluation assets*

The application of the Company’s accounting policy for exploration and evaluation assets requires management to make certain judgments as to future events and circumstances as to whether economic quantities of reserves have been found in assessing economic and technical feasibility.

*v) Leases*

The Company determines whether a contract contains a lease by assessing whether the contract conveys the right to control the use of an identified asset. This requires judgment in evaluating substitution rights and decision-making rights over the asset. The lease liability is measured using the Company’s incremental borrowing rate. Determining this rate requires judgment and estimation of the Company’s credit risk, lease term, and economic environment.

*vi) Share-based payments and warrants*

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments and warrants. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company’s earnings and equity reserves.

*vii) Income taxes*

The Company conducts business internationally and therefore is required to comply with tax laws and regulations in various tax jurisdictions. Significant judgment, such as the interpretation of tax laws and regulations in each tax jurisdiction are required by management in determining the income tax balances

NG ENERGY INTERNATIONAL CORP  
Notes to the Consolidated Financial Statements  
For the years ended December 31, 2025 and 2024

and disclosures. The Company engages independent third party tax specialists to assist with the interpretation of international tax laws and regulations.

Additionally, judgments are made by management to determine the likelihood of whether deferred income tax assets at the end of the reporting period will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

*viii) VAT recoverability*

Judgment is required by management in evaluating the likelihood of whether or not value added tax (“VAT”) on purchases is recoverable from the Colombian government.

***Key sources of estimation uncertainty***

The following are the key assumptions concerning the sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities.

*i) Reserves and resource assessment*

Proved plus probable natural gas reserves are estimated using independent third party reserve evaluators reports. The assessment of reported recoverable quantities of Proved plus Probable natural gas reserves include estimates based on production forecasts, forecasted prices, future development costs and future operating costs. Additional estimates are made in relation to geological and geophysical models in anticipated recoveries. The economical, geological, and technical factors used to estimate Proved plus Probable natural gas reserves and prospective resources may change from period to period. Changes in reported Proved plus Probable natural gas reserves and prospective resources can affect the carrying values of the Company’s natural gas properties and exploration and evaluation assets, the calculation of depletion and depreciation, the provision for decommissioning obligations, and the recognition of deferred tax assets due to changes in expected future cash flows.

The Company’s Proved plus Probable natural gas reserves, represent the estimated quantities of natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be economically recoverable in future years from known reservoirs and which are considered commercially viable. Such Proved plus Probable natural gas reserves may be considered commercially producible if management has the intention of developing and producing them and such intention is based upon (i) a reasonable assessment of the future economics of such production; (ii) a reasonable expectation that there is a market for all or substantially all the expected natural gas production; and (iii) evidence that the necessary production, transmission and transportation facilities are available or can be made available. Proved plus Probable natural gas reserves may only be considered proven and probable if the ability to produce is supported by either actual production or conclusive formation tests. Prospective resources are determined using an externally prepared valuation report which reflects estimated prospective resources and external pricing and cost assumptions reflective of the current market. The Company’s Proved plus Probable natural gas reserves and prospective resources are determined pursuant to National Instrument 51-101, Standard of Disclosures for Oil and Gas Activities.

The Company uses estimated Proved plus Probable natural gas reserves to deplete its natural gas assets included in PP&E, to assess for indicators of impairment on the Company’s cash generating units (“CGU”) and if any such indicators exist, to perform an impairment test to estimate the recoverable amount of the CGUs and to assess E&E costs for impairment when transferred to PP&E.

*ii) Decommissioning obligations*

The Company estimates future remediation costs of production facilities, wells and pipelines at different stages of development and construction of assets or facilities. In most instances, removal of assets occurs

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many years into the future. This requires assumptions regarding abandonment date, future environmental and regulatory legislation, the extent of reclamation activities, the engineering methodology for estimating cost, future removal technologies in determining the removal cost and liability-specific discount rates to determine the present value of these cash flows.

*iii) Share-based payments*

All equity-settled, share-based awards issued by the Company are recorded at fair value using the Black-Scholes option-pricing model. In assessing the fair value of such equity-based compensation, estimates have to be made regarding the expected volatility in share price, option life, and estimated forfeitures at the initial grant date. Share-based payments to non-employees are measured at the date when goods and services are received. Where the fair value of goods and services received cannot be reliably measured, the measure of the goods and services received and the corresponding increase in equity indirectly by reference to the fair value of the equity instruments granted, measured at the date goods are obtained or services rendered. Assessing the fair value based on services rendered are subject to measurement uncertainty given that it is dependent upon obtaining reasonable data as to the value of services rendered or goods obtained based on readily available market metrics.

*iv) Convertible debentures*

The fair value of the liability component of the convertible debentures utilizes observable market data, including interest rates. As a result of changes in key assumptions, actual amounts may vary significantly from estimated amounts.

*v) Tax provisions*

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in the period of the change and future periods. In periods of rate change, the Company estimates the period of anticipated reversal of the associated deferred income tax liability to determine the appropriate tax rate to apply to temporary differences. Deferred income tax assets are recognized to the extent future recovery is probable in management's judgment. Deferred income tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered. Deferred income tax liabilities are recognized when it is considered probable that temporary differences will be payable to tax authorities in future periods. Income tax filings are subject to audits and reassessments and changes in facts, circumstances and interpretations of the standards may result in a material increase or decrease in the Company's provision for income taxes.

***Impact of climate change and environmental initiative regulations***

In Colombia there is currently no specific regulation that obliges companies to specifically monitor and report greenhouse gas ("GHG") emissions. Climate change regulation in Colombia has the potential to significantly affect the regulatory environment of the crude oil and natural gas industry in Colombia. Such regulations impose certain costs and risks on the industry, and there remains some uncertainty with regard to the impact of climate change and environmental laws and regulations on the Company, as the Company is unable to predict additional legislation or amendments that the Colombian government may enact in the future. Any new laws and regulations, or additional requirements to existing laws and regulations, could have a material impact on the Company's operations and cash flow.

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### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

#### a) Basis of consolidation

##### **Subsidiaries**

These consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

The following table summarizes the Company's subsidiaries, their country of incorporation, and the Company's ownership interest.

Subsidiaries	Country of Incorporation	Ownership Interest	
		2025	2024
1129523 BC Ltd. <sup>(1)</sup>	Canada	N/A	100%
PentaNova BVI Ltd.	British Virgin Islands	100%	100%
Patagonia Oil Corp. <sup>(2)</sup>	British Virgin Islands	N/A	100%
Bochica Investment Holdings Ltd.	British Virgin Islands	100%	100%
MKMS Enerji A.S.	British Virgin Islands	100%	100%
Bolivar Energy (Colombia) Inc.	Barbados	100%	100%
MKMS Enerji Sucursal Colombia	Colombia	100%	100%
Bolivar Energy Colombia Inc. Sucursal Colombia	Colombia	100%	100%
Patrimonio Autónomo FAP NG Energy	Colombia	100%	100%

(1) 1129523 BC Ltd. holding company was dissolved in March 2025.

(2) Patagonia Oil Corp. holding company was dissolved February 2025.

##### **Jointly controlled operations and assets**

Many of the Company's oil and natural gas activities involve jointly controlled assets. The consolidated financial statements include the Company's share of these jointly controlled assets and a proportionate share of the relevant revenue, operating expenses, operating cost and capital costs.

The Company currently has concessions in Colombia. The concessions in which the Company participates are governed by a Joint Operating Agreement ("JOA"). In the case of a JOA, an agreement is entered into between two or more parties with the purpose of gathering human, technological and economic resources temporarily, to develop or execute a project, render a service or provide a specific supply. The parties to a JOA maintain their legal and economic independence. The Company has determined these agreements to result in joint operations, and accounts for these operations in accordance with its proportionate working interest ("WI").

##### **Transactions eliminated on consolidation**

All intercompany balances and transactions are eliminated upon consolidation in preparing the consolidated financial statements.

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**b) Financial instruments**

The Company recognizes a financial asset or liability when it becomes a party to the contractual provisions of a financial instrument. Financial assets and liabilities are not offset unless the Company has the current legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously.

The Company characterizes its fair value measurements of financial instruments into a three-level hierarchy depending on the degree to which the inputs are observable, as follows:

- Level 1 inputs are quoted prices in active markets for identical assets and liabilities;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the assets or liabilities either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

***Classification and measurement of financial assets***

The initial classification of a financial asset depends upon the Company's business model for managing its financial assets and the contractual terms of the cash flows. There are three measurement categories into which the Company can classify its financial assets:

- Amortized Cost: Includes assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest;
- Fair Value through Other Comprehensive Income ("FVOCI"): Includes assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, where its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest; or
- Fair Value Through Profit or Loss ("FVTPL"): Includes assets that do not meet the criteria for amortized cost or FVOCI and are measured at fair value through profit or loss. This includes all derivative financial instruments.

At initial recognition, the Company measures a financial asset at its fair value, in the case of a financial asset not at FVTPL, including transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are recorded as an expense in net earnings.

