NG ENERGY INTERNATIONAL CORP.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026

NG ENERGY INTERNATIONAL CORP.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited, expressed in U.S. Dollars)	**June 30, 2026**	December 31, 2025
Assets		
Current Assets		
Cash and cash equivalents	**33,232,310**	6,846,233
Accounts receivable (Note 3)	**16,969,427**	7,421,689
Consideration receivable (Note 4)	**15,000,000**	-
Tax instalments and receivables	**1,127,323**	9,662,649
Prepaids	**809,791**	742,255
Current portion of restricted cash	**20,192**	21,925
Inventory	**309,705**	282,336
Assets held for sale (Note 4)	**-**	52,234,014
	67,468,748	77,211,101
Non-current Assets		
Non-current portion of restricted cash	**45,175**	40,969
VAT receivable (Note 16)	**2,181,507**	1,993,214
Advances to Acquisition (Note 4)	**-**	2,625,000
Deferred tax asset	**4,502,021**	11,208,462
Property, plant and equipment (Note 5)	**102,020,579**	147,236,778
Total Assets	**176,218,030**	240,315,524
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 3)	**36,508,032**	33,645,856
Consideration payable (Note 4)	**15,246,000**	-
Current portion of lease obligations (Note 8)	**2,395,257**	16,563,276
Current portion of debt (Note 6)	**6,983,087**	18,119,750
Derivative financial liability (Note 4)	**1,654,266**	-
Deferred consideration (Note 4)	**-**	40,000,000
Liabilities held for sale (Note 4)	**-**	28,855,825
	62,786,642	137,184,707
Non-current Liabilities		
Liability component of convertible debentures (Note 7)	**10,357,642**	10,811,423
Non-current portion of lease obligations (Note 8)	**8,065,433**	65,895,063
Non-current portion of debt (Note 6)	**12,344,366**	-
Decommissioning obligations (Note 9)	**6,162,604**	4,259,595
Total Liabilities	**99,716,687**	218,150,788
Shareholders' Equity		
Share capital (Note 10a)	**200,349,840**	189,649,156
Contributed surplus	**35,562,261**	31,991,582
Warrants (Note 10b)	**15,845,381**	16,154,064
Equity component of convertible debentures (Note 7)	**474,349**	499,320
Deficit	**(175,176,472)**	(215,444,453)
Accumulated other comprehensive loss	**(554,016)**	(684,933)
Total Shareholders' Equity	**76,501,343**	22,164,736
Total Liabilities and Shareholders' Equity	**176,218,030**	240,315,524

Related parties (Note 15)
Commitments (Note 17)
Subsequent events (Note 21)

See accompanying notes to the interim condensed consolidated financial statements.

NG ENERGY INTERNATIONAL CORP.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

For the three and six months ended June 30

	Three months ended		Six months ended	
(Unaudited, expressed in U.S. Dollars)	**2026**	2025	**2026**	2025
Revenue:				
Natural gas and NGL sales (Note 12)	**10,815,360**	9,973,982	**20,341,197**	16,394,425
Royalty expense	**(2,453,548)**	(3,637,519)	**(4,408,102)**	(4,721,284)
Revenues, net of royalties	**8,361,812**	6,336,463	**15,933,095**	11,673,141
Expenses:				
Operating expenses	**8,488,200**	4,746,674	**16,101,393**	8,187,353
General and administrative	**5,903,862**	2,311,192	**11,265,823**	3,992,813
Share-based compensation (Note 11)	**1,049,133**	481,178	**6,623,054**	911,236
Exploration and evaluation expense	**72,499**	58,528	**122,019**	116,981
Depletion and depreciation (Note 5)	**2,001,126**	2,386,453	**5,080,974**	4,006,902
Gain on disposition (Note 4)	**-**	-	**(104,043,207)**	-
Net finance expense (Note 13)	**2,528,344**	4,129,970	**8,416,889**	7,734,061
Other expenses (Note 14)	**33,822**	194,652	**6,770,734**	823,544
Foreign exchange	**652,472**	86,993	**602,297**	(205,446)
	20,729,458	14,395,640	**(49,060,024)**	25,567,444
Net income (loss) before income taxes	**(12,367,646)**	(8,059,177)	**64,993,119**	(13,894,303)
Current income tax recovery (expense)	**761,910**	-	**(18,018,697)**	-
Deferred income tax expense	**(4,059,566)**	-	**(6,706,441)**	-
Net income (loss)	**(15,665,302)**	(8,059,177)	**40,267,981**	(13,894,303)
Other comprehensive income (loss)				
Foreign currency translation adjustment	**(3,464)**	(588,312)	**130,917**	(554,279)
Comprehensive income (loss)	**(15,668,766)**	(8,647,489)	**40,398,898**	(14,448,582)
Net income (loss) per share (Note 10c)				
Basic	**(0.06)**	(0.03)	**0.15**	(0.05)
Diluted	**(0.06)**	(0.03)	**0.13**	(0.05)

See accompanying notes to the interim condensed consolidated financial statements.

