



NG ENERGY

NG ENERGY INTERNATIONAL CORP

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

MARCH 31, 2025

NG ENERGY INTERNATIONAL CORP.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited, expressed in U.S. Dollars)

March 31, 2025

December 31, 2024

Assets

Current Assets

| | | |
|-------------------------------|-------------------|-------------------|
| Cash and cash equivalents | 16,851,915 | 8,185,473 |
| Accounts receivable (Note 15) | 6,433,355 | 6,848,896 |
| Prepays | 1,100,626 | 862,875 |
| Inventory | 165,249 | 165,249 |
| Assets held for sale (Note 6) | 21,528,087 | 21,025,601 |
| | 46,079,232 | 37,088,094 |

Non-current Assets

| | | |
|--|------------|------------|
| Restricted cash (Note 4) | 8,245,738 | 8,211,023 |
| VAT receivable (Note 23) | 2,978,133 | 2,684,350 |
| Property, plant and equipment (Note 5) | 65,134,132 | 65,485,452 |

| | | |
|---------------------|--------------------|--------------------|
| Total Assets | 122,437,235 | 113,468,919 |
|---------------------|--------------------|--------------------|

Liabilities

Current Liabilities

| | | |
|--|-------------------|-------------------|
| Accounts payable and accrued liabilities (Note 15) | 12,240,312 | 14,915,586 |
| Current portion of lease obligations (Note 9) | 6,296,362 | 6,289,994 |
| Current portion of debt (Note 7) | 9,360,649 | 9,417,158 |
| Deferred consideration (Note 6) | 20,000,000 | - |
| Liabilities held for sale (Note 6) | 680,489 | 680,489 |
| | 48,577,812 | 31,303,227 |

Non-current Liabilities

| | | |
|--|------------|------------|
| Liability component of convertible debentures (Note 8) | 9,692,221 | 9,495,824 |
| Non-current portion of lease obligations (Note 9) | 10,248,571 | 11,103,651 |
| Non-current portion of debt (Note 7) | 11,413,643 | 13,741,072 |
| Decommissioning obligations | 3,034,082 | 3,001,993 |

| | | |
|--------------------------|-------------------|-------------------|
| Total Liabilities | 82,966,329 | 68,645,767 |
|--------------------------|-------------------|-------------------|

Shareholders' Equity

| | | |
|---|---------------|---------------|
| Share capital (Note 10a) | 187,992,736 | 185,699,902 |
| Contributed surplus | 32,146,375 | 33,989,530 |
| Warrants (Note 10c) | 16,156,272 | 16,157,104 |
| Equity component of convertible debentures (Note 8) | 499,320 | 499,320 |
| Deficit | (197,197,745) | (191,362,619) |
| Accumulated other comprehensive loss | (126,052) | (160,085) |

| | | |
|-----------------------------------|-------------------|-------------------|
| Total Shareholders' Equity | 39,470,906 | 44,823,152 |
|-----------------------------------|-------------------|-------------------|

| | | |
|---|--------------------|--------------------|
| Total Liabilities and Shareholders' Equity | 122,437,235 | 113,468,919 |
|---|--------------------|--------------------|

Going concern (Note 2)

Related parties (Note 15)

Commitments (Note 17)

See accompanying notes to the interim condensed consolidated financial statements.

NG ENERGY INTERNATIONAL CORP.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three months ended March 31

| <i>(Unaudited, expressed in U.S. Dollars)</i> | 2025 | 2024 |
|--|--------------------|---------------------|
| Revenue: | | |
| Natural gas and LNG sales (Note 12) | 6,420,443 | 10,237,113 |
| Royalty expense | (1,083,765) | (1,676,048) |
| Revenues, net of royalties | 5,336,678 | 8,561,065 |
| Expenses: | | |
| Operating expenses | 3,440,679 | 1,104,973 |
| General and administrative | 1,681,621 | 1,247,704 |
| Share-based compensation (Note 10b & 11) | 430,058 | 1,767,863 |
| Exploration and evaluation expense | 58,453 | 48,040 |
| Depletion and depreciation (Note 5) | 1,620,449 | 2,513,021 |
| Net finance expense (Note 13) | 3,604,091 | 3,200,789 |
| Debt settlement costs | - | 22,927,667 |
| Other expenses (Note 14) | 628,892 | 1,502,000 |
| Foreign exchange (gain) loss | (292,439) | 146,763 |
| | 11,171,804 | 34,458,820 |
| Loss before income taxes | (5,835,126) | (25,897,755) |
| Current income tax expense | - | (426,649) |
| Net loss | (5,835,126) | (26,324,404) |
| Other comprehensive loss | | |
| Foreign currency translation adjustment | 34,033 | 1,441,343 |
| Comprehensive Loss | (5,801,093) | (24,883,061) |
| Loss per share – basic and diluted (Note 10d) | (0.02) | (0.18) |
| Weighted average number of common shares outstanding | 256,064,896 | 146,918,653 |

See accompanying notes to the interim condensed consolidated financial statements.