Financial assets are reclassified subsequent to their initial recognition only if the business model for managing those financial assets changes. The affected financial assets will be reclassified on the first day of the first reporting period following the change in the business model. A financial asset is derecognized when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

***Impairment of financial assets***

The Company recognizes loss allowances for Expected Credit Losses ("ECLs") on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the related financial asset. The Company does not have any financial assets that contain a financing component.

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***Classification and measurement of financial liabilities***

A financial liability is initially classified as measured at amortized cost or FVTPL. A financial liability is classified as measured at FVTPL if it is held-for-trading, a derivative, or designated as FVTPL on initial recognition. The classification of a financial liability is irrevocable.

Financial liabilities at FVTPL are measured at fair value with changes in fair value, along with any interest expense, recognized in net earnings. Other financial liabilities are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in net earnings. Any gain or loss on derecognition is also recognized in net earnings.

A financial liability is derecognized when the obligation is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same counterparty with substantially different terms, or the terms of an existing liability are substantially modified, it is treated as a derecognition of the original liability and the recognition of a new liability. When the terms of an existing financial liability are altered, but the changes are considered non-substantial, it is accounted for as a modification to the existing financial liability. Where a liability is substantially modified it is considered to be extinguished and a gain or loss is recognized in net earnings based on the difference between the carrying amount of the liability derecognized and the fair value of the revised liability. Where a liability is modified in a non-substantial way, the amortized cost of the liability is remeasured based on the new cash flows and a gain or loss is recorded in net earnings.

***Loans***

Loans are recorded at amortized cost, net of directly attributable transaction costs. Subsequent to initial recognition, the directly attributable transaction costs are amortized into the carry value using the effective interest method over the term of the debt facility through the consolidated statements of operations and comprehensive income or capitalized as part of a qualifying asset, as applicable. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

***Cash and cash equivalents***

Cash and cash equivalents in the statement of financial position comprise cash held at banks and short-term deposits with an original maturity of three months or less.

***Restricted Cash***

Restricted cash balances are those which meet the definition of cash and cash equivalents but are not available for use by the Company.

***Receivables and payables***

Other financial instruments such as trade and other receivables, trade and other payables, are measured at amortized cost, less any impairment losses.

***Other financial liabilities***

Other financial liabilities are financial liabilities that are not quoted in an active market and with no intention of being traded. They are included in current liabilities, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current liabilities. Accounts payable are initially recognized at the amount required to be paid less any discount or rebates to reduce the payables to estimated fair value. Accounts payable are subsequently measured at amortized cost using the effective interest method. For accounts payable that have maturity dates of less than one year, the Company estimates their carrying value approximates their fair value due to their short-term nature.

***Convertible debentures***

For convertible debentures, the Company determines whether the financial instrument is a compound instrument or a hybrid instrument. In a compound instrument, the fair value of the liability component is determined by

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discounting the contractual future cash flows using a market rate for a non-convertible instrument with similar terms. In a hybrid instrument, the fair value of the liability component is the residual value of the proceeds after the equity conversion option derivative fair value is determined unless the entire convertible financial instrument is designated as a financial liability at FVTPL, in which case, the entire convertible financial instrument is measured at fair value.

Subsequent to initial recognition, the Company measures the debt component of both a compound and a hybrid financial instrument at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition. The equity conversion option of a hybrid financial instrument is marked to market at the reporting date and changes to fair value are charged or credited in net loss.

***Derivative financial instruments***

Derivative financial instruments are classified at FVTPL and are measured at fair value. The resulting gain or loss is recognized immediately in net (loss) income.

**c) Foreign currency**

The Company's functional currency is the Canadian dollar while each of its subsidiaries with significant activity has a US dollar functional currency. Transactions in currencies other than each entity's functional currency are initially recorded at the exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate as at the date of the consolidated statement of financial position. All differences are recorded in net earnings or loss. Non-monetary items are translated using the historical exchange rates prevailing at the dates of the initial transactions.

The Company's consolidated financial statements are presented in US dollars. Management selected the US dollar as the presentation currency as it best facilitated comparability with industry peers. Assets and liabilities of entities with functional currencies other than US dollars are translated at the period end exchange rates, results of their operations are translated at average exchange rates for the period, and shareholders' equity is translated at the rate effective at the time of the transaction. The resulting translation adjustments are included in accumulated other comprehensive income in shareholders' equity.

**d) Income taxes**

Tax expense comprises current and deferred tax. Tax is recognized in the statements of loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

***Current income tax***

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

***Deferred tax***

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a

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business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred income tax liabilities and assets are not recognized for temporary differences arising on:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which is not a business combination, at the time of the transaction, affects neither accounting net earnings nor taxable earnings, and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

**e) Exploration and evaluation assets**

All costs incurred after the rights to explore an area have been obtained, such as geological and geophysical costs, other direct costs of exploration (drilling, testing and evaluating the technical feasibility and commercial viability of extraction) and appraisal are accumulated and capitalized as exploration and evaluation assets. Gains and losses are not recognized on the disposition of exploration and evaluation assets. Proceeds on disposition are charged against the net book value.

Certain costs incurred prior to acquiring the legal rights to explore are charged directly to net income (loss).

Exploration and evaluation costs are not amortized prior to the conclusion of appraisal activities. At the completion of appraisal activities, if technical feasibility is demonstrated and commercial reserves are discovered, then the carrying value of the relevant exploration and evaluation asset will be reclassified as a property, plant and equipment asset into the cash-generating unit ("CGU") to which it relates, but only after the carrying value of the relevant exploration and evaluation asset has been assessed for impairment and, where appropriate, its carrying value adjusted. Technical feasibility and commercial viability are considered to be demonstrable generally when proved or probable natural gas reserves are determined to exist and necessary infrastructure and markets are in place for sustainable operations of the asset. If it is determined that technical feasibility and commercial viability have not been achieved in relation to the exploration and evaluation assets appraised, all other associated costs are written down to the recoverable amount in net income (loss).

Expired land leases included as undeveloped land in exploration and evaluation assets are recognized in exploration and evaluation cost in net income (loss) upon expiry and are considered prior to expiry. Management considers upcoming land lease expiries and may recognize the costs in advance of expiry.

Indicators of impairment of exploration and evaluation assets are assessed at each reporting date which can include upcoming land lease expiries, third party land valuations and other information. When there are such indications, an impairment test is carried out and any resulting impairment loss is written off to net income (loss). The recoverable amount is the greater of fair value, less costs of disposal, or value-in-use. In addition, an assessment is carried out to evaluate whether impairment losses recognized in prior periods may no longer exist or may have decreased based on internal and external information with a favourable effect on the Company. If any such indication exists, the recoverable amount shall be estimated.

**f) Property, plant, and equipment**

The Company's property, plant and equipment is comprised of D&P assets, corporate fixed assets, and right-of-use leased assets.

Natural gas assets are measured at cost less accumulated depletion and depreciation and accumulated impairment losses, if any. Natural gas assets consist of the purchase price and costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Natural gas assets include D&P interests such as land acquisitions, geological and geophysical costs, facility and production equipment, including any directly attributable

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general and administration costs and share-based payments and the initial estimate of the costs of dismantling and removing an asset and restoring the site on which it was located.

Costs incurred subsequent to the determination of technical feasibility and commercial viability are recognized D&P interests when they increase the future economic benefits embodied in the specific asset to which they relate. Such capitalized natural gas interests generally represent costs incurred in developing proved and/or probable natural gas reserves and are accumulated on a field or geotechnical area basis. The cost of day-to-day servicing of an item of natural gas assets is expensed in income or loss as incurred. Natural gas assets are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal of an asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in net income or loss.

The Company depletes its natural gas assets using the unit-of-production method by reference to the ratio of production in the period to the related proved plus probable natural gas reserves, taking into account forecasted future development costs.

Natural gas assets are not depleted until production commences. This depletion calculation includes actual production in the period and total estimated proved plus probable natural gas reserves attributable to the assets being depleted, taking into account total capitalized costs plus estimated future development costs necessary to bring those reserves into production. Relative volumes of proved plus probable natural gas reserves and production (before royalties) are converted at the energy equivalent conversion ratio of six thousand cubic feet of natural gas to one barrel of oil.

Proved plus probable natural gas reserves are estimated using independent third party reserve evaluators reports and represent the estimated quantities of natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible.

Corporate assets are recorded at cost less accumulated depreciation. Depreciation is calculated on a declining balance method to write off the cost of these assets, less estimated residual values, over their estimated useful lives.

The Company's property, plant and equipment are grouped into CGUs based on separately identifiable and largely independent cash inflows considering geological characteristics, shared infrastructure and exposure to market risks. Estimates of future cash flows used in the calculation of the recoverable amount are based on reserve evaluation reports prepared by independent third party reserve evaluators.

The assessment for impairment entails the review of the CGUs for indicators of impairment at the end of each reporting period. Indicators are events or changes in circumstances that indicate that the carrying amount may not be recoverable. If indicators of impairment exist, the recoverable amount of the CGU is estimated, being the higher of fair value, less costs of disposal, and value in use. Fair value, less costs of disposal, is derived by estimating the discounted after-tax future net cash flows, when no comparable market transactions are available. Discounted future net cash flows are based on forecasted commodity prices and costs over the expected economic life of the proved plus probable natural gas reserves and discounted using market-based rates to reflect a market participant's view of the risks associated with the assets. Value-in-use is assessed using the expected future cash flows discounted at a pre-tax rate. The carrying value of the CGU is then compared with its recoverable amount. If the carrying amount of the CGU exceeds the recoverable amount, the CGU is written down with an impairment recognized in net income (loss).