NG ENERGY INTERNATIONAL CORP.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three and six months ended June 30

(Unaudited, expressed in U.S. Dollars)	Three months ended **2026**	Three months ended 2025	Six months ended **2026**	Six months ended 2025
Operating Activities				
Net income (loss)	**(15,665,302)**	(8,059,177)	**40,267,981**	(13,894,303)
Items not affecting cash:				
Depletion and depreciation (Note 5)	**2,001,126**	2,386,453	**5,080,974**	4,006,902
Gain on disposition (Note 4)	**-**	-	**(104,043,207)**	-
Share-based compensation (Note 11)	**1,049,133**	481,178	**6,623,054**	911,236
Unrealized foreign exchange	**509,055**	(216,837)	**451,057**	(343,135)
Net finance expense (Note 13)	**2,528,344**	4,129,970	**8,416,889**	7,734,061
Other expenses (Note 14)	**99,556**	194,652	**5,644,865**	823,544
Interest penalties paid	**(92,656)**	-	**(102,656)**	-
Deferred income tax expense	**4,059,566**	-	**6,706,441**	-
Change in non-cash working capital (Note 20)	**(10,499,525)**	(528,147)	**232,840**	(3,470,089)
Cash used in operating activities	**(16,010,703)**	(1,611,908)	**(30,721,762)**	(4,231,784)
Investing Activities				
Cash proceeds on Transaction (Note 4)	**46,092,638**	-	**93,592,638**	20,000,000
Transaction costs paid on Transaction (Note 4)	**(6,900)**	(194,652)	**(5,542,209)**	(823,544)
Cash payments toward SN-9 acquisition (Note 4)	**-**	-	**(6,613,625)**	-
Property, plant and equipment additions (Note 5)	**(18,069,482)**	(3,599,981)	**(24,696,430)**	(5,371,596)
Change in restricted cash	**(1,573)**	(822,797)	**(1,475)**	(855,833)
Change in non-cash working capital (Note 20)	**9,159,562**	1,343,831	**1,333,726**	1,494,506
Cash provided by (used in) investing activities	**37,174,245**	(3,273,599)	**58,072,625**	14,443,533
Financing Activities				
Principal payments on Macquarie debt	**-**	(3,000,000)	**-**	(6,000,000)
Proceeds on warrant exercises (Note 10b)	**814,763**	-	**5,160,113**	18,789
Proceeds on option exercises (Note 11)	**1,338,843**	107,992	**1,615,438**	107,992
Interest income	**67,170**	50,727	**101,984**	112,329
Interest expense paid	**(1,475,494)**	(1,977,278)	**(4,281,025)**	(4,113,040)
Lease payments, principal and interest	**(568,064)**	(2,315,593)	**(3,518,343)**	(3,866,153)
Cash provided by (used in) financing activities	**177,218**	(7,134,152)	**(921,833)**	(13,740,083)
Net change in cash	**21,340,760**	(12,019,659)	**26,429,030**	(3,528,334)
Foreign exchange on cash	**(60,903)**	130,801	**(42,953)**	305,918
Change in cash	**21,279,857**	(11,888,858)	**26,386,077**	(3,222,416)
Cash, beginning of period	**11,952,453**	16,851,915	**6,846,233**	8,185,473
Cash, end of period	**33,232,310**	4,963,057	**33,232,310**	4,963,057

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

(Unaudited, expressed in U.S. Dollars)	**Number of Common Shares**	**Share Capital**	**Contributed Surplus**	**Warrants**	**ECCD[1]**	**Deficit**	**AOCL[2]**	**Total**
Balance at December 31, 2025	260,012,590	189,649,156	31,991,582	16,154,064	499,320	(215,444,453)	(684,933)	22,164,736
Net income	-	-	-	-	-	40,267,981	-	40,267,981
Shares issued through option exercise	2,453,000	2,869,511	(1,254,073)	-	-	-	-	1,615,438
Shares issued through warrant exercise	7,584,000	5,468,796	-	(308,683)	-	-	-	5,160,113
Shares issued through compensation unit settlement	2,319,376	1,798,302	(1,798,302)	-	-	-	-	-
Conversion of debentures	699,998	564,075	-	-	(24,971)	-	-	539,104
Foreign currency translation adjustment	-	-	-	-	-	-	130,917	130,917
Share-based compensation	-	-	6,623,054	-	-	-	-	6,623,054
Balance at June 30, 2026	**273,068,964**	**200,349,840**	**35,562,261**	**15,845,381**	**474,349**	**(175,176,472)**	**(554,016)**	**76,501,343**
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	-	-	-	-	-	(13,894,303)	-	(13,894,303)
Shares issued through option exercise	370,000	180,687	(72,695)	-	-	-	-	107,992
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	-	-	-	-	-	-	(554,279)	(554,279)
Share-based compensation	-	-	911,236	-	-	-	-	911,236
Balance at June 30, 2025	**258,144,340**	**188,173,423**	**32,554,858**	**16,156,272**	**499,320**	**(205,256,922)**	**(714,364)**	**31,412,587**

(1) Equity component of convertible debentures

(2) Accumulated other comprehensive loss

See accompanying notes to the interim condensed consolidated financial statements.

1. REPORTING ENTITY

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

2. BASIS OF PRESENTATION

Statement of compliance

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

These Financial Statements follow the same accounting policies and method of computation as the Company’s annual consolidated financial statements for the year ended December 31, 2025, with the exception of certain disclosures that are normally required to be included in annual consolidated financial statements which have been condensed or omitted. These Financial Statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2025. These Financial Statements have been approved and authorized for issuance by the Company’s Board of Directors on August 12, 2026.

