



NG ENERGY

NG ENERGY INTERNATIONAL CORP

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

SEPTEMBER 30, 2025

NG ENERGY INTERNATIONAL CORP.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited, expressed in U.S. Dollars)

September 30, 2025

December 31, 2024

Assets

Current Assets

Cash and cash equivalents	13,785,686	8,185,473
Accounts receivable (Note 15)	15,930,171	6,848,896
Prepays	1,303,637	862,875
Current portion of restricted cash (Note 4)	8,264,233	-
Inventory	165,249	165,249
Assets held for sale (Note 6)	51,917,162	21,025,601
	91,366,138	37,088,094

Non-current Assets

Non-current portion of restricted cash (Note 4)	38,961	8,211,023
VAT receivable (Note 16)	1,919,635	2,684,350
Advances to Acquisition (Note 18)	2,625,000	-
Property, plant and equipment (Note 5)	139,095,560	65,485,452

Total Assets	235,045,294	113,468,919
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Liabilities

Current Liabilities

Accounts payable and accrued liabilities (Note 15)	26,969,322	14,915,586
Current portion of lease obligations (Note 9)	16,321,147	6,289,994
Current portion of debt (Note 7)	9,241,928	9,417,158
Deferred consideration (Note 6)	40,000,000	-
Liabilities held for sale (Note 6)	26,645,842	680,489
	119,178,239	31,303,227

Non-current Liabilities

Liability component of convertible debentures (Note 8)	10,423,305	9,495,824
Non-current portion of lease obligations (Note 9)	69,465,053	11,103,651
Non-current portion of debt (Note 7)	6,826,667	13,741,072
Decommissioning obligations	3,901,992	3,001,993

Total Liabilities	209,795,256	68,645,767
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Shareholders' Equity

Share capital (Note 10a)	188,527,083	185,699,902
Contributed surplus	32,925,669	33,989,530
Warrants (Note 10c)	16,156,272	16,157,104
Equity component of convertible debentures (Note 8)	499,320	499,320
Deficit	(212,373,561)	(191,362,619)
Accumulated other comprehensive loss	(484,745)	(160,085)

Total Shareholders' Equity	25,250,038	44,823,152
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Total Liabilities and Shareholders' Equity	235,045,294	113,468,919
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Going concern (Note 2)

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 LOSS AND COMPREHENSIVE LOSS

For the three and nine months ended September 30

(Unaudited, expressed in U.S. Dollars)	Three months ended		Nine months ended	
	2025	2024	2025	2024
Revenue:				
Natural gas and LNG sales (Note 12)	13,903,877	9,059,306	30,298,302	29,498,087
Royalty expense	(3,468,988)	(1,528,498)	(8,190,272)	(4,834,286)
Revenues, net of royalties	10,434,889	7,530,808	22,108,030	24,663,801
Expenses:				
Operating expenses	4,472,822	1,393,909	12,660,175	4,319,810
General and administrative	2,677,579	2,226,176	6,670,392	5,273,689
Share-based compensation (Note 10b & 11)	650,483	2,782,391	1,561,719	6,292,607
Exploration and evaluation expense	48,283	53,062	165,264	166,545
Depletion and depreciation (Note 5)	3,658,403	2,345,250	7,665,305	7,238,286
Impairment loss (Note 8)	-	-	-	9,679,592
Net finance expense (Note 13)	5,861,484	3,997,521	13,595,545	11,446,010
Debt settlement costs	-	-	-	22,927,667
Other expenses (Note 14)	1,002,241	726,667	1,825,785	2,750,906
Foreign exchange (gain) loss	(819,767)	(52,926)	(1,025,213)	715,836
	17,551,528	13,472,050	43,118,972	70,810,948
Loss before income taxes	(7,116,639)	(5,941,242)	(21,010,942)	(46,147,147)
Current income tax expense	-	791,155	-	364,506
Net loss	(7,116,639)	(5,150,087)	(21,010,942)	(45,782,641)
Other comprehensive loss				
Foreign currency translation adjustment	229,619	(300,346)	(324,660)	1,273,882
Comprehensive Loss	(6,887,020)	(5,450,433)	(21,335,602)	(44,508,759)
Loss per share – basic and diluted (Note 10d)	(0.03)	(0.02)	(0.08)	(0.23)
Weighted average number of common shares outstanding	258,345,644	227,373,905	257,458,992	199,929,614