Impairment of property, plant and equipment are reversed when there is significant evidence that the impairment has been reversed, but only to the extent of what the carrying amount would have been net of accumulated depletion had no impairment been recognized.

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**g) Right-of-use assets and lease obligations**

A contract is, or contains, a lease if the contract provides the right to control the use of an identified asset for a period of time in exchange for consideration. A Right-of-use (“ROU”) asset and a corresponding lease obligation are recognized on the consolidated statements of financial position on the lease commencement date. Interest associated with the lease obligation is recognized over the lease period with a corresponding increase in the underlying lease obligation. ROU assets are depreciated on a straight-line basis over the lease term.

ROU assets and lease obligations are initially measured on a present value basis. Lease obligations are measured as the net present value of the lease payments which may include: fixed lease payments, variable lease payments and payments to exercise an extension or termination option if applicable, if the Company is reasonably certain to exercise either of those options. ROU assets are measured at cost, which is composed of the amount of the initial measurement of the lease obligation, less any incentives received. The rate implicit in the lease is used to determine the present value of the liability and ROU asset arising from a lease, unless this rate is not readily determinable, in which case the Company’s incremental borrowing rate is used. ROU assets are depreciated using the straight-line method over the lease term of the related lease agreements. The depreciation period reflects the non-cancellable lease term together with any extension options that the Company is reasonably certain to exercise.

ROU assets and lease obligations are remeasured when there is a change in the future lease payments arising from a change in an index or rate or term, or if there is a change in the assessment on whether the Company will exercise an extension or termination option.

Short-term leases and leases of low-value assets are not recognized on the consolidated statements of financial position and lease payments are instead recognized in the consolidated financial statements as incurred.

**h) Inventory**

Inventory consists of natural gas and natural gas liquids in transit, in pipelines or in storage tanks at the reporting date, and is valued at the lower of cost, using the weighted-average cost method, or net realizable value. Costs include direct and indirect expenditures including depletion and depreciation incurred in bringing the crude oil to its existing condition and location.

**i) Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

***Decommissioning obligations***

The Company’s activities give rise to dismantling, decommissioning and reclamation requirements. Costs related to these abandonment activities are estimated by management in consultation with the Company’s engineers based on risk-adjusted current costs which take into consideration current technology in accordance with existing legislation and industry practices.

Decommissioning obligations are measured at the present value of the best estimate of expenditures required to settle the obligations at the reporting date. When the fair value of the liability is initially measured, the estimated cost, discounted using a risk-free rate, is capitalized by increasing the carrying amount of the related natural gas assets. The increase in the provision due to the passage of time, or accretion, is recognized as a finance expense. Increases and decreases due to revisions in the estimated future cash flows are recorded as adjustments to the carrying amount of the related natural gas assets.

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Actual costs incurred upon settlement of the liability are charged against the obligation to the extent that the obligation was previously established. The carrying amount capitalized in natural gas assets is depleted in accordance with the Company's depletion policy. The Company reviews the obligation at each reporting date and revisions to the estimated timing of cash flows, discount rates and estimated costs will result in an increase or decrease to the obligations. Any difference between the actual costs incurred upon settlement of the obligation and recorded liability is recognized as an increase or reduction in income.

**j) Revenue from natural gas sales**

Revenue from the sale of natural gas is recognized when performance obligations are met and control has transferred from the Company to customers. The transfer of control of oil and natural gas usually occurs at a point in time and coincides with title passing to the customer and the customer taking physical possession. The Company considers its performance obligations to be satisfied and control to be transferred when all the following conditions are satisfied:

- The Company has transferred title and physical possession of the commodity to the buyer;
- The Company has transferred the significant risks and rewards of ownership to the buyer; and
- The Company has the present right to payment

Revenue is measured based on the consideration specified in the sales contracts with customers and is recorded on a net working interest basis for producing properties, of which the Company has a related ownership interest. The transaction price for variable price contracts is based on the commodity price, adjusted for quality, location, and other factors. Any variability in the transaction price is recognized in the same period which the related revenue is earned and recorded.

The Company does not have any contracts where the period between the transfer of promised goods and services to the customer and payment by the customer exceeds one year. As a result, the Company does not adjust its revenue transactions for the time value of money. The Company's revenue transactions do not contain significant financing components.

**k) Share-based compensation**

Share-based compensation expense is determined based on the estimated fair value of shares on the date of grant. Transactions with non-employees are measured at the date when goods and services are received. Where the fair value of goods and services received cannot be reliably measured, the measure of the goods and services received and the corresponding increase in equity indirectly by reference to the fair value of the equity instruments granted, measured at the date goods are obtained or services rendered. Forfeitures are estimated at the grant date and are subsequently adjusted to reflect actual forfeitures. The expense is recognized over the service period, with a corresponding increase to contributed surplus. At the time the stock options or warrants are exercised, the issuance of common shares is recorded as an increase to shareholders' capital and a corresponding decrease to contributed surplus.

**l) Long-term incentive compensation**

The grant date fair value of equity-settled restricted share units ("RSUs"), restricted share units with performance criteria ("PSUs") and deferred share units ("DSUs") granted to officers, employees and directors is recognized as an expense with a corresponding increase in contributed surplus on a graded vesting basis over the vesting period. The PSUs are subject to certain non-market performance conditions, of which, the impact is estimated at the grant date. The units are expected to be settled through the issuance of common shares of the Company.

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**m) Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Common shares, stock options and warrants are classified as equity instruments.

**n) Per share amounts, basic and diluted**

The Company presents basic and diluted earnings (loss) per share. Basic earnings (loss) per share is calculated by dividing the net profit or loss by the weighted average number of shares outstanding during the year. Diluted earnings per share is determined by adjusting the net profit or loss and the weighted average number of shares outstanding, for all dilutive potential shares, which comprises warrants, convertible debt and options issued. Items with an anti-dilutive impact are excluded from the calculation.

**o) Determination of fair values**

A number of the Company's accounting policies and disclosures require the determination of fair value for financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Company aims to maximize the use of observable inputs when preparing calculations of fair value. Classification of each measurement into the fair value hierarchy is based on the lowest level of input that is significant to the fair value calculation.

- i) Cash and cash equivalents, accounts receivable, VAT receivable, and accounts payable and accrued liabilities*  
The fair value of cash, accounts receivable and accounts payable and accrued liabilities is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.
- ii) Convertible debentures: Embedded derivatives*  
The liability and equity (when applicable) components of convertible debentures are presented separately on the consolidated statement of financial position, starting from initial recognition. The Company determines the fair value of the financial instrument using the Black Scholes Model. This is invariably split between the liability, equity and warrants. The carrying amount of warrants, is obtained by deducting the equity component carrying amount. This embedded derivative is carried at fair value through profit or loss (FVTPL) with changes impacting the consolidated statement of loss and comprehensive loss.

**4. 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, 2026. The pronouncements will be adopted on their respective effective dates; however, each is not expected to have a material impact on the financial statements.

- i) 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.

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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.

*ii) IFRS 7 and 9 – Financial Instruments*

In May 2024, the IASB issued amendments to IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments: Disclosures related to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets. The amendments will be effective January 1, 2026, but are not expected to have a material impact on consolidated financial statements.

## 5. ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

The table below represents the composition of the accounts receivable and accounts payable balances as at December 31, 2025 and 2024. See Note 22 for accounts receivable and accounts payable relating to related parties.

	2025	2024
Trade receivable	4,118,574	3,464,377
Joint operation receivables	3,198,812	648,464
Other receivables	104,303	526,487
<b>Accounts receivable</b>	<b>7,421,689</b>	<b>4,639,328</b>
Trade accounts payable and accruals	11,598,562	9,050,937
Royalties payable	6,564,241	3,454,035
Joint operation payables	4,498,216	308,105
Capital accruals	10,984,837	2,102,509
<b>Accounts payable and accrued liabilities</b>	<b>33,645,856</b>	<b>14,915,586</b>

## 6. RESTRICTED CASH

	2025	2024
Debt Service and Debt Service Reserve	21,925	8,178,514
Office Lease Escrow Deposit	40,969	32,509
<b>Total</b>	<b>62,894</b>	<b>8,211,023</b>
Current portion	21,925	-
Non-current portion	40,969	8,211,023
<b>Total</b>	<b>62,894</b>	<b>8,211,023</b>

Under the original terms of the Credit Agreement of the Macquarie Financing, an amount equal to the sum of certain upcoming scheduled debt service payments was to be calculated, and for the funds equal to such upcoming scheduled payments to be maintained within the restricted “Debt Service” and “Debt Service Reserve” accounts at all times (see Note 11). Such Debt Service and Debt Service Reserve deposits are to be periodically calculated and maintained according to the debt arrangement. Amendments to the Credit Agreement in 2025 changed these requirements resulting in reduced deposit balances to be maintained within these accounts. As of December 31, 2025, the Company held a nominal deposit balance between the requisite Debt Service and Debt Service Reserve accounts (2024 - \$8.2 million).