Basis of measurement

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

Functional and presentation currency

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

Material accounting policies

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

Accounting standards adoptions & pronouncements

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

IFRS 7 and 9 – Financial Instruments

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

IFRS 18 – Presentation and Disclosure in Financial Statements

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

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

3. ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

The table below represents the composition of the accounts receivable and accounts payable balances as at June 30, 2026, and December 31, 2025. See Note 15 for accounts receivable and accounts payable relating to related parties.

	2026	**2025**
Trade receivable	10,913,873	4,118,574
Joint operation receivables	5,957,822	3,198,812
Other receivables	97,732	104,303
Accounts receivable	**16,969,427**	**7,421,689**
Trade accounts payable and accruals	15,418,119	11,598,562
Royalties payable	4,448,249	6,564,241
Joint operation payables	7,357,264	4,498,216
Capital accruals	7,787,513	10,984,837
Income taxes payable (Note 4)	1,496,887	-
Accounts payable and accrued liabilities	**36,508,032**	**33,645,856**

4. ASSET NET DISPOSITION

In January 2026, the Company completed a series of interrelated transactions involving its working interest in the Sinú-9 Block (the "Concession").

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

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

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

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

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

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

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

As of June 30, 2026, a balance of $15,000,000 of the cash consideration remained owed by the Purchaser to the Company on the primary transaction, determined as follows:

Total purchase price	150,000,000
Advanced consideration received in 2025	(40,000,000)
Consideration received in 2026	(93,592,638)
Purchase price adjustments in favor of Purchaser	(1,407,362)
Consideration receivable	**15,000,000**

This final installment payment of $15,000,000 was received in full by the Company from the Purchaser in July 2026.

As of June 30, 2026, a balance of $15,246,000 of the cash consideration owed by the Company to the Minority Partners on the secondary transactions was still owing, determined as follows:

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

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

Estimated income taxes resulting from the transaction of $18,018,697 were recognized during the six months ended June 30, 2026. After statutory withholding taxes paid under Colombian tax regulations, a balance of $1,496,887 remains included within accounts payable as of June 30, 2026.

5. PROPERTY, PLANT, AND EQUIPMENT

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

Cost	**D&P**	**Corporate**	**ROU**	**Total**
Balance, December 31, 2024	56,164,958	463,848	23,328,836	79,957,642
Capital additions	26,287,443	10,030	51,861,107	78,158,580
Revision of ROU assets (Note 8)	-	-	45,335,655	45,335,655
Revision of asset retirement estimate	1,114,047	-	-	1,114,047
Transfer to held for sale	(4,113,327)	-	(27,095,086)	(31,208,413)
Balance, December 31, 2025	79,453,121	473,878	93,430,512	173,357,511
Acquisitions	4,103,448	-	-	4,103,448
Capital additions	24,692,711	3,719	399,395	25,095,825
Revision of ROU assets (Note 8)	-	-	(49,450,593)	(49,450,593)
Revision of asset retirement estimate	1,792,164	-	-	1,792,164
Termination of ROU assets (Note 8)	-	-	(24,702,427)	(24,702,427)
Balance, June 30, 2026	**110,041,444**	**477,597**	**19,676,887**	**130,195,928**
Accumulated depletion, depreciation and impairment				
Balance, December 31, 2024	9,307,143	301,919	4,863,128	14,472,190
Depletion and depreciation	4,848,844	67,039	6,732,660	11,648,543
Balance, December 31, 2025	14,155,987	368,958	11,595,788	26,120,733
Depletion and depreciation	3,218,813	32,303	1,829,858	5,080,974
Termination of ROU assets (Note 8)	-	-	(3,026,358)	(3,026,358)
Balance, June 30, 2026	**17,374,800**	**401,261**	**10,399,288**	**28,175,349**
Net book value				
Balance, December 31, 2025	65,297,134	104,920	81,834,724	147,236,778
Balance, June 30, 2026	**92,666,644**	**76,336**	**9,277,599**	**102,020,579**

As at June 30, 2026, the balance of D&P consisted of those oil and gas properties of the Maria Conchita Block CGU and Sinú-9 Block CGU. Future development costs in the amount of $73.1 million were included in depletion calculated for the six months ended June 30, 2026 ($136.3 million - December 31, 2025).

6. DEBT

The Company maintains a definitive credit and guarantee agreement (the "Credit Agreement") with Macquarie Group ("Macquarie") for original advanced funds of $40 million in committed funding (the "Macquarie Financing"). 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 June 30, 2026, the Macquarie debt had an effective interest rate of 12.2% per annum (2025 – 12.8%). Subsequent to amendments to the Credit Agreement in March 2026, repayments of the remaining principal of $23.0 million are deferred until December 2026 when a principal payment of $3.0 million is due. Remaining quarterly principal repayments are $3.2 million through 2027, and $1.8 million through 2028.

A summary of the outstanding Macquarie debt as at June 30, 2026, is as follows:

Original advance	40,000,000
Principal balance	23,000,000
Principal balance, net of unamortized issue costs	19,327,453
Current portion	6,983,087
Non-current portion	12,344,366

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 June 30, 2026, a total of $5.5 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 June 30, 2026, the Company was compliant with all restrictions and covenants for the Macquarie debt.