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 nine months ended September 30

	Three months ended		Nine months ended	
	2025	2024	2025	2024
<i>(Unaudited, expressed in U.S. Dollars)</i>				
Operating Activities				
Net loss	(7,116,639)	(5,150,087)	(21,010,942)	(45,782,641)
Items not affecting cash:				
Impairment loss (Note 8)	-	-	-	9,679,592
Depletion and depreciation (Note 5)	3,658,403	2,345,250	7,665,305	7,238,286
Share-based compensation (Note 10b & 11)	650,483	2,782,391	1,561,719	6,292,607
Unrealized foreign exchange (gain) loss	(287,587)	(269,165)	(630,722)	364,121
Net finance expense (Note 13)	5,861,484	3,997,521	13,595,545	11,446,010
Debt settlement costs	-	-	-	22,927,667
Other expenses (Note 14)	1,002,241	-	1,825,785	1,502,000
Change in non-cash working capital (Note 20)	4,091,248	2,615,436	621,159	2,574,399
Cash provided by operating activities	7,859,633	6,321,346	3,627,849	16,242,041
Investing Activities				
Cash proceeds on Transaction (Note 6)	20,000,000	-	40,000,000	-
Transaction costs paid on Transaction (Note 6)	(265,509)	-	(1,089,053)	-
Cash payments toward SN-9 acquisition (Note 18)	(2,625,000)	-	(2,625,000)	-
Property, plant and equipment additions (Note 5)	(8,697,536)	(1,746,812)	(14,069,132)	(3,246,053)
Exploration and evaluation asset additions	-	(4,240,284)	-	(11,812,704)
Change in restricted cash	768,018	933,176	(87,815)	(482,531)
Change in non-cash working capital (Note 20)	444,017	1,715,718	1,938,523	(3,392,507)
Cash provided by (used in) investing activities	9,623,990	(3,338,202)	24,067,523	(18,933,795)
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)	(2,500,000)	(9,000,000)	(2,500,000)
Cash paid on conversion/redemption of convertible debentures	-	-	-	(24,539,445)
Proceeds on private placement	-	22,285,396	-	22,285,396
Transaction costs paid on private placement	-	(1,181,079)	-	(1,181,079)
Proceeds from short-term loans	-	(500,000)	-	500,000
Proceeds on option exercises (Note 15b)	73,988	302,848	181,980	328,498
Proceeds on warrant exercises (Note 10c)	-	8,542	18,789	8,542
Proceeds released from escrow	-	-	-	1,554,036
Interest income	68,541	66,134	180,870	381,764
Interest expense paid	(1,881,683)	(2,227,633)	(5,994,723)	(6,442,806)
Lease payments, principal and interest	(4,257,931)	(1,824,570)	(8,124,084)	(5,463,386)
Change in non-cash working capital (Note 20)	-	(789,316)	-	289,254
Cash provided by (used in) financing activities	(8,997,085)	13,640,322	(22,737,168)	20,617,554
Net change in cash	8,486,538	16,623,466	4,958,204	17,925,800
Foreign exchange gain (loss) on cash	336,091	57,374	642,009	(85,767)
Change in cash	8,822,629	16,680,840	5,600,213	17,840,033
Cash, beginning of period	4,963,057	2,453,615	8,185,473	1,294,422
Cash, end of period	13,785,686	19,134,455	13,785,686	19,134,455

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	-	-	-	-	-	(21,010,942)	-	(21,010,942)
Shares issued through option exercise	625,000	330,371	(148,391)	-	-	-	-	181,980
Shares issued through warrant exercise	25,000	19,621	-	(832)	-	-	-	18,789
Shares issued through compensation unit settlement	3,036,250	2,477,189	(2,477,189)	-	-	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	-	(324,660)	(324,660)
Share-based compensation	-	-	1,561,719	-	-	-	-	1,561,719
Balance at September 30, 2025	258,698,090	188,527,083	32,925,669	16,156,272	499,320	(212,373,561)	(484,745)	25,250,038