NG ENERGY INTERNATIONAL CORP.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31

(Unaudited, expressed in U.S. Dollars)

| | 2025 | 2024 |
|--|--------------------|--------------------|
| Operating Activities | | |
| Net loss | (5,835,126) | (26,324,404) |
| Items not affecting cash: | | |
| Depletion and depreciation (Note 5) | 1,620,449 | 2,513,021 |
| Share-based compensation (Note 10b & 11) | 430,058 | 1,767,863 |
| Unrealized foreign exchange (gain) loss | (126,298) | 187,414 |
| Net finance expense (Note 13) | 3,604,091 | 3,200,789 |
| Debt settlement costs | - | 22,927,667 |
| Other expenses (Note 14) | 628,892 | 1,502,000 |
| Change in non-cash working capital (Note 19) | (2,941,942) | 1,595,079 |
| Cash provided by (used in) operating activities | (2,619,876) | 7,369,429 |
| Investing Activities | | |
| Cash proceeds on Transaction (Note 6) | 20,000,000 | - |
| Transaction costs paid on Transaction (Note 6) | (628,892) | - |
| Property, plant and equipment additions (Note 5) | (1,771,615) | (8,624) |
| Exploration and evaluation asset additions | - | (3,782,843) |
| Change in restricted cash | (33,036) | (765,880) |
| Change in non-cash working capital (Note 19) | 150,675 | (3,600,367) |
| Cash provided by (used in) investing activities | 17,717,132 | (8,157,714) |
| Financing Activities | | |
| Proceeds on Macquarie debt financing | - | 40,000,000 |
| Transaction costs paid on Macquarie debt financing | - | (4,603,220) |
| Principal payments on Macquarie debt | (3,000,000) | - |
| Cash paid on conversion/redemption of convertible debentures | - | (24,539,445) |
| Proceeds from short-term loans | - | 1,000,000 |
| Proceeds on warrant exercises (Note 10c) | 18,789 | - |
| Proceeds released from escrow | - | 1,554,036 |
| Interest income | 61,602 | 214,138 |
| Interest expense paid | (2,135,762) | (1,720,331) |
| Lease payments, principal and interest | (1,550,560) | (1,819,125) |
| Change in non-cash working capital (Note 19) | - | 57,422 |
| Cash provided by (used in) financing activities | (6,605,931) | 10,143,475 |
| Net increase in cash | 8,491,325 | 9,355,190 |
| Foreign exchange gain on cash | 175,117 | 38,287 |
| Increase in cash | 8,666,442 | 9,393,477 |
| Cash, beginning of period | 8,185,473 | 1,294,422 |
| Cash, end of period | 16,851,915 | 10,687,899 |

Cash is defined as cash and cash equivalents.

See accompanying notes to the interim condensed consolidated financial statements.

NG ENERGY INTERNATIONAL CORP.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

| <i>(Unaudited, expressed in U.S. Dollars)</i> | Number of Common Shares | Share Capital | Contributed Surplus | Warrants | ECCD ⁽¹⁾ | Deficit | AOCL ⁽²⁾ | Total |
|--|----------------------------|--------------------|------------------------|-------------------|---------------------|----------------------|---------------------|-------------------|
| Balance at December 31, 2024 | 255,011,840 | 185,699,902 | 33,989,530 | 16,157,104 | 499,320 | (191,362,619) | (160,085) | 44,823,152 |
| Net loss | - | - | - | - | - | (5,835,126) | - | (5,835,126) |
| Shares issued through warrant exercise | 25,000 | 19,621 | - | (832) | - | - | - | 18,789 |
| Shares issued through compensation unit settlement | 2,737,500 | 2,273,213 | (2,273,213) | - | - | - | - | - |
| Foreign currency translation adjustment | - | - | - | - | - | - | 34,033 | 34,033 |
| Share-based compensation | - | - | 430,058 | - | - | - | - | 430,058 |
| Balance at March 31, 2025 | 257,774,340 | 187,992,736 | 32,146,375 | 16,156,272 | 499,320 | (197,197,745) | (126,052) | 39,470,906 |

| | | | | | | | | |
|--|--------------------|--------------------|-------------------|-------------------|----------------|----------------------|------------------|-------------------|
| 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 | - | - | - | - | - | (26,324,404) | - | (26,324,404) |
| 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) | - | - | - |
| Warrants issued under Macquarie debt financing | - | - | - | 8,891,132 | - | - | - | 8,891,132 |
| Warrants expired | - | - | 1,639,168 | (1,639,168) | - | - | - | - |
| Foreign currency translation adjustment | - | - | - | - | - | - | 1,441,343 | 1,441,343 |
| Share-based compensation | - | - | 1,767,863 | - | - | - | - | 1,767,863 |
| Balance at March 31, 2024 | 225,181,840 | 163,461,461 | 29,293,636 | 13,711,542 | 499,320 | (163,988,442) | (150,936) | 42,826,581 |

(1) Equity component of convertible debentures

(2) Accumulated other comprehensive loss

See accompanying notes to the interim condensed consolidated financial statements.