7. 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. As of June 30, 2026, the conversion of existing convertible debenture would result in the issuance of 13,297,500 common shares. Interest on the debentures is payable monthly in arrears on the last day of each month.

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

As of June 30, 2026, the liability and equity components of the convertible debentures of the May 2022 offering are as follows:

	Liability Component	Equity Component
Balance, December 31, 2024	9,495,824	499,320
Accretion	826,600	-
Impact of foreign exchange	488,999	-
Balance, December 31, 2025	10,811,423	499,320
Accretion	464,773	-
Conversion of debentures	(539,104)	(24,971)
Impact of foreign exchange	(379,450)	-
Balance, June 30, 2026	**10,357,642**	**474,349**

8. LEASE OBLIGATIONS

The Company has certain service agreements related to natural gas operations in Colombia. As of June 30, 2026, the Company recognizes right-of-use assets and corresponding lease obligations relating to the construction, ownership, maintenance, and transfer agreement ("BOOMT Agreement") with GTX International Corp. ("GTX"). Furthermore, the Company has office lease agreements also in Colombia, for which the Company has recognizes right-of-use assets and corresponding lease obligations. During the six months ended June 30, 2026, recognized right-of-use assets and corresponding lease obligations relating to the natural gas transportation services agreement with INFRAES SAS ESP ("INFRAES") and the gathering and processing services agreement with Surenergy SAS ESP ("Surenergy") were eliminated as these service agreements were assumed by the Purchaser as part of the transfer of operatorship in the Concession (see Note 4). Furthermore, during the six months ended June 30, 2026, recognized right-of-use assets and corresponding lease obligations relating to the BOOMT Agreement were reduced due to modifications to the terms of this agreement. Please refer to Note 17 for "Contractual Commitments" regarding details of each of these service agreements.

The presented lease obligations have a discount rate between 16.85% and 18.20% (2025 – between 16.33% and 16.76%). A continuity of lease obligations is presented below.

	GTX	Surenergy	INFRAES	Office Leases	Vehicles & Equipment	Total
Balance, December 31, 2024	17,230,213	-	-	163,432	-	17,393,645
Additions	-	28,701,367	23,159,740	-	-	51,861,107
Adjustment to lease terms	45,391,806	(450,170)	386,576	7,443	-	45,335,655
Interest expense	4,822,468	2,512,340	2,129,383	24,417	-	9,488,608
Lease payments	(7,660,915)	(2,981,007)	(2,742,623)	(84,658)	-	(13,469,203)
Transfer to held for sale	-	(15,434,739)	(12,740,597)	-	-	(28,175,336)
Foreign exchange	-	-	-	23,863	-	23,863
Balance, December 31, 2025	59,783,572	12,347,791	10,192,479	134,497	-	82,458,339
Additions	-	-	-	-	399,395	399,395
Adjustment to lease terms	(49,663,553)	-	-	-	-	(49,663,553)
Interest expense	2,641,160	-	-	9,855	16,472	2,667,487
Lease payments	(3,434,355)	-	-	(52,240)	(31,748)	(3,518,343)
Termination of lease	-	(12,347,791)	(10,192,479)	-	-	(22,540,270)
Foreign exchange	615,449	-	-	18,099	24,087	657,635
Balance, June 30, 2026	**9,942,273**	**-**	**-**	**110,211**	**408,206**	**10,460,690**
Current portion	2,135,130	-	-	110,211	149,916	2,395,257
Non-current portion	7,807,143	-	-	-	258,290	8,065,433
Total	**9,942,273**	**-**	**-**	**110,211**	**408,206**	**10,460,690**

Future lease payments as at June 30, 2026, are as follows:

	Less than 1 year	1-2 years	3-5 years	Thereafter	Total
GTX	2,135,130	2,135,130	6,405,390	8,896,375	19,572,025
Office Leases	119,196	-	-	-	119,196
Vehicles & Equipment	149,916	149,916	240,675	-	540,507
Total	**2,404,242**	**2,285,046**	**6,646,065**	**8,896,375**	**20,231,728**

9. DECOMMISSIONING OBLIGATIONS

The Company's decommissioning obligations result from ownership interests in oil and gas properties. The Company estimates the total uninflated, undiscounted amount of cash flows required to settle its decommissioning obligation at June 30, 2026, to be $7.1 million (December 31, 2025 - $5.0 million) with the cost projected to be incurred between 2035 and 2040. The entire balance of decommissioning obligations are recorded as a non-current liability given that there is no anticipated obligation expected to be incurred by June 30, 2027. The decommissioning obligations have been estimated using existing technology at current prices.