## 7. 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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<b>Cost</b>	<b>D&amp;P</b>	<b>Corporate</b>	<b>ROU</b>	<b>Total</b>
Balance, December 31, 2023	31,020,816	276,710	27,389,963	58,687,489
Transfer of E&E assets to D&P (Note 8)	38,652,461	-	-	38,652,461
Capital additions	6,365,759	187,138	203,235	6,756,132
Revision of ROU assets	-	-	1,139,704	1,139,704
Termination of ROU assets	-	-	(5,404,066)	(5,404,066)
Revision of asset retirement estimate	1,151,523	-	-	1,151,523
Transfer to held for sale (Note 9)	(21,025,601)	-	-	(21,025,601)
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 (Note 9)	(4,113,327)	-	(27,095,086)	(31,208,413)
<b>Balance, December 31, 2025</b>	<b>79,453,121</b>	<b>473,878</b>	<b>93,430,512</b>	<b>173,357,511</b>

**Accumulated depletion, depreciation and impairment**

Balance, December 31, 2023	3,118,403	259,839	3,400,106	6,778,348
Depletion and depreciation	6,188,740	42,080	3,242,547	9,473,367
Termination of ROU assets	-	-	(1,779,525)	(1,779,525)
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
<b>Balance, December 31, 2025</b>	<b>14,155,987</b>	<b>368,958</b>	<b>11,595,788</b>	<b>26,120,733</b>

**Net book value**

Balance, December 31, 2024	46,857,815	161,929	18,465,708	65,485,452
<b>Balance, December 31, 2025</b>	<b>65,297,134</b>	<b>104,920</b>	<b>81,834,724</b>	<b>147,236,778</b>

As at December 31, 2025, 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 \$136.3 million were included in depletion calculated for the year ended December 31, 2025 (\$129.4 million - December 31, 2024). As at December 31, 2024 and 2025, the Company completed an impairment review of its PP&E assets. It was determined that no impairment indicators existed.

**8. EXPLORATION AND EVALUATION ASSETS**

Exploration and Evaluation (“E&E”) assets consists of the following amounts as at December 31, 2025 and 2024:

Balance, January 1, 2024	35,988,224
Additions	12,200,995
Revision of asset retirement estimate	(34,623)
Transfer of E&E assets to D&P assets (Note 7)	(38,652,461)
Impairment loss	(9,502,135)
<b>Balance, December 31, 2024 and 2025</b>	<b>-</b>

During the year ended December 31, 2024, the Company asserted commercial viability of its Sinú-9 Block CGU. Accordingly, the Company assessed the Sinú-9 Block CGU for impairment which found no impairment to the producing asset. As such, \$38.7 million of exploration costs associated with said commercial operation have been transferred to D&P assets.

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During the year ended December 31, 2024, the Company completed an impairment review of its E&E assets. It was determined that impairment indicators existed for the VMM39 Block CGU when considering the Company's decision to no longer pursue exploration activities within this exploration property based on testing results of the drilling of the San Diego-1X exploration well. As a result, the carrying amount of the VMM39 Block CGU was written off, resulting in an impairment of \$9.5 million being recorded for the year ended December 31, 2024.

For the Tiburon Block CGU, the Company incurs ongoing maintenance costs from the third-party operator, which are expensed as E&E expenses. Beyond maintenance costs, no further capital activity has occurred in the Tiburon Block in the period

## 9. ASSETS HELD FOR SALE

In February 2025, the Company entered into a definitive agreement (the "APA") with Etablissements Maurel & Prom S.A. ("Maurel & Prom" or "M&P") for the sale of a 40% operating working interest in the Sinú-9 Block to Maurel & Prom for total cash consideration of \$150 million (the "M&P Transaction"), with an effective date of February 1, 2025. Maurel & Prom will assume its proportional share of NGE's carry commitments related to Sinú-9 on closing of the M&P Transaction. In January 2026, all conditions of the APA were satisfied and the M&P Transaction closed (see Note 27).

Due to the M&P Transaction described above, the Company maintains a portion of its beneficial interest in the Sinú-9 Block concession as "held for sale" as at December 31, 2025. This classification consists of D&P of \$25.1 million (December 31, 2024 - \$21.0 million) and ROU of \$27.1 million (December 31, 2024 - \$nil) to current assets held for sale and decommissioning obligations of \$0.7 million (December 31, 2024 - \$0.7 million) and lease obligations of \$28.2 million (December 31, 2024 - \$nil) to current liabilities held for sale. The assessed fair value of these net assets less costs to sell is \$150 million. Given the fair value less costs to sell exceeds the net carrying amount, no impairment loss is recognized as a result of this classification.

As at December 31, 2025, the Company recognizes a current liability of "deferred consideration" for the \$40 million in advance consideration received from M&P. For the year ended December 31, 2025, the Company had disbursed \$1.2 million towards expenses incurred in relation to the M&P Transaction and are treated as "other expenses" (see Note 20).

## 10. ACQUISITION OF MINORITY INTERESTS AT SINÚ-9 BLOCK

In July 2025, the Company and M&P agreed to acquire from remaining minority partners of the Sinú-9 Block (the "Minority Partners") a collective 28% working interest in the block (the "Minority Partner Transactions"). Upon completion of the Minority Partner Transactions, as well as completion of the sale to M&P of a 40% working interest in Sinú-9 Block pursuant to the M&P Transaction (collectively, the "Sinú-9 Transactions"), NGE will hold a 39% working interest in the Sinú-9 Block, while M&P will hold a 61% working interest and assume operatorship of the block. The Company will pay to the Minority Partners an aggregate total of \$23.985 million. An initial deposit of \$2.625 million was paid in July 2025, which is identified as "Advances to Acquisition" on the statement of financial position. The remaining \$21.36 million is to be paid according to the payment terms stipulated in each respective acquisition agreement with each Minority Partner upon completion of the Minority Partner Transactions. The terms of acquisitions under the Minority Partner Transactions are generally consistent with the terms of the asset purchase agreement pursuant to the M&P Transaction. In January 2026, the Minority Partner Transactions were closed in tandem with the closing of the M&P Transaction (see Note 27).

## 11. 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,

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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 December 31, 2025, the Macquarie debt had an effective interest rate of 12.8% per annum (2024 – 13.8%). Repayments of principal are mandated on a quarterly basis. Remaining quarterly principal repayments are \$3.0 million through 2026, \$1.75 million through 2027, and \$1.0 million through 2028.

A summary of the outstanding Macquarie debt as at December 31, 2025, is as follows:

Total commitment	50,000,000
Principal balance	23,000,000
Principal balance, net of unamortized issue costs	18,119,750
Current portion	18,119,750
Non-current portion	-

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 December 31, 2025, a total of \$20.3 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 December 31, 2025, the Company was compliant with all restrictions and covenants for the Macquarie debt with the exception of the current ratio covenant. Per the terms of the Credit Agreement, a breach of such covenant amounts to an event of default and results in the Macquarie debt becoming payable on demand. Accordingly, the outstanding balance has been classified as a current liability as of December 31, 2025. Subsequent to year end, Macquarie provided the Company with a waiver stipulating that the breach of the current ratio covenant would not be enforced as an event of default. As a result of this waiver, the breach of the current ratio covenant did not have any effect on the continued composition of the debt facility.

## **12. 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

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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 December 31, 2025, the conversion of existing convertible debenture would result in the issuance of 13,997,500 common shares. Interest on the debentures is payable monthly in arrears on the last day of each month.

The Company is entitled to force the exercise, at any time after May 20, 2024, of all but not less than all of the then 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 TSXV is greater than C\$2.00 for the ten consecutive trading days preceding the notice.

As of December 31, 2025, the components of the convertible debentures of the May 2022 offering are as follows:

	Liability Component	Equity Component	Warrants	Total
Balance, December 31, 2023	9,597,963	499,320	2,354,764	12,452,047
Accretion	707,317	-	-	707,317
Impact of foreign exchange	(809,456)	-	-	(809,456)
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
<b>Balance, December 31, 2025</b>	<b>10,811,423</b>	<b>499,320</b>	<b>2,354,764</b>	<b>13,665,507</b>

### Conversion and Redemption of Other Debentures Offerings

In November 2022 and July 2023, the Company completed private placement offerings of convertible debentures for aggregate proceeds of \$25.9 million (C\$35 million) and \$26.6 million (C\$35 million), respectively. In March 2024, in connection with the Macquarie Financing (see Note 11), 100% of the holders of the Company's debentures issued in November 2022 and July 2023 elected to convert or redeem their debentures in accordance with their respective terms. Collectively, holders of \$1.8 million (C\$2.4 million) face value of debentures chose to redeem, resulting in payment of \$2.2 million (C\$3.0 million) in principal, interest and redemption premium per the debenture terms. Holders of the remaining C\$67.2 million face value of debentures chose to convert, resulting in the issuance of 85,731,098 common shares and payment of \$22.3 million (C\$30.3 million) in interest and conversion premium per the debenture terms. As such, total cash paid on conversion and redemption of these convertible debentures was \$24.5 million (C\$33.3 million). In terms of total debt settlement cost, when excluding \$1.8 million (C\$2.4 million) principal repayment on redeemed debentures, but including interest and redemption premium, interest and conversion premium, and the expensing of \$0.2 million of remaining unamortized issuance costs, the total was \$22.9 million (C\$31.1 million).