NG ENERGY INTERNATIONAL CORP
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended March 31, 2025 and 2024 (unaudited)

1. REPORTING ENTITY

NG Energy International Corp. ("NG Energy" or the "Company") is an oil and gas company incorporated in Canada and is engaged in exploration and development activities in Colombia. The Company's registered address is 25th Floor, 700 West Georgia Street, Vancouver, British Columbia, Canada V7Y 1B3. NG's common shares are listed on the 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. GOING CONCERN

These interim condensed consolidated financial statements ("Financial Statements") have been prepared on a going concern basis, which assumes that the Company will be able to discharge its obligations and realize its assets in the normal course of operations for the foreseeable future.

During the three months ended March 31, 2025, the Company recognized a net loss of \$5.8 million and cash used in operating activities of \$2.6 million. As of March 31, 2025, the Company had a working capital deficiency of \$2.5 million, including cash and cash equivalents of \$16.9 million. For 2025, the Company has contractually committed exploration and development amounts of \$8.0 million as outlined in Note 17, debt repayment obligations of \$9.4 million as outlined in Note 7, and \$6.3 million for lease obligations as outlined in Note 9. The Company anticipates increased gas production from existing gas concessions during 2025, but reaching these objectives is contingent upon continued success in the development of these concessions in order to increase gas production rates. As such, the Company continues to need additional capital to fund the Company's ongoing operations, commitments, and the continued development of the Company's production assets.

In February 2025, the Company entered a definitive agreement to sell a 40% operating working interest in the Sinú-9 Block for total cash consideration of \$150 million (see Note 6), receiving an initial payment of \$20 million at the time of signing. Receipt of the remaining cash consideration payable is conditional upon satisfaction or waiving of all conditions precedent to the transaction, subject to the terms of the definitive agreement.

These aforementioned events combined with cash flows from current gas production on the existing Colombian concessions may not be sufficient or come to fruition (in the case of the sale transaction) in order to fund the Company's ongoing operations and commitments until such time that the Company generates re-occurring and consistent positive cash flows from existing business operations. The Company may require additional sources of capital to fund ongoing operations and commitments. There is no assurance that the Company will be successful in securing funding from debt or equity financing when required. As such, there remains a material uncertainty surrounding the Company's ability to obtain sufficient capital to meet its operational requirements and commitments. These conditions noted above indicate a material uncertainty exists that may cast significant doubt with respect to the Company's ability to continue as a going concern.

Management believes that the going concern assumption is appropriate for these Financial Statements and that the Company will be able to meet its operational requirements and commitments during the upcoming year and beyond. There is no guarantee that the Company will be successful in its endeavors and no certainty as to the timing of the Company's impending exploration and development commitments. Should the going concern assumption not be appropriate and the Company is not able to realize its assets and settle its liabilities, these Financial Statements would require adjustments to the amounts and classifications of assets and liabilities, and these adjustments could be material.

NG ENERGY INTERNATIONAL CORP
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended March 31, 2025 and 2024 (unaudited)

3. BASIS OF PRESENTATION

Statement of compliance

These Financial Statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” under IFRS Accounting Standards as issued by the International Accounting Standards Board.

These Financial Statements follow the same accounting policies and method of computation as the Company’s annual consolidated financial statements for the year ended December 31, 2024, with the exception of certain disclosures that are normally required to be included in annual consolidated financial statements which have been condensed or omitted. These Financial Statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2024. These Financial Statements have been approved and authorized for issuance by the Company’s Board of Directors on May 27, 2025.

Basis of measurement

These Financial Statements have been prepared on the historical cost basis except for certain financial and non-financial assets and liabilities, restricted share units (“RSUs”), restricted share units with performance criteria (“PSUs”) and deferred share units (“DSUs”), which have been measured at fair value. The methods used to measure fair value are consistent with the Company’s December 31, 2024, annual consolidated financial statements.

Functional and presentation currency

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

Material accounting policies

The Company’s significant accounting policies can be read in Note 4 to the Company’s annual consolidated financial statements as at and for the year ended December 31, 2024. There were no material changes in the Company’s significant accounting policies from those disclosed in the 2024 annual consolidated financial statements.