At June 30, 2026, a US inflation rate of 3.0% (December 31, 2025 – 2.7%) and a US risk-free rate of 4.41% (December 31, 2025 – 4.19%) were used in the valuation of the liabilities. Settlement of the obligations is anticipated to be invoiced in US dollars and settled in Colombian pesos. As at June 30, 2026, no funds had been set aside to settle these obligations. Changes to decommissioning obligations for the six months ended June 30, 2026, and the year ended December 31, 2025, were as follows:

	2026	2025
Balance, beginning of period	4,259,595	3,001,993
Additions	1,880,992	798,153
Accretion expense	110,845	143,555
Change in estimate	(88,828)	315,894
Balance, end of period	**6,162,604**	**4,259,595**

10. SHARE CAPITAL

a) Common Shares

The Company is authorized to issue an unlimited number of common shares, with no par value, with holders of common shares entitled to one vote per share and to dividends, if declared. Outstanding common shares as at June 30, 2026, are as follows:

	Common shares	Amount ($)
Balance, December 31, 2024	255,011,840	185,699,902
Shares issued through warrant exercise	77,000	55,517
Shares issued through option exercise (1)	625,000	330,371
Shares issued through compensation unit settlement	4,298,750	3,563,366
Balance, December 31, 2025	260,012,590	189,649,156
Shares issued through warrant exercise	7,584,000	5,468,796
Shares issued through option exercise (1)	2,453,000	2,869,511
Shares issued through compensation unit settlement	2,319,376	1,798,302
Conversion of debentures	699,998	564,075
Balance, June 30, 2026	**273,068,964**	**200,349,840**

(1) Of the 675,000 stock options exercised during the year ended December 31, 2025, common shares were issued for 625,000 of those stock options. Shares for the remaining 50,000 stock options were issued during the six months ended June 30, 2026.

b) Warrants

As at June 30, 2026, a total of 94,741,943 (December 31, 2025 - 102,325,943) warrants were issued and outstanding. A summary of the change in total warrants is presented below:

	Warrants	Weighted average exercise price (C$)
Balance, December 31, 2024	102,402,943	1.02
Warrants exercised	(77,000)	0.96
Balance, December 31, 2025	102,325,943	1.02
Warrants exercised	(7,584,000)	0.93
Balance, June 30, 2026	**94,741,943**	**1.02**

The following summarizes information about total purchase warrants outstanding as at June 30, 2026:

Exercise prices (C$)	Number of warrants outstanding	Weighted average term to expiry (years)	Number of warrants exercisable
0.90	28,811,000	0.08	28,811,000
0.98	5,714,286	2.50	5,714,286
1.00	20,742,857	2.50	20,742,857
1.08	32,615,000	1.42	32,615,000
1.40	6,858,800	0.89	6,858,800
	94,741,943	**1.28**	**94,741,943**

c) Net income (loss) per share

The table below summarizes the weighted average ("WA") number of common shares outstanding used in the calculation of net income (loss) per share for the three and six months ended June 30, 2026 and 2025:

	Three months ended		Six months ended	
	2026	**2025**	**2026**	**2025**
WA common shares outstanding, basic	271,983,613	257,941,373	268,030,981	257,008,318
Dilutive effect of stock options	-	-	5,274,629	-
Dilutive effect of warrants	-	-	30,009,093	-
Dilutive effect of convertible debentures	-	-	13,297,500	-
WA common shares outstanding, diluted	271,983,613	257,941,373	316,612,203	257,008,318
Net income (loss)	(15,665,302)	(8,059,177)	40,267,981	(13,894,303)
$ per common share, basic	(0.06)	(0.03)	0.15	(0.05)
$ per common share, diluted	(0.06)	(0.03)	0.13	(0.05)

The Company uses the treasury stock method to determine the impact of dilutive securities. Under this method, only "in-the-money" dilutive instruments impact the calculation of diluted net income per share. The treasury stock method assumes that the proceeds received from the exercise of all potentially dilutive instruments are used to repurchase common shares at the average market price during the period. For convertible debentures, the Company uses the if-converted method to determine the dilutive impact of conversion. Under this method, the weighted average number of common shares outstanding is increased by the number of shares issuable upon assumed conversion, while net earnings are adjusted to add back the related after-tax interest expense that would not have been incurred had the conversion occurred at the beginning of the period. Convertible debentures are included in diluted earnings per share only when their assumed conversion would have a dilutive effect.

In computing diluted net income per share for the six months ended June 30, 2026, a total of 10,000 stock options were excluded as they were not in-the-money based on the volume weighted average trading price of the Company's common shares of C$1.50 during the period, and therefore anti-dilutive. For the three months ended June 30, 2026, a total of 16,963,893 stock options, 94,741,943 warrants, and 15,957 units of convertible debentures were excluded as their impact was anti-dilutive to the net loss per share in the period. For the three and six months ended June 30, 2025, a total of 10,521,893 stock options, 102,377,943 warrants, and 16,797 units of convertible debentures were excluded as their impact was anti-dilutive to the net loss per share in these periods.

11. LONG TERM INCENTIVE COMPENSATION

Stock Options

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

As at June 30, 2026, a total of 16,963,893 (December 31, 2025 – 10,116,893) options were issued and outstanding under this plan. Options which are forfeited/expired are available for reissue.