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	-	-	-	-	-	(45,782,641)	-	(45,782,641)
Shares issued through option exercise	770,000	589,335	(260,837)	-	-	-	-	328,498
Shares issued through warrant exercise	13,000	9,094	-	(552)	-	-	-	8,542
Shares issued for debt settlement	2,000,000	1,502,000	-	-	-	-	-	1,502,000
Conversion of debentures	85,731,098	47,317,917	-	-	(1,860,622)	-	-	45,457,295
Redemption of debentures	-	-	94,346	-	(94,346)	-	-	-
Shares issued through private placement, net of costs	28,572,000	21,104,317	-	-	-	-	-	21,104,317
Warrants issued under Macquarie debt financing	-	-	-	8,891,132	-	-	-	8,891,132
Warrants expired	-	-	1,639,168	(1,639,168)	-	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	-	1,273,882	1,273,882
Share-based compensation	-	-	6,292,607	-	-	-	-	6,292,607
Balance at September 30, 2024	254,536,840	185,164,207	33,557,543	13,710,990	499,320	(183,446,679)	(318,397)	49,166,984

(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 September 30, 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 ("TSXV") 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 nine months ended September 30, 2025, the Company recognized a net loss of \$21.0 million and cash provided by operating activities of \$3.6 million. As of September 30, 2025, the Company had a working capital deficiency of \$27.8 million, including cash and cash equivalents of \$13.8 million. For 2025, the Company has contractually committed exploration and development amounts of \$8.0 million, of which the Company believes \$5.0 million has been fulfilled with the drilling of the Aruchara-4 well (see Note 17). As of September 30, 2025, the Company has current debt repayment obligations of \$9.2 million as outlined in Note 7, and current lease obligations of \$16.3 million as outlined in Note 9. The Company anticipates continued increases in gas production from existing gas concessions in the near term, 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 initial payments of \$40 million to date, with receipt of the remaining cash consideration payable 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 September 30, 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 November 25, 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

	September 30, 2025	December 31, 2024
Debt Service and Debt Service Reserve	8,264,233	8,178,514
Office Lease Escrow Deposit	38,961	32,509
Total	8,303,194	8,211,023
Current portion	8,264,233	-
Non-current portion	38,961	8,211,023
Total	8,303,194	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 according to the debt arrangement. As of September 30, 2025, the Company maintained a total deposited balance of \$8.3 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 September 30, 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	203,235	6,756,132
Revision of ROU assets	-	-	1,139,704	1,139,704
Termination of ROU assets	-	-	(5,404,066)	(5,404,066)
Revision of asset retirement estimate	1,151,523	-	-	1,151,523
Transfer to held for sale (Note 6)	(21,025,601)	-	-	(21,025,601)
Balance, December 31, 2024	56,164,958	463,848	23,328,836	79,957,642
Capital additions	14,059,088	10,044	51,861,107	65,930,239
Revision of ROU assets	-	-	45,438,582	45,438,582
Revision of asset retirement estimate	798,153	-	-	798,153
Transfer to held for sale (Note 6)	(3,008,125)	-	(27,883,436)	(30,891,561)
Balance, September 30, 2025	68,014,074	473,892	92,745,089	161,233,055

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	3,780,029	51,567	3,833,709	7,665,305
Balance, September 30, 2025	13,087,172	353,486	8,696,837	22,137,495

Net book value

Balance, December 31, 2024	46,857,815	161,929	18,465,708	65,485,452
Balance, September 30, 2025	54,926,902	120,406	84,048,252	139,095,560