4. RESTRICTED CASH

| | March 31, 2025 | December 31, 2024 |
|---------------------------------------|------------------|-------------------|
| Debt Service and Debt Service Reserve | 8,210,869 | 8,178,514 |
| Office Lease Escrow Deposit | 34,869 | 32,509 |
| Restricted cash | 8,245,738 | 8,211,023 |

Per the terms of the Credit Agreement under the Macquarie Financing, an amount equal to the sum of certain upcoming scheduled debt service payments is 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 7). Such Debt Service and Debt Service Reserve deposits are to be periodically calculated and maintained throughout the life of the debt arrangement. As of March 31, 2025, the Company maintained a total deposited balance of \$8.2 million between the requisite Debt Service and Debt Service Reserve accounts.

NG ENERGY INTERNATIONAL CORP
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended March 31, 2025 and 2024 (unaudited)

5. PROPERTY, PLANT, AND EQUIPMENT

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

| Cost | D&P | Corporate | ROU | Total |
|---------------------------------------|-------------------|------------------|-------------------|-------------------|
| Balance, December 31, 2023 | 31,020,816 | 276,710 | 27,389,963 | 58,687,489 |
| Transfer of E&E assets to D&P | 38,652,461 | - | - | 38,652,461 |
| Capital additions | 6,365,759 | 187,138 | - | 6,552,897 |
| ROU assets additions | - | - | 203,235 | 203,235 |
| 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 6) | (21,025,601) | - | - | (21,025,601) |
| Balance, December 31, 2024 | 56,164,958 | 463,848 | 23,328,836 | 79,957,642 |
| Capital additions | 1,768,004 | 3,611 | - | 1,771,615 |
| Transfer to held for sale (Note 6) | (502,486) | - | - | (502,486) |
| Balance, March 31, 2025 | 57,430,476 | 467,459 | 23,328,836 | 81,226,771 |

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 | 1,003,908 | 17,427 | 599,114 | 1,620,449 |
| Balance, March 31, 2025 | 10,311,051 | 319,346 | 5,462,242 | 16,092,639 |

Net book value

| | | | | |
|--------------------------------|-------------------|----------------|-------------------|-------------------|
| Balance, December 31, 2024 | 46,857,815 | 161,929 | 18,465,708 | 65,485,452 |
| Balance, March 31, 2025 | 47,119,425 | 148,113 | 17,866,594 | 65,134,132 |

As at March 31, 2025, the balance of D&P consisted of the oil and gas properties of the Maria Conchita CGU and Sinú-9 Block CGU. Future development costs in the amount of \$127.8 million were included in depletion calculated for the three months ended March 31, 2025 (\$129.4 million - December 31, 2024). As at March 31, 2025, the Company completed an impairment review of its PP&E assets. It was determined that no impairment indicators existed.

6. 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 "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 Transaction. The Company will receive total cash consideration payable as follows: (i) \$20 million to be paid as an initial payment (the "Initial Payment"); and (ii) \$130 million to be paid no later than 5 business days after the date on which all the conditions precedent to the Transaction have been satisfied or waived by the applicable party, subject to the terms of adjustment outlined in the APA.

NG ENERGY INTERNATIONAL CORP
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For the periods ended March 31, 2025 and 2024 (unaudited)

In February 2025, the Company received the stipulated Initial Payment from M&P. The Company has agreed that \$10 million from the Initial Payment will be used exclusively in respect of the operations at Sinú-9. In connection with the Transaction, the Company has granted M&P the irrevocable right to purchase an additional 5% operating working interest in Sinú-9 for a period of 12 months from closing on the same terms and conditions as the Transaction.

As at March 31, 2025, in relation to the Transaction described above, the Company maintains a portion of its beneficial interest in the Sinú-9 Block concession as “held for sale.” This classification consists of D&P of \$21.5 million to current assets held for sale (December 31, 2024 - \$21.0 million) and decommissioning obligations of \$0.7 million to current liabilities held for sale (December 31, 2024 - \$0.7 million). 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. The sale is expected to be completed in 2025.

Closing is expected to occur as soon as reasonably practicable, but in any event, no later than December 31, 2025, and is conditional on the satisfaction or waiver of all the conditions precedent outlined in the APA, including but not limited to, obtaining all necessary regulatory approvals, including the approval of the ANH. As of March 31, 2025, the Company had disbursed \$0.6 million towards expenses incurred in relation to the Transaction and are treated as “other expenses” (see Note 14).

7. 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 has received \$40 million pursuant to the terms of the Macquarie Financing, with the remaining \$10 million in committed funding to be advanced to the Company on a date to be determined pursuant to the terms of the Credit Agreement. The additional \$50 million in uncommitted funding will be made available to the Company by Macquarie under an accordion feature.