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

	Stock options	Weighted average exercise price (C$)
Balance, December 31, 2024	10,941,893	0.94
Options exercised	(675,000)	0.45
Options expired	(150,000)	1.17
Balance, December 31, 2025	10,116,893	0.97
Options issued	9,250,000	1.08
Options exercised	(2,403,000)	0.91
Balance, June 30, 2026	**16,963,893**	**1.04**

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

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

The following summarizes information about stock options outstanding as at June 30, 2026:

Exercise prices (C$)	Number of options outstanding	Weighted average term to expiry (years)	Number of options exercisable
0.275	456,000	3.98	456,000
0.45	900,000	2.95	900,000
0.91	600,000	5.04	600,000
1.00	1,565,000	4.40	1,565,000
1.08	9,250,000	4.56	9,000,000
1.14	1,207,893	6.11	1,207,893
1.18	2,975,000	2.33	1,375,000
8.00	10,000	1.11	10,000
	16,963,893	**4.18**	**15,113,893**

The value of the stock options vesting in the three and six months ended June 30, 2026, equaled $142,686 and $5,009,744 (June 30, 2025 - $118,660 and $231,841), respectively, which was expensed as share-based payments.

Compensation Units

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

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

	DSUs	RSUs	PSUs
Balance, December 31, 2024	1,940,000	2,997,500	6,132,500
Units issued	-	-	300,000
Units settled	(1,600,000)	(2,698,750)	-
Balance, December 31, 2025	340,000	298,750	6,432,500
Units issued	300,000	3,150,000	1,550,000
Units settled	(275,000)	-	(2,044,376)
Balance, June 30, 2026	**365,000**	**3,448,750**	**5,938,124**

Deferred Share Units

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

For the six months ended June 30, 2026, a total 275,000 DSUs were settled by the Company through the issuance of common shares.

Restricted Share Units

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

For the six months ended June 30, 2026, no RSUs were settled by the Company.

Restricted Share Units with Performance Criteria

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

For the six months ended June 30, 2026, a total 2,044,376 PSUs were settled by the Company through the issuance of common shares.

Share-based compensation relating to RSUs, PSUs and DSUs of $906,447 and $1,613,310 (2025 - $362,518 and $679,395) was recognized during the three and six months ended June 30, 2026, respectively.

12. REVENUE

The following table presents the Company's sale revenue disaggregated by product type for the three and six months ended June 30, 2026 and 2025:

	Three months ended		Six months ended	
	2026	2025	2026	2025
Natural gas sales	10,804,526	9,910,413	20,297,119	16,306,969
Natural gas liquid sales	10,834	63,569	44,078	87,456
Total sales revenue	**10,815,360**	**9,973,982**	**20,341,197**	**16,394,425**

As at June 30, 2026, receivables from contracts with customers, which are included in accounts receivable, were $10,913,873 (December 31, 2025 - $4,118,574). For the six months ended June 30, 2026, the Company had four external customers that each constituted more than 10% of commodity sales from production. Revenue from each of the four customers ranged from $3.8 million to $4.5 million, representing approximately 19.5% to 22.8% of the Company's total revenue in each case.

13. NET FINANCE EXPENSE

The components of net finance expense for the three and six months ended June 30, 2026 and 2025, are as follows:

	Three months ended		Six months ended	
	2026	**2025**	**2026**	**2025**
Interest income	(67,170)	(50,727)	(101,984)	(112,329)
Bank/trust fees	203,427	73,590	365,912	149,026
Interest and fees on convertible debentures	231,029	242,631	474,649	476,701
Interest and fees on Macquarie debt	1,041,038	1,661,057	3,440,464	3,487,313
Accretion on decommissioning obligations	63,798	32,431	110,845	64,520
Accretion on liability component of convertible debentures	229,027	203,791	464,773	391,915
Accretion on lease obligations	423,282	1,330,661	2,667,487	2,024,317
Amortization of transaction costs on Macquarie Financing	616,873	636,536	1,207,703	1,252,598
Gain on lease modifications	(212,960)	-	(212,960)	-
Total net finance expense	**2,528,344**	**4,129,970**	**8,416,889**	**7,734,061**

14. OTHER EXPENSES

The components of other expenses for the three and six months ended June 30, 2026 and 2025, are as follows:

	Three months ended		Six months ended	
	2026	**2025**	**2026**	**2025**
Expenses incurred toward asset disposition (Note 4)	6,900	194,652	5,542,209	823,544
Colombian wealth tax levy (recovery)	(65,734)	-	750,869	-
Contract settlement through cash payments	-	-	375,000	-
Interest penalties	92,656		102,656	-
Total other expenses	**33,822**	**194,652**	**6,770,734**	**823,544**

During the three and six months ended June 30, 2026, the Company incurred expenses of $6,900 and $5,542,209 (2025 - $194,652 and $823,544) in relation to the asset disposition. As well, during the six months ended June 30, 2026, the Company terminated certain existing contracts with counterparties through settlement arrangements. Termination agreements with these counterparties resulted in cash settlement payments in the sum of $375,000. Lastly, during the three and six months ended June 30, 2026, the Company recognized $92,656 and $102,656 in interest penalties for delayed payments to third parties.

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

Accordingly, the Company recognized an expense of $750,869 during the six months ended June 30, 2026, related to the Colombian equity tax, a reduction of $65,734 from the original estimated amount recognized during the three months ended June 30, 2026. The Company has classified the tax as "other expense" based on management's assessment of the nature of the levy under IFRS and applicable Colombian tax legislation.

The Colombian equity tax was enacted pursuant to emergency governmental measures and remains subject to ongoing legal and constitutional review in Colombia. Management will continue to monitor developments associated with the legislation and will adjust the recorded liability and related disclosures as additional information becomes available.