Notwithstanding the conversion and redemption of these debentures, 34,075,000 common share purchase warrants issued as part of the November 2022 debenture offering remain outstanding as of December 31, 2025, with each warrant entitling the holder thereof to purchase one common share of the Company at an exercise price of C\$1.08 per share until November 30, 2027 (extended from the original expiry date of November 30, 2025 – see Note 15c). Furthermore, 34,935,000 common share purchase warrants of the Company issued as part of the July 2023 debenture offering remain outstanding as of December 31, 2025, with each warrant entitling the holder thereof to purchase one common share of the Company at an exercise price of C\$0.90 until July 31, 2026.

### 13. LEASE OBLIGATIONS

As at December 31, 2025, the Company had service agreements related to natural gas operations in Colombia. The Company recognized right-of-use assets and corresponding lease obligations relating to 1) the construction, ownership, maintenance, and transfer agreement ("BOOMT Agreement") with GTX International Corp. ("GTX"); 2)

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the natural gas transportation services agreement with INFRAES SAS ESP (“INFRAES”); and 3) the gathering and processing services agreement with Surenergy SAS ESP (“Surenergy”). Please refer to Note 24 for “Contractual Commitments” regarding details of each of these service agreements. Furthermore, the Company has office lease agreements also in Colombia, for which the Company has recognized right-of-use assets and corresponding lease obligations. The presented lease obligations have a discount rate between 16.33% and 16.76% (2024 – 16.33%). A continuity of lease obligations is presented below.

	GTX	Surenergy	INFRAES	Office Leases	Total
Balance, December 31, 2023	19,150,569	4,682,901	-	-	23,833,470
Additions	-	-	-	203,235	203,235
Adjustment to lease terms	1,044,140	95,564	-	-	1,139,704
Interest expense	2,988,424	724,815	-	16,073	3,729,312
Lease payments	(5,952,920)	(1,397,434)	-	(37,967)	(7,388,321)
Lease termination	-	(4,105,846)	-	-	(4,105,846)
Foreign exchange	-	-	-	(17,909)	(17,909)
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
<b>Balance, December 31, 2025</b>	<b>59,783,572</b>	<b>12,347,791</b>	<b>10,192,479</b>	<b>134,497</b>	<b>82,458,339</b>
Current portion	11,862,500	2,518,675	2,079,039	103,062	16,563,276
Non-current portion	47,921,072	9,829,116	8,113,440	31,435	65,895,063
<b>Total</b>	<b>59,783,572</b>	<b>12,347,791</b>	<b>10,192,479</b>	<b>134,497</b>	<b>82,458,339</b>

During the year ended December 31, 2025, the Company entered into the INFRAES and Surenergy lease agreements in connection with Sinú-9 natural gas operations. In accordance with IFRS, upon commencement of the leases, the Company recognized lease liabilities and corresponding right-of-use assets totaling \$51.9 million.

During the year ended December 31, 2025, the Company entered into amendments to the BOOMT Agreement which extended the lease term by an additional seven years. In accordance with IFRS, the amendments were accounted for as lease modifications that did not constitute a separate lease. The lease liability was remeasured at the effective date of the modification, resulting in an increase to both the lease liability and the corresponding right-of-use asset of \$45.4 million.

Future lease payments as at December 31, 2025, are as follows:

	Less than 1 year	1-2 years	3-5 years	Thereafter	Total
GTX	11,862,500	11,862,500	35,620,000	55,412,500	114,757,500
Surenergy	2,518,675	2,518,675	7,562,926	10,909,659	23,509,935
INFRAES	2,079,039	2,079,039	6,242,814	9,005,373	19,406,265
Office Leases	103,062	46,463	-	-	149,525
<b>Total</b>	<b>16,563,276</b>	<b>16,506,677</b>	<b>49,425,740</b>	<b>75,327,532</b>	<b>157,823,225</b>

#### 14. 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

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at December 31, 2025, to be \$5.0 million (December 31, 2024 - \$3.3 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 given that there is no anticipated obligation expected to be incurred by December 31, 2026. The decommissioning obligations have been estimated using existing technology at current prices.

At December 31, 2025, a US inflation rate of 2.7% (December 31, 2024 – 2.4%) and a US risk-free rate of 4.19% (December 31, 2024 – 4.34%) 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 December 31, 2025, no funds had been set aside to settle these obligations. Changes to decommissioning obligations for the years ended December 31, 2025 and 2024, were as follows:

	2025	2024
Balance, January 1	3,001,993	2,468,904
Additions	798,153	-
Accretion expense	143,555	96,678
Change in estimate	315,894	1,116,900
Transfer to held for sale (Note 9)	-	(680,489)
<b>Balance, December 31</b>	<b>4,259,595</b>	<b>3,001,993</b>

## 15. 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 December 31, 2025, are as follows:

	Common shares	Amount (\$)
Balance, December 31, 2023	137,450,742	114,641,544
Shares issued through private placement, net of costs	28,572,000	21,104,317
Shares issued for debt settlement	2,000,000	1,502,000
Shares issued through warrant exercise	13,000	9,094
Shares issued through option exercise	1,120,000	1,015,821
Shares issued through compensation unit settlement	125,000	109,209
Conversion of debentures	85,731,098	47,317,917
Balance, December 31, 2024	255,011,840	185,699,902
Shares issued through warrant exercise	77,000	55,517
Shares issued through option exercise <sup>(1)</sup>	625,000	330,371
Shares issued through compensation unit settlement	4,298,750	3,563,366
<b>Balance, December 31, 2025</b>	<b>260,012,590</b>	<b>189,649,156</b>

(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 subsequent to December 31, 2025.

### **Brokered Private Placement**

In September 2024, the Company completed a brokered “best efforts” private placement of 28,572,000 common shares at a price of C\$1.05 per share, for gross proceeds of \$22,285,396 (C\$30,000,600) before transaction costs. Total issuance costs on the private placement were \$1,181,079 (C\$1,589,968). See Note 22 for details regarding portion of the private placement associated with related parties.

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**Shares for Debt Settlement with Plus+**

In March 2024, the Company announced that it completed a shares for debt settlement with Plus+ S.A.S. E.S.P. ("Plus+"), whereby the Company issued 2,000,000 common shares to Plus+ at a deemed issuance price of C\$1.00 per common share in satisfaction of \$1,502,000 owing to Plus+ pursuant to the terms of a termination agreement entered into between the Company and Plus+ in relation to the termination of the existing natural gas supply contract between the parties.

**Conversion of Convertible Debentures**

In March 2024, in connection with the Macquarie Financing, 100% of the holders of the Company's debentures issued in November 2022 and July 2023 elected to convert or redeem their Debentures in accordance with their terms. Holders of C\$67.2 million face value of these debentures chose to convert, resulting in the issuance of 85,731,098 common shares.

**b) 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 options' maximum term is ten years.

As at December 31, 2025, a total of 10,116,893 (December 31, 2024 – 10,941,893) 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, 2023	12,801,893	0.92
Options issued	300,000	1.18
Options exercised	(1,120,000)	0.69
Options expired	(1,040,000)	1.07
Balance, December 31, 2024	10,941,893	0.94
Options exercised	(675,000)	0.45
Options expired	(150,000)	1.17
<b>Balance, December 31, 2025</b>	<b>10,116,893</b>	<b>0.97</b>

In August 2024, the Company granted 300,000 options to acquire common shares to a newly appointed officer of the Company at an exercise price of C\$1.18 per common share. The options are for a five-year term, expiring on August 6, 2029. All options vest over a period of four years, with one-fourth of total options vesting on each subsequent grant anniversary date.

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 80%, risk-free interest rate of 3.00%, expected dividend yield of 0%, and an expected option life of 5 years, resulting in an assessed fair value per option of C\$0.59.

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The following summarizes information about stock options outstanding as at December 31, 2025:

Exercise prices (C\$)	Number of options outstanding	Weighted average term to expiry (years)	Number of options exercisable
0.275	611,000	4.48	611,000
0.45	1,125,000	3.48	1,125,000
0.91	1,325,000	5.54	1,325,000
1.00	2,300,000	4.90	2,300,000
1.14	1,695,893	6.61	1,695,893
1.18	3,050,000	2.83	1,450,000
8.00	10,000	1.61	10,000
	<b>10,116,893</b>	<b>4.46</b>	<b>8,516,893</b>

The value of the stock options vesting in the year ended December 31, 2025, equaled \$453,132 (December 31, 2024 - \$776,094), which was expensed as share-based payments.