As at September 30, 2025, the balance of D&P consisted of the oil and gas properties of the Maria Conchita Block CGU and the Sinú-9 Block CGU. Future development costs in the amount of \$115.9 million were included in depletion calculated for the nine months ended September 30, 2025 (\$129.4 million - December 31, 2024). As at September 30, 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% working interest in the Sinú-9 Block to Maurel & Prom for total cash consideration of \$150 million (the "M&P Transaction"), with an effective date of February 1, 2025. Maurel & Prom will assume its proportional share of NGE's carry commitments related to Sinú-9 on closing of the M&P Transaction. Payment terms of cash consideration payable to the Company are as follows, subject to the terms of adjustment outlined in the APA:

- \$20 million paid as an initial payment (the "Initial Payment");
- \$20 million that was paid to the Company in July 2025;

NG ENERGY INTERNATIONAL CORP
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended September 30, 2025 and 2024 (unaudited)

- \$50 million to be paid to the Company upon completion of the M&P Transaction;
- \$30 million to be paid to the Company three months after completion of the M&P Transaction; and
- \$30 million to be paid to the Company six months after completion of the M&P Transaction.

As at September 30, 2025, the Company recognizes a current liability of “deferred consideration” for the \$40 million in advance consideration received from M&P.

The Company has agreed that \$10 million from the Initial Payment received in February 2025 will be used exclusively in respect of the operations at Sinú-9. In connection with the M&P 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 M&P Transaction.

As at September 30, 2025, in relation to the M&P Transaction described above, the Company maintains a portion of its beneficial interest in the Sinú-9 Block concession as “held for sale.” This classification consists of D&P of \$24.0 million (December 31, 2024 - \$21.0 million) and ROU of \$27.9 million (December 31, 2024 - \$nil) to current assets held for sale and decommissioning obligations of \$0.7 million (December 31, 2024 - \$0.7 million) and lease obligations of \$26.0 million (December 31, 2024 - \$nil) to current liabilities held for sale. The assessed fair value of these net assets less costs to sell is \$150 million. Given the fair value less costs to sell exceeds the net carrying amount, no impairment loss is recognized as a result of this classification.

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 September 30, 2025, the Company had disbursed \$1.1 million towards expenses incurred in relation to the M&P 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 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 September 30, 2025, 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 through 2025 and 2026, \$1.75 million through 2027, and \$1.0 million through 2028.

NG ENERGY INTERNATIONAL CORP
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended September 30, 2025 and 2024 (unaudited)

A summary of the outstanding Macquarie debt as at September 30, 2025, is as follows:

Total commitment	50,000,000
Amount drawn	26,000,000
Amount drawn, net of unamortized issue costs	16,068,595
Current portion	9,241,928
Non-current portion	6,826,667

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 September 30, 2025, a total of \$12.7 million of the LC Facility was being utilized for said work commitments guarantees.

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 September 30, 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 TSXV 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 September 30, 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	605,869	-	-	605,869
Impact of foreign exchange	321,612	-	-	321,612
Balance, September 30, 2025	10,423,305	499,320	2,354,764	13,277,389

NG ENERGY INTERNATIONAL CORP
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended September 30, 2025 and 2024 (unaudited)

9. LEASE OBLIGATIONS

As at September 30, 2025, the Company had service agreements related to natural gas operations in Colombia. The Company recognized right-of-use assets and corresponding lease obligations relating to 1) the construction, ownership, maintenance, and transfer agreement (“BOOMT Agreement”) with GTX International Corp. (“GTX”); 2) the natural gas transportation services agreement with INFRAES SAS ESP (“INFRAES”); and 3) the gathering and processing services agreement with Surenergy SAS ESP (“Surenergy”). Please refer to Note 17 for “Contractual Commitments” regarding details of each of these service agreements. Furthermore, the Company has office lease agreements also in Colombia, for which the Company has recognized right-of-use assets and corresponding lease obligations. The presented lease obligations have a discount rate between 16.33% and 16.76% (2024 – 16.33%). A continuity of lease obligations is presented below.