15. RELATED PARTIES

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

During the three and six months ended June 30, 2026 and 2025, the Company incurred expenditures of $421,585 and $772,413, respectively, in royalties paid to directors of the Company or to organizations that are affiliated with directors of the Company (2025 - $272,242 and $530,084). 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 June 30, 2026, the balance of royalties payable to these related parties was $317,734.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

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

Credit risk

Credit risk reflects the risk of loss if counterparties do not fulfill their contractual obligations. The carrying amount of cash and cash equivalents, deposits in escrow, accounts receivable, tax instalments and receivable, VAT receivable and restricted cash represent the maximum credit exposure. As at June 30, 2026, the Company had $65,367 (December 31, 2025 - $62,894) in restricted cash towards lease arrangements.

As at June 30, 2026, the Company had $16,969,427 (December 31, 2025 - $7,421,689) in accounts receivable (see Note 3), which are substantially made up of 1) receivables with customers in the oil and gas industry and are subject to normal industry credit risks, and 2) receivables owed by joint operation partners to the Company for joint operations managed under joint operating agreements. Tax instalments and receivables of $1,127,323 (December 31, 2025 - $9,662,649) constitute income tax remittances paid to Colombian tax authorities to be utilized against taxes assessed to the Company in futures years. The Company does not consider any of its receivables past due. For the six months ended June 30, 2026, 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 $2,181,507 as of June 30, 2026 (December 31, 2025 - $1,993,214), which is classified as a non-current asset. The Company considers these VAT balances to be collectible in the future as such VAT amounts will be utilized to offset future VAT charged on sales realized by the Company on future oil and condensate production that would otherwise be required to be paid to the Colombian tax authorities.

As at June 30, 2026, the Company held cash and cash equivalents of $33,232,310 (December 31, 2025 - $6,846,233). 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 June 30, 2026:

	Within 1 Year	Year 2	Years 3-5	Thereafter	Total
Trade accounts payable	15,418,119	-	-	-	15,418,119
Royalties payable	4,448,249	-	-	-	4,448,249
Capital payables	7,787,513	-	-	-	7,787,513
Joint operation payables	7,357,264	-	-	-	7,357,264
Lease obligation payments (1)	2,404,242	2,285,046	6,646,065	8,896,375	20,231,728
Convertible debentures - interest	798,536	-	-	-	798,536
Convertible debentures - principal (1)	-	11,820,549	-	-	11,820,549
Macquarie Debt - interest (2)	2,359,066	1,052,671	156,539	-	3,568,276
Macquarie Debt - principal (1)	9,363,636	10,000,000	3,636,364	-	23,000,000
	49,936,625	**25,158,266**	**10,438,968**	**8,896,375**	**94,430,234**

(1) Represents undiscounted face value of debt balances and lease obligations outstanding as of each respective date presented.
(2) Presumed interest rate of 11.2% over the life of the debt.

Market risk

Market risk is the risk or uncertainty that changes in price, such as commodity prices, foreign exchange rates, and interest rates will affect the Company's net earnings and the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. From time to time, the Company may utilize financial derivative contracts to manage market risks in accordance with the risk management policy that has been approved by the Board of Directors. There were no financial derivative contracts or embedded derivatives outstanding at June 30, 2026, nor at December 31, 2025.

Commodity price risk

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

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign currency exchange rates. Some of the Company's business transactions and commitments occur in currencies other than US dollars. A portion of the Company's oil and natural gas activities in Colombia transact in Colombian Peso (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 June 30, 2026, the Company had not entered into any foreign currency derivatives to manage its exposure to currency fluctuations, nor were there any foreign currency derivatives as at the previous year ended December 31, 2025.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in prevailing market interest rates. Fluctuations of interest rates for the three and six months ended June 30, 2026 and 2025, would not have had a significant impact on cash and cash equivalents and short-term investments. Furthermore, the Company is not currently exposed to interest rate risk on its interest-bearing loans given these debt instruments are all subject to fixed interest rates.

Capital management

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

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

	June 30, 2026	**December 31, 2025**
Convertible debentures (May 2022)	11,820,549	12,255,217
Macquarie debt	23,000,000	23,000,000
Lease obligations	20,231,728	157,823,225
Total debt	55,052,277	193,078,442
Working capital deficit (surplus) (1)	(15,714,716)	25,290,580
Net debt	**39,337,561**	**218,369,022**

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

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

Fair value of financial instruments

The carrying values of cash and cash equivalents, accounts receivable, prepaids, VAT receivable, restricted cash, accounts payables and accrued liabilities and promissory notes approximate their fair values at June 30, 2026. The liability component of convertible debentures and Macquarie Debt are carried at amortized cost. As at June 30, 2026, the fair value of the convertible debentures was $15.7 million, and the fair value of the Macquarie Debt approximated the carrying value of the debt at $22.5 million.