The Macquarie debt is secured by a first priority lien over all the assets of the Company, its wholly owned subsidiaries and a trust formed in Colombia and matures on December 29, 2028. The Macquarie debt bears interest at the bank's assessed prime or SOFR terms rates plus applicable margins. The applicable margin charged by the bank is dependent upon criteria including loan life coverage ratio and short-term gas production results, with an applicable margin rate range between 6.25% to 8.5%. As at March 31, 2024, the Macquarie debt had an effective interest rate of 13.8% per annum. Repayments of principal are mandated on a quarterly basis. Remaining quarterly principal repayments are \$3.0 million in 2025 and 2026, \$1.75 million in 2027, and \$1.0 million in 2028.

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

| | |
|--|------------|
| Total commitment | 50,000,000 |
| Amount drawn | 32,000,000 |
| Amount drawn, net of unamortized issue costs | 20,774,292 |
| Current portion | 9,360,649 |
| Non-current portion | 11,413,643 |

In addition, the Company maintains an uncommitted letter of credit facility from Macquarie of up to an additional \$25.6 million (the “LC Facility”). The Company uses the capacity of the LC Facility to guarantee work commitments under the Company’s contracts with midstream partners and with the ANH. As of March 31, 2025, a total of \$12.7 million of the LC Facility was being utilized for said work commitments guarantees.

NG ENERGY INTERNATIONAL CORP
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended March 31, 2025 and 2024 (unaudited)

Financial covenants

The Company is required to maintain certain debt covenants throughout the term of the Macquarie debt, as follows:

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

As at March 31, 2025, the Company was compliant with all restrictions and covenants for the Macquarie debt.

8. CONVERTIBLE DEBENTURES

In May 2022, the Company completed a prospectus offering of convertible debenture units for aggregate proceeds of \$13.4 million (C\$17.1 million). Each convertible debenture unit is denominated in Canadian dollars and consisted of: (i) one 8% convertible unsecured debenture in the principal amount of \$1,000 maturing on May 20, 2027; and (ii) 400 common share purchase warrants of the Company, with each warrant entitling the holder thereof to purchase one common share of the Company at an exercise price of C\$1.40 per share for a period of five years ending May 20, 2027. Under the terms of the debentures, the lenders may at any time prior to the maturity date convert any or all the principal amount of the debentures into shares of the Company at a conversion price of C\$1.20 per share. 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 TSX-V is greater than C\$2.00 for the ten consecutive trading days preceding the notice.

The components of the Company's convertible debentures as of March 31, 2025, 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 | 188,124 | - | - | 188,124 |
| Impact of foreign exchange | 8,273 | - | - | 8,273 |
| Balance, March 31, 2025 | 9,692,221 | 499,320 | 2,354,764 | 12,546,305 |

9. LEASE OBLIGATIONS

As at March 31, 2025, the Company had service contracts and agreements in Colombia. The Company recognized right-of-use assets and corresponding lease obligations relating to the construction, ownership, maintenance, and transfer agreement ("BOOMT Agreement") with GTX International Corp. ("GTX") (see Note 17 for "Contractual Commitments"). Furthermore, the Company had 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 of 16.33% (2024 – 16.33%). A continuity of lease obligations is presented below.

NG ENERGY INTERNATIONAL CORP
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended March 31, 2025 and 2024 (unaudited)

| | GTX | Sureenergy | 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 |
| Interest expense | 687,072 | - | 6,584 | 693,656 |
| Lease payments | (1,532,514) | - | (18,046) | (1,550,560) |
| Foreign exchange | - | - | 8,192 | 8,192 |
| Balance, March 31, 2025 | 16,384,771 | - | 160,162 | 16,544,933 |
| Current portion | 6,215,195 | - | 81,167 | 6,296,362 |
| Non-current portion | 10,169,576 | - | 78,995 | 10,248,571 |
| Total | 16,384,771 | - | 160,162 | 16,544,933 |

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

| | Less than 1 year | 1-2 years | Thereafter | Total |
|---------------|------------------|------------------|------------------|-------------------|
| GTX | 6,215,195 | 6,215,195 | 9,348,334 | 21,778,724 |
| Office Leases | 81,167 | 92,322 | 17,523 | 191,012 |
| Total | 6,296,362 | 6,307,517 | 9,365,857 | 21,969,736 |

10. SHARE CAPITAL

a) Common Shares

The Company is authorized to issue an unlimited number of common shares, with no par value, with holders of common shares entitled to one vote per share and to dividends, if declared. Outstanding common shares as at March 31, 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 | 25,000 | 19,621 |
| Shares issued through compensation unit settlement | 2,737,500 | 2,273,213 |
| Balance, March 31, 2025 | 257,774,340 | 187,992,736 |