	GTX	Surenergy	INFRAES	Office Leases	Total
Balance, December 31, 2023	19,150,569	4,682,901	-	-	23,833,470
Additions	-	-	-	203,235	203,235
Adjustment to lease terms	1,044,140	95,564	-	-	1,139,704
Interest expense	2,988,424	724,815	-	16,073	3,729,312
Lease payments	(5,952,920)	(1,397,434)	-	(37,967)	(7,388,321)
Lease termination	-	(4,105,846)	-	-	(4,105,846)
Foreign exchange	-	-	-	(17,909)	(17,909)
Balance, December 31, 2024	17,230,213	-	-	163,432	17,393,645
Additions	-	28,701,367	23,159,740	-	51,861,107
Adjustment to lease terms	45,391,806	(347,243)	386,576	7,443	45,438,582
Transfer to held for sale	-	(15,652,665)	(10,312,687)	-	(25,965,352)
Interest expense	2,511,960	1,412,097	1,220,782	18,773	5,163,612
Lease payments	(4,908,815)	(1,591,423)	(1,563,551)	(60,295)	(8,124,084)
Foreign exchange	-	-	-	18,690	18,690
Balance, September 30, 2025	60,225,164	12,522,133	12,890,860	148,043	85,786,200
Current portion	11,624,600	2,518,675	2,079,039	98,833	16,321,147
Non-current portion	48,600,564	10,003,458	10,811,821	49,210	69,465,053
Total	60,225,164	12,522,133	12,890,860	148,043	85,786,200

Future lease payments as at September 30, 2025, are as follows:

	Less than 1 year	1-2 years	Thereafter	Total
GTX	11,624,600	11,862,500	94,022,500	117,509,600
Surenergy	2,518,675	2,518,675	19,107,429	24,144,779
INFRAES	2,079,039	2,079,039	15,772,219	19,930,297
Office Leases	98,833	71,770	-	170,603
Total	16,321,147	16,531,984	128,902,148	161,755,279

NG ENERGY INTERNATIONAL CORP
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended September 30, 2025 and 2024 (unaudited)

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 September 30, 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 option exercise	625,000	330,371
Shares issued through compensation unit settlement	3,036,250	2,477,189
Balance, September 30, 2025	258,698,090	188,527,083

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 September 30, 2025, a total of 10,266,893 (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	0.9213
Options issued	300,000	1.18
Options exercised	(1,120,000)	0.69
Options expired	(1,040,000)	1.07
Balance, December 31, 2024	10,941,893	0.94
Options exercised	(625,000)	0.40
Options expired	(50,000)	1.18
Balance, September 30, 2025	10,266,893	0.97

NG ENERGY INTERNATIONAL CORP
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended September 30, 2025 and 2024 (unaudited)

The following summarizes information about stock options outstanding as at September 30, 2025:

Exercise prices (C\$)	Number of options outstanding	Weighted average term to expiry (years)	Number of options exercisable
0.275	611,000	4.73	611,000
0.45	1,125,000	3.71	1,125,000
0.91	1,325,000	5.79	1,325,000
1.00	2,350,000	5.05	2,350,000
1.14	1,745,893	6.67	1,745,893
1.18	3,100,000	3.08	1,500,000
8.00	10,000	1.86	10,000
	10,266,893	4.66	8,666,893

The value of the stock options vesting in the three and nine months ended September 30, 2025, equaled \$157,875 and \$389,716 (September 30, 2024 - \$226,150 and \$651,105), respectively, which was expensed as share-based payments.

c) Warrants

As at September 30, 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:

	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, September 30, 2025	102,377,943	1.02

The following summarizes information about total purchase warrants outstanding as at September 30, 2025:

Exercise prices (C\$)	Number of warrants outstanding	Weighted average term to expiry (years)	Number of warrants exercisable
0.90	34,987,000	0.83	34,987,000
1.00	26,457,143	3.25	26,457,143
1.08	34,075,000	2.17	34,075,000
1.40	6,858,800	1.64	6,858,800
	102,377,943	1.96	102,377,943

In August 2025, with the approval of the TSXV, the Company extended the expiry date of share purchase warrants to purchase up to 34,075,000 common shares at an exercise price of C\$1.08 per common share to November 30, 2027. The warrants were originally set to expire on November 30, 2025.