**c) Warrants**

As at December 31, 2025, a total of 102,325,943 (December 31, 2024 - 102,402,943) 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, 2023	80,634,050	1.06
Warrants issued on Macquarie Financing	26,457,143	1.00
Warrants expired	(4,675,250)	1.69
Warrants exercised	(13,000)	0.90
Balance, December 31, 2024	102,402,943	1.02
Warrants exercised	(77,000)	0.96
<b>Balance, December 31, 2025</b>	<b>102,325,943</b>	<b>1.02</b>

***Warrants issued under Macquarie Financing***

In March 2024, in connection with the Macquarie Financing, the Company issued 20,742,857 common share purchase warrants to Macquarie. Each purchase warrant entitles Macquarie to purchase one Common Share at an exercise price equal to C\$1.00 until December 29, 2028.

In October 2024, in connection with the increase to the LC Facility with Macquarie for operational use to the Company (see Note 11), the Company issued 5,714,286 common share purchase warrants to Macquarie. Each purchase warrant entitles Macquarie to purchase one common share of the Company at an exercise price equal to C\$0.98 until December 29, 2028.

For the warrants issued during the year ended December 31, 2024, the Black-Scholes option pricing model was used to estimate their fair value with the following assumptions:

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	March 2024	October 2024
Share price	C\$0.92	C\$1.00
Exercise price	C\$1.00	C\$0.98
Expected stock price volatility	80%	80%
Term	4.8 years	4.2 years
Expected dividend yield	0%	0%
Risk-free interest rate	3.48%	3.04%
Fair value warrant price	C\$0.58	C\$0.60

The following summarizes information about total purchase warrants outstanding as at December 31, 2025:

Exercise prices (C\$)	Number of warrants outstanding	Weighted average term to expiry (years)	Number of warrants exercisable
0.90	34,935,000	0.58	34,935,000
0.98	5,714,286	3.00	5,714,286
1.00	20,742,857	3.00	20,742,857
1.08	34,075,000	1.92	34,075,000
1.40	6,858,800	1.39	6,858,800
	<b>102,325,943</b>	<b>1.71</b>	<b>102,325,943</b>

#### d) Loss per share

For the purposes of the loss per share calculations for the years ended December 31, 2025 and 2024, there is no difference between the basic loss per share and the diluted loss per share amounts. For the year ended December 31, 2025, 10,116,893 stock options, 102,325,943 purchase warrants, 340,000 DSUs, 298,750 RSUs, and 6,432,500 PSUs were excluded as either i) their impact was anti-dilutive for the periods when the Company had a net loss; or ii) the average market price of the common shares of the Company was less than the exercise price of existing stock options and purchase warrants.

#### 16. LONG TERM INCENTIVE COMPENSATION

The long-term incentive compensation includes 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:

	DSUs	RSUs	PSUs
Balance, December 31, 2023	4,540,000	2,525,000	2,635,000
Units issued	-	597,500	897,500
Units converted	(2,600,000)	-	2,600,000
Units settled	-	(125,000)	-
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)	-
<b>Balance, December 31, 2025</b>	<b>340,000</b>	<b>298,750</b>	<b>6,432,500</b>

On April 28, 2025, the Company granted a total of 300,000 PSUs to a newly appointed officer of the Company. The PSUs vest in four equal tranches with the vesting conditions of each tranche related to the successful realization of

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specific operational milestones that the Company expects to be achieved over the foreseeable future. The PSUs are expected to be settled in common shares of the Company, with a minimum vesting period of one year from the date of grant.

The following summarizes information about compensation units outstanding as at December 31, 2025:

Units	Vesting Criteria	Outstanding
DSUs	50% vesting in September 2024, 50% vesting in September 2025	340,000
RSUs	50% vesting in August 2025, 50% vesting in August 2026	298,750
PSUs	3 tranches vesting based on milestone criteria, with minimum vesting period of one year (vest date of September 2024)	5,235,000
	4 tranches vesting based on milestone criteria, with minimum vesting period of one year (vest date of August 2025)	597,500
	4 tranches vesting based on milestone criteria, with minimum vesting period of one year (vest date of September 2025)	300,000
	4 tranches vesting based on milestone criteria, with minimum vesting period of one year (vest date of April 2026)	300,000

Share-based compensation relating to RSUs, PSUs and DSUs of \$1,260,677 (2024 - \$6,254,595) was recognized during the year ended December 31, 2025.

## 17. REVENUE

The following table presents the Company's sale revenue disaggregated by product type for the years ended December 31, 2025 and 2024:

	2025	2024
Natural gas sales	44,477,611	37,944,326
Natural gas liquid sales	133,905	264,935
<b>Total sales revenue</b>	<b>44,611,516</b>	<b>38,209,261</b>

As at December 31, 2025, receivables from contracts with customers, which are included in accounts receivable, were \$4,118,574 (December 31, 2024 - \$3,464,377). For the year ended December 31, 2025, the Company had four external customers that each constituted more than 10% of commodity sales from production. Revenue from one customer totaled \$13.5 million, representing approximately 30% of the Company's total revenue. Revenue from one customer totaled \$12.2 million, representing approximately 27% of the Company's total revenue. Revenue from two customers totaled \$7.5 million each, representing approximately 16.4% each of the Company's total revenue.

## 18. GENERAL AND ADMINISTRATIVE EXPENSES BY NATURE

General and administrative ("G&A") expenses relate to day-to-day operations of the business, not directly attributable to the production of goods and services. See Note 22 for details of general and administrative expenses to related parties. The components of G&A expense for the years ended December 31, 2025 and 2024, are as follows:

	2025	2024
Wages & Salaries	3,651,049	3,163,955
Professional Fees	4,922,859	2,572,066
Fees, Rent, Investor Relations and Other	1,545,784	2,246,938
<b>Total general and administrative expense</b>	<b>10,119,692</b>	<b>7,982,959</b>

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**19. NET FINANCE EXPENSE**

The components of net finance expense for the years ended December 31, 2025 and 2024, are as follows:

	<b>2025</b>	<b>2024</b>
Interest income	(250,060)	(523,733)
Bank/trust fees	401,199	243,316
Interest and fees on convertible debentures	961,365	2,270,090
Interest and fees on promissory notes	-	175,932
Interest and fees on Macquarie debt	6,583,844	5,946,596
Accretion on decommissioning obligations	143,555	96,678
Accretion on liability component of convertible debentures	826,600	1,172,135
Accretion on lease obligations	9,488,608	3,729,312
Lease termination	-	(481,305)
Amortization of transaction costs on Macquarie Financing	7,190,124	4,304,662
<b>Total net finance expense</b>	<b>25,345,235</b>	<b>16,933,683</b>

**20. OTHER EXPENSES**

The components of other expenses for the years ended December 31, 2025 and 2024, are as follows:

	<b>2025</b>	<b>2024</b>
Expenses incurred toward M&P Transaction (Note 8)	1,154,648	-
Writeoff of Colombian VAT balances	736,732	-
Interest penalties	164,314	-
Contract settlement through cash payments	-	2,048,906
Contract settlement through issuance of shares	-	1,502,000
Other contract settlement	-	(1,244,819)
<b>Total other expenses</b>	<b>2,055,694</b>	<b>2,306,087</b>

During the year ended December 31, 2025, the Company incurred expenses of \$1.2 million in relation to the M&P Transaction. As well, during the year ended December 31, 2025, the Company also recognized \$0.7 million in the write-off of Colombian VAT balances as part of a VAT amendment process undertaken by the Company. Lastly, during the year ended December 31, 2025, the Company recognized \$0.2 million in interest penalties tied to delayed royalty payments to a particular royalty holder.

During the year ended December 31, 2024, the Company terminated certain existing contracts with counterparties through settlement arrangements. Termination agreements with these counterparties resulted in settlement payments both through the issuance of common shares as well as cash payments in the sum of \$3.6 million. As well, during the year ended December 31, 2024, the Company recognized a gain in relation to long outstanding payables amounting to \$1.2 million that were in dispute and have now passed the statute of limitations.

**21. INCOME TAXES**

**Reconciliation of effective tax rate**

The Company conducts business internationally and therefore is required to comply with tax laws and regulations in various tax jurisdictions. The Company has prepared the following reconciliation that presents how income tax expense varies from the amounts that would be computed by applying the expected basic federal and provincial income tax rates for Canada for the years ended December 31, 2025 and 2024, to income before income taxes, and includes the impacts of the various tax jurisdictions.