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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 March 31, 2025, a total of 10,891,893 (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 expired | (50,000) | 1.18 |
| Balance, March 31, 2025 | 10,891,893 | 0.94 |

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

| Exercise prices (C\$) | Number of options outstanding | Weighted average term to expiry (years) | Number of options exercisable |
|-----------------------|----------------------------------|--|----------------------------------|
| 0.275 | 786,000 | 5.23 | 786,000 |
| 0.45 | 1,575,000 | 4.25 | 1,575,000 |
| 0.91 | 1,325,000 | 6.29 | 1,325,000 |
| 1.00 | 2,350,000 | 5.55 | 2,350,000 |
| 1.14 | 1,745,893 | 7.17 | 1,745,893 |
| 1.18 | 3,100,000 | 3.58 | 712,500 |
| 8.00 | 10,000 | 2.36 | 10,000 |
| | 10,891,893 | 5.12 | 8,504,393 |

The value of the stock options vesting in the three months ended March 31, 2025, equaled \$113,181 (March 31, 2024 - \$214,022), which was expensed as share-based payments.

c) Warrants

As at March 31, 2025, a total of 102,377,943 (December 31, 2024 - 102,402,943) warrants were issued and outstanding. A summary of the change in total warrants is presented below:

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| | 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 | (25,000) | 1.08 |
| Balance, March 31, 2025 | 102,377,943 | 1.02 |

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

| Exercise prices (C\$) | Number of warrants outstanding | Weighted average term to expiry (years) | Number of warrants exercisable |
|-----------------------|-----------------------------------|--|-----------------------------------|
| 0.90 | 34,987,000 | 1.33 | 34,987,000 |
| 1.00 | 26,457,143 | 3.75 | 26,457,143 |
| 1.08 | 34,075,000 | 0.67 | 34,075,000 |
| 1.40 | 6,858,800 | 2.14 | 6,858,800 |
| | 102,377,943 | 1.79 | 102,377,943 |

d) Loss per share

For the purposes of the loss per share calculations for the three months ended March 31, 2025 and 2024, there is no difference between the basic loss per share and the diluted loss per share amounts. For the three months ended March 31, 2025, 10,891,893 stock options and 102,377,943 purchase warrants 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.

11. 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 settled | (1,600,000) | (1,137,500) | - |
| Balance, March 31, 2025 | 340,000 | 1,860,000 | 6,132,500 |

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

| Units | Vesting Criteria | Outstanding |
|-------|---|-------------|
| DSUs | 50% vesting in September 2024, 50% vesting in September 2025 | 340,000 |
| RSUs | 50% vesting in September 2024, 50% vesting in September 2025 | 1,262,500 |
| | 50% vesting in August 2025, 50% vesting in August 2026 | 597,500 |
| PSUs | 3 tranches vesting based on milestone criteria, with minimum vesting period of one year (vest date of September 2024) | 5,235,000 |
| | 3 tranches vesting based on milestone criteria, with minimum vesting period of one year (vest date of August 2025) | 597,500 |
| | 3 tranches vesting based on milestone criteria, with minimum vesting period of one year (vest date of September 2025) | 300,000 |

Share-based compensation relating to RSUs, PSUs and DSUs of \$316,877 (2024 - \$1,553,841) was recognized during the year ended December 31, 2024.

12. REVENUE

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

| | 2025 | 2024 |
|----------------------------|------------------|-------------------|
| Natural gas sales | 6,396,556 | 10,190,283 |
| Natural gas liquid sales | 23,887 | 46,830 |
| Total sales revenue | 6,420,443 | 10,237,113 |

As at March 31, 2025, receivables from contracts with customers, which are included in accounts receivable, were \$2,421,394 (December 31, 2024 - \$3,464,377). For the three months ended March 31, 2025, the Company had four external customers that each constituted more than 10% of commodity sales from production.

13. NET FINANCE EXPENSE

The components of net finance expense for the three months ended March 31, 2025 and 2024, are as follows:

| | 2025 | 2024 |
|--|------------------|------------------|
| Interest income | (61,602) | (214,138) |
| Bank/trust fees | 75,436 | 47,607 |
| Interest and fees on convertible debentures | 234,070 | 1,538,195 |
| Interest and fees on promissory notes | - | 57,422 |
| Interest and fees on Macquarie debt | 1,826,256 | 77,107 |
| Accretion on decommissioning obligations | 32,089 | 24,027 |
| Accretion on liability component of convertible debentures | 188,124 | 632,888 |
| Accretion on lease obligations | 693,656 | 967,020 |
| Amortization of transaction costs on Macquarie Financing | 616,062 | 70,661 |
| Total net finance expense | 3,604,091 | 3,200,789 |