17. COMMITMENTS

Capital commitments

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

Block	2026	2027	Total
Sinu-9 Block (1)	-	1.8	**1.8**
Tiburon Block (2)	3.0	-	**3.0**
Maria Conchita Block (3)	-	-	**0.0**
Total	**3.0**	**1.8**	**4.8**

1) NG Energy's ANH commitment relates to the Company's go-forward 39% working interest (i.e. "net") in the Sinú-9 Block subsequent to the closing of the Sinú-9 Transactions. Pursuant to approved amendment to the E&P Contract, the existing ANH commitment for the current Phase 1 contractual exploration program consists of the acquisition, processing, and interpretation of 60 km^2 of 3D seismic for a referenced value of $4.7 million ($1.8 million net). The current deadline for completion of the Phase 1 commitment was extended by the ANH to July 2027. The Company, jointly with M&P as operator, have submitted a proposal to the ANH to extend the current Phase 1 deadline until January 2029, offering a further commitment of the acquisition, processing, and interpretation of an additional 60 km^2 of 3D seismic for a total Phase 1 commitment of 120 km^2 of 3D seismic. As of the date of this MD&A, this extension request is under review by the ANH.

2) Under the terms of the Tiburon purchase agreement, NG Energy's carry requirement of the ANH commitment is to acquire, process, and interpret 69.75 km^2 of 3D seismic according to Phase 3 of the contractual exploration program. A proposal has been submitted to request that the ANH approve to amend the Phase 3 commitment to the drilling of a stratigraphic well. Subject to ANH approval, completion of the stratigraphic well would entitle NG Energy to request the assignment and registration of a 20% working interest in the Tiburon Block. As of the date of this MD&A, the proposed amendment to the exploration program and the corresponding extension of Phase 3 commitment deadlines remain under review by the ANH. Previously reported community disputes in the region have now been resolved, thus current exploration activities now depend upon the outcome of the ANH's review of the proposed exploration program. The Company currently presents capital commitments for the existing 3D seismic exploration program that would commence in 2026 if the current proposal to the ANH is not approved.

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 May 2026, the Company maintains a build-own-operate-maintain-transfer agreement (the "BOOMT Agreement") with GTX International Corp. ("GTX") pursuant to which GTX has built production facilities and pipeline (the "Treatment 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 compression equipment to adequately handle the gas volumes. The BOOMT

Agreement outlines the arrangement, pursuant to the amended terms, wherein NG Energy has agreed to pay a fixed monthly fee for utilization of the Treatment Facilities until September 2035 (the "Guaranteed Commitment"), annually adjusted to the Consumer Price Index. At the termination of the BOOMT Agreement, ownership of the Treatment 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 is disclosed as such in Note 8.

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

18. ARBITRATION PROCEEDINGS

In February 2026, arbitration proceedings concluded before the London Court of International Arbitration in relation to a dispute initiated by a certain royalty holder (the "Claimant") wherein the Company and certain wholly-owned subsidiaries were named as respondents. The Claimant alleged 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, most of which balance has been paid by the Company to the Claimant in 2026. The other claims alleged 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. While the Company has never refuted the obligation for the outstanding royalties owed to the Claimant, the Company has disputed these other claims during the arbitration proceedings and maintained that they are without merit.

In a ruling communicated in July 2026 by the London Court of International Arbitration to each of the Claimant and the Company, the arbitrator has dismissed each of the other claims for alleged losses suffered by the Claimant beyond outstanding royalties owed made by the Claimant. As such, the only pending matter remaining from the arbitrator is the final determination of total outstanding royalties owed and potential late payment interest. 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, with several royalty payments having been completed to the Claimant during the 2026 year. The Company currently awaits the arbitrator's assessed calculation of royalties and interest owed for comparison to those royalties calculated, accrued and/or already paid by the Company to the Claimant.

19. SEGMENTED INFORMATION

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

20. SUPPLEMENTAL CASH FLOW INFORMATION

Information regarding changes in non-cash working capital for the three and six months ended June 30, 2026 and 2025 is as follows:

	Three months ended		Six months ended	
	2026	**2025**	**2026**	**2025**
Receivables and prepaids	2,142,330	(7,051,006)	(1,079,948)	(6,873,216)
Inventory	4,744	-	(27,369)	-
VAT receivable	(134,370)	89,819	(188,293)	(203,964)
Payable and accrued liabilities	(3,352,667)	7,776,871	2,862,176	5,101,597
Change in non-cash working capital	**(1,339,963)**	**815,684**	**1,566,566**	**(1,975,583)**
Relating to:				
Operating activities	(10,499,525)	(528,147)	232,840	(3,470,089)
Investing activities	9,159,562	1,343,831	1,333,726	1,494,506
Change in non-cash working capital	**(1,339,963)**	**815,684**	**1,566,566**	**(1,975,583)**

21. SUBSEQUENT EVENTS

Amendment to Macquarie Credit Agreement

In July 2026, the Company successfully negotiated certain amendments to the Credit Agreement for the term debt facility and letter of credit facility maintained with Macquarie. Among those amendments established were the following key items:

- Reduction of applicable margin rate range by 1.0% from 8.5% to 7.5% with additional reductions possible if certain levels of gas production and proven reserves are achieved.
- Reduction of requirements of the Company regarding environmental and social action plans for gas operations.
- Streamlining of administrative processes and reduction of certain administrative fees previously required under the Credit Agreement thus reducing costs of debt servicing to the Company.

Warrant Exercises

Subsequent to June 30, 2026, 23,266,000 warrants were exercised resulting in the issuance of 23,266,000 common shares.