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Actual income tax expense differs from the expected income tax expense that would have been computed by applying the statutory income tax rates as follows:

	2025	2024
Loss before income taxes	(35,290,296)	(54,063,087)
Tax Rate	27.00%	27.00%
Computed income taxes	(9,528,380)	(14,597,033)
<b>Increase (decrease) in taxes:</b>		
Effect of tax rates in foreign jurisdictions	4,793,753	(2,904,409)
Non-deductible foreign exchange	3,737,469	(880,500)
Non deductible transaction costs	-	405,540
Stock-based compensation	462,728	1,898,286
Non deductible expenses and other permanent differences	(2,048,780)	1,941,085
Change in unrecognized tax assets and other	(8,625,252)	13,772,525
<b>Provision for income taxes</b>	<b>(11,208,462)</b>	<b>(364,506)</b>
Current tax recovery	-	(364,506)
Deferred tax recovery	(11,208,462)	-
<b>Provision for income taxes</b>	<b>(11,208,462)</b>	<b>(364,506)</b>

**Recognized deferred tax assets & liabilities**

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2025	2024
<b>Deferred income tax assets:</b>		
Non-capital loss carryforwards	572,572	-
Property, Plant and Equipment and Other	8,831,313	-
Assets Held for Sale	639,190	-
Inventory	35,314	-
Decommissioning obligations	422,723	-
Lease liability	596,352	-
Other Provisions	110,998	-
	<b>11,208,462</b>	<b>-</b>
	<b>Recognized</b>	
	<b>in income</b>	<b>2025</b>
Non-capital loss carryforwards	(572,572)	(572,572)
Property, Plant and Equipment and Other	(8,831,313)	(8,831,313)
Assets Held for Sale	(639,190)	(639,190)
Inventory	(35,314)	(35,314)
Decommissioning obligations	(422,723)	(422,723)
Lease liability	(596,352)	(596,352)
Other provisions	(110,998)	(110,998)
	<b>(11,208,462)</b>	<b>(11,208,462)</b>

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**Unrecognized deductible temporary differences**

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	<b>2025</b>	<b>2024</b>
Non-capital loss carryforwards	38,841,798	34,590,725
Capital loss carryforwards	56,351,670	56,351,670
Decommissioning obligations	-	503,256
Share and debt issuance costs	15,343,936	20,770,081
Property, plant and equipment	-	13,767,438
	<b>110,537,404</b>	<b>125,983,170</b>

As at December 31, 2025, \$0.4 million of the non-capital losses carryforwards are from Colombia (\$2.9 million from 2024). As a result of the 2016 Colombian Tax Reform, Colombian losses can be carried forward for a period of 12 years, and not indefinitely as under the previous tax regime. There is a grandfathering rule for losses incurred prior to 2017, which may continue to be carried forward indefinitely. The existing Colombian losses expire between 2034 and 2037. As at December 31, 2025, \$38.4 million of the non-capital loss carry forwards are from Canada (\$31.7 million from 2024). These losses expire between 2038 and 2045. The capital loss carryforward presented above are all from Canada and have no expiry. The other deductible temporary differences presented above do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom. In December 2022 the Colombia government enacted a new tax reform bill which is effective January 1, 2023 (the “2022 Tax Reform”). The reform includes significant changes to the income tax regime applicable to oil companies, including an increase in the capital gain tax rate to 15% (from 10%), increase in the dividend tax rate to 20% (from 10%); the elimination of the tax deductibility of royalties paid-in cash and cost associated to royalties paid-in kind in the calculation of taxable income; and the introduction of a surcharge to the current 35% tax rate. The surcharge will be determined by comparing the average inflation-adjusted Brent price during the taxation year to the monthly inflation-adjusted Brent price during the prior 120 months. When the Brent price during the taxation year exceeds the 30<sup>th</sup> percentile of the historical price range a 5% surtax is applied. It increases to 10% and 15% when the Brent price during the taxation year exceeds the 45<sup>th</sup> and 60<sup>th</sup> percentiles, respectively. Based on current gas operations the Company expects the 2026 surtax to be nil for aggregated income tax rate of 35%. This may change in the future depending on future operating activities.

**Colombia Minimum Tax**

The 2022 Tax Reform in Colombia also established a minimum tax of 15% of a corporation’s accounting profits (“Adjusted Income”), referred to as “Adjusted Income Taxes”. The tax reform establishes certain factors to be considered in calculating the Adjusted Tax Rate, but can be no lower than a minimum tax rate of 15%.

Based on the prevailing interpretation and existing precedence for calculation of Adjusted Income Taxes, it was determined that no minimum tax is assessed for the year ended December 31, 2025 or 2024. Prior computations of Adjusted Income Taxes of \$364,506 for the year ended December 31, 2023, were subsequently re-evaluated based on ongoing interpretation of the 2022 Tax Reform resulting in no minimum tax being assessed. This resulted in a recovery for Adjusted Income Taxes previously recorded for the year ended December 31, 2023 being recognized during the year ended December 31, 2024.

The Company operates in multiple jurisdictions with complex tax laws and regulations, which are evolving over time. The Company has taken certain tax positions in its tax filings and these filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax impact may differ significantly from that estimated and recorded by management.

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**22. RELATED PARTIES**

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions. During the years ended December 31, 2025 and 2024, there were separate related party transactions as follows:

- a) For the year ended December 31, 2025, the Company incurred expenditures of \$1,182,862 in royalties paid to directors of the Company or to organizations that are affiliated with directors of the Company (2024 - \$1,456,531). 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 December 31, 2025, the balance of royalties payable to these related parties was \$245,480.
- b) For the year ended December 31, 2024, the Company incurred expenditures of \$29,288 in office rental costs in Colombia. The related office space was rented from an entity affiliated with a certain former director of the Company, with said office lease terminating in October 2024.
- c) In September 2024, the Company completed a brokered "best efforts" private placement of common shares of the Company at C\$1.05 per common share. Of the common shares issued, 1,587,521 were issued to directors of the Company.
- d) The Company maintains a BOOMT Agreement with service provider, GTX (see Note 24). Of the ownership of GTX, 3.0% is held by directors or affiliates of directors of the Company as of December 31, 2025.

**Compensation of Key Management**

The Company considers its directors and officers to be key management personnel. Compensation paid to key management personnel were as follows:

	<b>2025</b>	<b>2024</b>
Salaries, consulting fees, benefits	1,106,550	1,188,093
Director fees	211,743	274,233
Share-based compensation	1,049,380	5,452,282
<b>Total</b>	<b>2,367,673</b>	<b>6,914,608</b>

**23. 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

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and restricted cash represent the maximum credit exposure. As at December 31, 2025, the Company had \$62,894 (December 31, 2024 - \$8,211,023) in restricted cash towards debt and lease arrangements (see Note 6).

As at December 31, 2025, the Company had \$7,421,689 (December 31, 2024 - \$4,639,328) in accounts receivable (see Note 5), 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 venture partners to the Company for joint operations managed under joint operating agreements. Tax instalments and receivables of \$9,662,649 (December 31, 2024 - \$2,209,568) 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 years ended December 31, 2025, the majority of the Company's natural gas sales were to four counterparties. The Company historically has not experienced any collection issues with its customers.

The Company maintained a VAT receivable balance of \$1,993,214 as of December 31, 2025 (December 31, 2024 - \$2,684,350), 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 December 31, 2025, the Company held cash and cash equivalents of \$6,846,233 (December 31, 2024 - \$8,185,473). The Company manages the credit exposure related to cash and cash equivalents by ensuring 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 December 31, 2025:

	Within 1 Year	Year 2	Years 3-5	Thereafter	Total
Trade accounts payable	11,598,562	-	-	-	11,598,562
Royalties payable	6,564,241	-	-	-	6,564,241
Capital payables	10,984,837	-	-	-	10,984,837
Joint venture payables	4,498,216	-	-	-	4,498,216
Lease obligation payments <sup>(1)</sup>	16,563,276	16,506,677	49,425,740	75,327,532	157,823,225
Convertible debentures - interest	980,417	381,273	-	-	1,361,690
Convertible debentures - principal <sup>(1)</sup>	-	12,255,217	-	-	12,255,217
Macquarie Debt - interest <sup>(2)</sup>	3,061,479	2,872,022	2,433,052	-	8,366,553
Macquarie Debt - principal <sup>(1)</sup>	12,000,000	7,000,000	4,000,000	-	23,000,000
	<b>66,251,028</b>	<b>39,015,189</b>	<b>55,858,792</b>	<b>75,327,532</b>	<b>236,452,541</b>

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

(2) Presumed interest rate of 12.8% over the life of the debt.

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**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 December 31, 2025, nor at December 31, 2024.

***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 (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.

The impact to the net loss and comprehensive loss for the year ended December 31, 2025, had the US dollar to Canadian dollar exchange rate changed by 10%, would amount to approximately \$46,000 (\$441,000 – December 31, 2024), and the impact to the net loss and comprehensive loss for the year had the US dollar to COP\$ exchange rate changed by 10% would amount to approximately \$105,000 (\$316,000 – December 31, 2024).

As at December 31, 2025, 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, 2024.

***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 years ended December 31, 2025 and 2024, 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, which it considers to be 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.

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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.

	December 31, 2025	December 31, 2024
Convertible debentures (May 2022)	12,255,217	11,673,501
Macquarie debt	23,000,000	35,000,000
Lease obligations	157,823,225	23,510,217
Total debt	193,078,442	70,183,718
Working capital deficit (surplus) <sup>(1)</sup>	25,290,580	(22,172,508)
<b>Net debt</b>	<b>218,369,022</b>	<b>48,011,210</b>

*(1) Calculation of working capital excludes current portion of lease obligations and current portion of debt 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 December 31, 2025. The liability component of convertible debentures and Macquarie Debt are carried at amortized cost. As at December 31, 2025, the fair value of the convertible debentures was \$9.2 million, and the fair value of the Macquarie Debt approximated the carrying value of the debt at \$22.7 million.