14. OTHER EXPENSES

The components of other expenses for the three months ended March 31, 2025 and 2024, are as follows:

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| | 2025 | 2024 |
|---|----------------|------------------|
| Expenses incurred toward the Transaction (Note 6) | 628,892 | - |
| Contract settlement through issuance of shares | - | 1,502,000 |
| Total other expenses | 628,892 | 1,502,000 |

During the three months ended March 31, 2025, the Company incurred expenses of \$0.6 million in relation to the Transaction with M&P. During the three months ended March 31, 2024, the Company terminated certain existing contracts with counterparties through settlement arrangements. Termination agreements with these counterparties resulted in a settlement payment through the issuance of common shares in the sum of \$1.5 million.

15. RELATED PARTIES

During the three months ended March 31, 2025 and 2024, there were separate related party transactions as follows:

- a) For the three months ended March 31, 2025, the Company incurred expenditures of \$252,842 in royalties paid to directors of the Company or to organizations that are affiliated with directors of NG Energy (2024 - \$391,216).
- b) For the three months ended March 31, 2024, the Company incurred expenditures of \$9,906 in office rental costs in Colombia. At the time, the former office space was rented from an entity affiliated with a certain director of the Company.
- c) The Company maintains a BOOMT Agreement with service provider, GTX (see Note 17). Of the ownership of GTX, 3.0% is held by directors or affiliates of directors of the Company.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

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

Credit risk

Credit risk reflects the risk of loss if counterparties do not fulfill their contractual obligations. The carrying amount of cash and cash equivalents, accounts receivable, VAT receivable and restricted cash represent the maximum credit exposure. As at March 31, 2025, the Company had \$8,245,738 (December 31, 2024 - \$8,211,023) in restricted cash towards development activity and joint operations in Colombia (see Note 4).

As at March 31, 2025, the Company had \$6,433,355 (December 31, 2024 - \$6,848,896) in accounts receivable, which are substantially made up of receivables with customers in the oil and gas industry and are subject to normal industry credit risks. The Company does not consider any of its receivables past due. For the three months ended March 31, 2025, the majority of the Company's natural gas sales were to four counterparties.

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The Company maintained a VAT receivable balance of \$2,978,133 as of March 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 gas production that would otherwise be required to be paid to the Colombian tax authorities.

As at March 31, 2025, the Company held cash and cash equivalents of \$16,851,915 (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 authorization of contractual agreements. The Company seeks additional financing based on the results of these processes. The budgets are updated when required as conditions change.

The following table outlines the contractual maturities of the Company's financial liabilities at March 31, 2025:

| | Within 1 Year | Year 2 | Years 3-5 | Thereafter | Total |
|--|-------------------|-------------------|-------------------|------------|-------------------|
| Trade accounts payable | 5,744,298 | - | - | - | 5,744,298 |
| Royalties payable | 3,744,477 | - | - | - | 3,744,477 |
| Capital payables | 2,536,074 | - | - | - | 2,536,074 |
| Joint venture payables | 215,463 | - | - | - | 215,463 |
| Lease obligation payments | 6,296,362 | 6,307,517 | 9,365,857 | - | 21,969,736 |
| Convertible debentures - interest | 934,725 | 934,725 | 129,823 | - | 1,999,273 |
| Convertible debentures - principal | - | - | 11,684,057 | - | 11,684,057 |
| Macquarie Debt - interest ⁽¹⁾ | 4,210,701 | 2,554,701 | 1,851,374 | - | 8,616,776 |
| Macquarie Debt - principal | 12,000,000 | 10,750,000 | 9,250,000 | - | 32,000,000 |
| | 35,682,100 | 20,546,943 | 32,281,111 | - | 88,510,154 |

1) Presumed interest rate of 13.8% over the life of the debt.

Market risk

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

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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.

As at March 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 three months ended March 31, 2025 and 2024, did not have a significant impact on cash and cash equivalents. The Company is exposed to movements in assessed prime or SOFR terms rates on the outstanding Macquarie debt. For the outstanding convertible debentures, the Company is not exposed to interest rate risk given this debt instrument has a fixed interest rate.

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.

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

| | March 31, 2025 | December 31, 2024 |
|--|-------------------|-------------------|
| Convertible debentures (8% May 2022) | 11,684,057 | 11,673,501 |
| Macquarie debt (13.8%) | 32,000,000 | 35,000,000 |
| Lease obligations | 21,969,736 | 23,510,217 |
| Total debt | 65,653,793 | 70,183,718 |
| Less: working capital (deficit) ⁽¹⁾ | 13,158,431 | 22,172,508 |
| Net debt | 52,495,362 | 48,011,210 |

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.

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

Fair value of financial instruments

The carrying values of cash and cash equivalents, accounts receivable, prepaids, VAT receivable, restricted cash, accounts payables and accrued liabilities and promissory notes approximate their fair values at March 31, 2025. The liability component of convertible debentures and Macquarie Debt are carried at amortized cost. As at March 31, 2025, the fair value of the convertible debentures was \$12.0 million, and the fair value of the Macquarie Debt approximated the carrying value of the debt at \$31.9 million.

17. COMMITMENTS

Capital commitments

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

| Block | 2025 | 2026 | Total |
|-------------------------------------|------------|------------|-------------|
| Sinu-9 Block ⁽¹⁾ | - | 5.4 | 5.4 |
| Tiburon Block ⁽²⁾ | 3.0 | - | 3.0 |
| Maria Conchita Block ⁽³⁾ | 5.0 | - | 5.0 |
| Total | 8.0 | 5.4 | 13.4 |

- 1) NG Energy's ANH commitment to carry out the minimum requirement to drill two exploration wells (for which the Company will pay 100% of the costs under the terms of acquisition of the Sinu-9 Block) for an estimated cost of \$22.3 million according to Phase 1 of the contractual exploration program as well as a further ANH commitment to acquire, process, and interpret 60 km² of 3D seismic for an estimated cost of \$4.4 million assumed by the Company as part of an 18-month extension request granted by the ANH under the current phase of the contractual exploration program. The first exploration well (Magico-1) was completed in August 2022 and drilling of the second exploration well (Brujo-1) was completed in November 2022. The ANH has acknowledged fulfillment of the commitment to drill the two exploration wells as well as most of the associated financial commitment, leaving a remaining financial commitment of \$1.0 million to be included as part of the aforementioned seismic commitment or to be added to eventual Phase 2 commitments once commenced. The current deadline for completion of the Phase 1 commitments was extended by the ANH to January 2026.
- 2) Relates to NG Energy's share of the ANH commitment to carry out the minimum requirement to acquire, process, and interpret 69.75 km² of 3D seismic according to Phase 3 of the contractual exploration program. Currently, operations are delayed due to community disputes in the region, with 148 days to fulfil the commitment after the local disputes are resolved and the activities carried out in the previously proposed area. The Company assumes that activities related to the permits for the new seismic survey will commence in 2025 if the dispute is resolved by the Colombian Ministry of the Interior.
- 3) New ANH commitment to drill one exploration well for an estimated cost of \$5.0 million. This new commitment was assumed by the Company as part of an 18-month extension request granted by the ANH under the current phase of the contractual evaluation program. The current deadline for completion of the drilling program is August 2025.

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.

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Contractual commitments

Natural Gas Transportation Services

In August 2022, the Company entered into 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 20 million cubic feet per day (“MMcf/d”) that will extend from the Company’s Maria Conchita Block in Colombia to existing national infrastructure. The BOOMT Agreement outlines the take-or-pay arrangement (“ToP”) pursuant to which NG Energy has agreed to transport, or pay for, 16 MMcf/d through the treatment plant and Pipeline Facilities for a period of six years (the “Guaranteed Commitment”) at an initial tariff of \$0.90/Mcf of gas, annually adjusted to the Consumer Price Index, which commenced on September 23, 2022. Following the end of the term of the Guaranteed Commitment, the Company will no longer be required to pay for the full capacity of 16 MMcf/d but rather will only pay for that capacity which is used. The BOOMT Agreement has a term of ten years, after which ownership of the Pipeline Facilities will transfer to the Company. The BOOMT Agreement was reviewed as per guidelines in IFRS 16 to determine if it was for financial reporting purposes considered a ROU asset and lease liability. It was determined that the agreement met the criteria to be accounted for as a ROU asset and lease liability and has been disclosed as such in Notes 5 and 9.

18. 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 consolidate financial statements primarily reflects the results of the Company’s operations in the single operating segment.

19. SUPPLEMENTAL CASH FLOW INFORMATION

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

| | 2025 | 2024 |
|---|--------------------|--------------------|
| Accounts receivable and prepaids | 177,790 | (2,330,338) |
| Inventory | - | 120,735 |
| VAT receivable | (293,783) | (467,033) |
| Accounts payable and accrued liabilities | (2,675,274) | 671,348 |
| Interest payables on promissory notes | - | 57,422 |
| Change in non-cash working capital | (2,791,267) | (1,947,866) |
| Relating to: | | |
| Operating activities | (2,941,942) | 1,595,079 |
| Investing activities | 150,675 | (3,600,367) |
| Financing activities | - | 57,422 |
| Change in non-cash working capital | (2,791,267) | (1,947,866) |