## 24. 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 <sup>(1)</sup>	-	2.1	2.1
Tiburon Block <sup>(2)</sup>	3.0	-	3.0
Maria Conchita Block <sup>(3)</sup>	-	-	0.0
<b>Total</b>	<b>3.0</b>	<b>2.1</b>	<b>5.1</b>

- 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 km<sup>2</sup> of 3D seismic. The current deadline for completion of the Phase 1 commitment was extended by the ANH to August 2027.
- Under the terms of the Tiburon purchase agreement, NG Energy's carry requirement of the ANH commitment to acquire, process, and interpret 69.75 km<sup>2</sup> 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

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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. Subsequent to December 31, 2025, in accordance with the M&P Transaction, this existing agreement, and all rights and responsibilities therein, was assigned in its entirety to M&P as the operator of the Sinú-9 Block.

#### *Natural Gas Transportation Services – Sinú-9*

In May 2025, the Company formalized the long-term agreement with INFRAES for pipeline transportation services for natural gas production from the Sinú-9 Block. INFRAES constructed a 28.3-kilometer pipeline with capacity of 30 MMcf/d, connecting the Sinú-9 field to existing national transportation infrastructure. The Company will pay fixed transportation fees for the full capacity of the pipeline at \$0.75/Mcf on the first 10 MMcf/d capacity and \$0.50/Mcf on the remaining 20 MMcf/d capacity under the ToP arrangement for natural gas volumes transported over the 10-year term of the agreement, annually adjusted to the Consumer Price Index. INFRAES is responsible for all capital expenditures and maintenance and will retain ownership of the pipeline for the duration of the agreement. 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. Subsequent to December 31, 2025, in accordance with the M&P Transaction, this existing agreement, and all rights and responsibilities therein, was assigned in its entirety to M&P as the operator of the Sinú-9 Block.

#### *Gathering and Processing Services – Sinú-9*

In May 2025, the Company formalized the long-term agreement with Surenergy to provide processing, treatment and compression services for natural gas produced from the Sinú-9 Block for the gas pipeline connecting the Sinú-9 field with the Jobo delivery point for the national transportation infrastructure. Under the terms of the agreement, Surenergy installed three compression packages of 10 MMcf/d capacity each and a dehydration plant of 40 MMcf/d capacity, at onset, with an additional 10 MMcf/d of compression available at the Company's election. The Company will pay a phased service fee of \$0.549/Mcf to \$0.569/Mcf for the 30 MMcf/d existing capacity under the ToP arrangement for natural gas volumes processed over the 10-year term of the agreement, annually adjusted to the Consumer Price Index. Surenergy is responsible for all capital expenditures and will retain ownership over the assets for the duration of the agreement. 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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## 25. 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.

## 26. SUPPLEMENTAL CASH FLOW INFORMATION

Information regarding changes in non-cash working capital for the years ended December 31, 2025 and 2024 is as follows:

	2025	2024
Receivables and prepaids	(10,114,822)	(3,321,288)
Inventory	(117,087)	178,414
VAT receivable	691,136	445,010
Payables and accrued liabilities	18,730,270	2,802,978
Interest payable on promissory notes	-	(4,500)
Adjustment for VAT write-off (Note 20)	(736,732)	-
<b>Change in non-cash working capital</b>	<b>8,452,765</b>	<b>100,614</b>
Relating to:		
Operating activities	(1,236,388)	4,260,311
Investing activities	9,524,839	(4,155,197)
Financing activities	164,314	(4,500)
<b>Change in non-cash working capital</b>	<b>8,452,765</b>	<b>100,614</b>

Reconciliation of the movements from financial liabilities to cash generated from (used in) financing activities for the years ended December 31, 2025 and 2024:

	Lease Obligations	LCCD <sup>1</sup>	Macquarie Financing
As at January 1, 2025	17,393,645	9,495,824	23,158,230
Lease payments	(13,469,203)	-	-
Transaction costs paid	-	-	(228,604)
Interest and fee payments	-	(961,365)	(6,583,844)
Payment of debt	-	-	(12,000,000)
Cash used in financing activities	(13,469,203)	(961,365)	(18,812,448)
Lease additions	51,861,107	-	-
Lease adjustments	45,335,655	-	-
Interest expense	9,488,608	961,365	6,583,844
Transaction costs paid on Macquarie Debt	-	-	228,604
Amortization of transaction costs	-	-	6,961,520
Accretion expense on convertible debentures	-	826,600	-
Reclassification to held for sale	(28,175,336)	-	-
Foreign exchange	23,863	488,999	-
<b>As at December 31, 2025</b>	<b>82,458,339</b>	<b>10,811,423</b>	<b>18,119,750</b>

(1) Liability component of convertible debentures

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	Promissory Notes	Lease Obligations	LCCD <sup>1</sup>	Macquarie Financing
As at January 1, 2024	1,004,500	23,833,470	57,346,141	-
Lease payments	-	(7,388,321)	-	-
Proceeds received	1,000,000	-	-	40,000,000
Transaction costs paid	-	-	-	(4,603,220)
Interest and fee payments	(180,432)	-	(2,270,090)	(5,946,596)
Cash paid on conversion/redemption	-	-	(24,539,445)	-
Payment of debt	(2,000,000)	-	-	(5,000,000)
Cash provided from (used in) financing activities	(1,180,432)	(7,388,321)	(26,809,535)	24,450,184
Lease additions	-	203,235	-	-
Lease adjustments	-	1,139,704	-	-
Lease termination	-	(4,105,846)	-	-
Interest expense	175,932	3,729,312	2,270,090	5,946,596
Non-cash transaction costs	-	-	-	(8,891,132)
Deferred transaction costs from prior year	-	-	-	(205,966)
Amortization of transaction costs	-	-	-	1,858,548
Accretion expense on convertible debentures	-	-	1,172,135	-
Exercise of debentures	-	-	(22,529,628)	-
Foreign exchange	-	(17,909)	(1,953,379)	-
<b>As at December 31, 2024</b>	<b>-</b>	<b>17,393,645</b>	<b>9,495,824</b>	<b>23,158,230</b>

(1) Liability component of convertible debentures

## 27. SUBSEQUENT EVENTS

### Sale of Sinú-9 Working Interest

In January 2026, the Company closed the M&P Transaction for the sale of a 40% working interest in the Sinú-9 Block to Maurel & Prom for total cash consideration of \$150 million, with consideration payable to the Company as follows, subject to the terms of adjustment outlined in the APA:

- \$20 million paid as an initial payment in February 2025;
- \$20 million paid to the Company in July 2025;
- \$25 million paid to the Company at closing in January 2026;
- \$7.5 million paid to the Company in February 2026;
- \$15 million paid to the Company in March 2026;
- \$20 million to be paid to the Company in April 2026;
- \$12.5 million to be paid to the Company in May 2026; and
- \$15 million to be paid to the Company in each of June 2026 and July 2026.

In accordance with the closing of the M&P transaction, Maurel & Prom assumed its proportional share of NG Energy's carry commitments related to the Sinú-9 Block. Furthermore, in connection with the M&P Transaction, the Company has granted M&P 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 M&P Transaction.

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### **Acquisition Of Minority Interests at Sinú-9 Block**

In January 2026, the Company and M&P closed the Minority Partner Transactions resulting in, with the parallel completion of the M&P Transaction, NGE holding a 39% working interest in the Sinú-9 Block while M&P holds a 61% working interest and assumes operatorship of the block. The Company paid \$6.114 million of the total cash consideration owed at closing on top of the \$2.625 million paid previously as advances (see Note 9). The Company is to pay to the Minority Partners the remaining \$15.246 million of the total \$23.985 million cash consideration during the year ended December 31, 2026, in accordance with the payment terms stipulated and subject to the conditions outlined within each respective acquisition agreement with each Minority Partner. The terms of the Minority Partner Transactions are generally consistent with the terms of the asset purchase agreement entered into pursuant to the M&P Transaction.

### **Grants and Exercises**

#### *Compensation Units*

In January 2026, the Company granted 300,000 DSUs, 3,150,000 RSUs, and 1,400,000 PSUs to directors, officers and employees of the Company. The RSUs and DSUs vest after one year on January 22, 2027. In March 2026, the Company granted 150,000 PSUs to directors, officers, and employees of the Company. In each case, the PSUs vest in three 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 from the date of grant.

Subsequent to December 31, 2025, 225,000 DSUs and 2,044,376 PSUs were settled by the Company by way of issuance of common shares.

#### *Stock Options*

In January 2026, the Company granted 9,250,000 stock options to acquire common shares to certain directors, officers, 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 January 22, 2031. All but 500,000 options vest over a period of four years, with one-fourth of total options vesting on each subsequent grant anniversary date. The remaining 500,000 options vest over a period of one year, with one-fourth of total options vesting every three months. Furthermore, subsequent to December 31, 2025, 580,000 stock options were exercised resulting in the issuance of 580,000 common shares.

#### *Warrants*

Subsequent to December 31, 2025, 6,336,000 warrants were exercised resulting in the issuance of 6,336,000 common shares.

### **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

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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 consolidated 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.