NG ENERGY INTERNATIONAL CORP
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended September 30, 2025 and 2024 (unaudited)

d) Loss per share

For the purposes of the loss per share calculations for the three and nine months ended September 30, 2025 and 2024, there is no difference between the basic loss per share and the diluted loss per share amounts. For the three and nine months ended September 30, 2025, 10,266,893 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 issued	-	-	300,000
Units settled	(1,600,000)	(1,436,250)	-
Balance, September 30, 2025	340,000	1,561,250	6,432,500

The following summarizes information about compensation units outstanding as at September 30, 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	298,750
PSUs	3 tranches vesting based on milestone criteria, with minimum vesting period of one year (vest date of September 2024)	5,235,000
	4 tranches vesting based on milestone criteria, with minimum vesting period of one year (vest date of August 2025)	597,500
	4 tranches vesting based on milestone criteria, with minimum vesting period of one year (vest date of September 2025)	300,000
	4 tranches vesting based on milestone criteria, with minimum vesting period of one year (vest date of April 2026)	300,000

Share-based compensation relating to RSUs, PSUs and DSUs of \$492,608 and \$1,172,003 was recognized during the three and nine months ended September 30, 2025 (2024 - \$2,556,241 and \$5,641,502).

NG ENERGY INTERNATIONAL CORP
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended September 30, 2025 and 2024 (unaudited)

12. REVENUE

The following table presents the Company's sale revenue disaggregated by product type for the three and nine months ended September 30, 2025 and 2024:

	Three months ended		Nine months ended	
	2025	2024	2025	2024
Natural gas sales	13,857,428	8,991,219	30,164,397	29,255,088
Natural gas liquid sales	46,449	68,087	133,905	242,999
Total sales revenue	13,903,877	9,059,306	30,298,302	29,498,087

As at September 30, 2025, receivables from contracts with customers, which are included in accounts receivable, were \$5,462,553 (December 31, 2024 - \$3,464,377). For the nine months ended September 30, 2025, the Company had five 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 and nine months ended September 30, 2025 and 2024, are as follows:

	Three months ended		Nine months ended	
	2025	2024	2025	2024
Interest income	(68,541)	(66,134)	(180,870)	(381,764)
Bank/trust fees	101,042	67,849	250,068	195,609
Interest and fees on convertible debentures	243,803	246,286	720,504	2,029,916
Interest and fees on promissory notes	-	10,383	-	128,416
Interest and fees on Macquarie debt	1,536,838	1,903,115	5,024,151	4,088,865
Accretion on decommissioning obligations	37,326	24,075	101,846	72,363
Accretion on liability component of convertible debentures	213,954	181,351	605,869	987,296
Accretion on lease obligations	3,139,295	908,286	5,163,612	2,817,881
Amortization of transaction costs on Macquarie Financing	657,767	722,310	1,910,365	1,507,428
Total net finance expense	5,861,484	3,997,521	13,595,545	11,446,010

14. OTHER EXPENSES

The components of other expenses for the three and nine months ended September 30, 2025 and 2024, are as follows:

	Three months ended		Nine months ended	
	2025	2024	2025	2024
Expenses incurred toward the Transaction (Note 6)	265,509	-	1,089,053	-
Writeoff of Colombian VAT balances	736,732	-	736,732	-
Contract settlement through cash payments	-	726,667	-	1,248,906
Contract settlement through issuance of shares	-	-	-	1,502,000
Total other expenses	1,002,241	726,667	1,825,785	2,750,906

NG ENERGY INTERNATIONAL CORP
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended September 30, 2025 and 2024 (unaudited)

During the three and nine months ended September 30, 2025, the Company incurred expenses of \$0.3 million and \$1.1 million in relation to the M&P Transaction. As well, during the nine months ended September 30, 2025, the Company also recognized \$0.7 million in the write-off of Colombian VAT balances as part of a VAT amendment process undertaken by the Company.

During the three and nine months ended September 30, 2024, the Company terminated certain existing contracts with counterparties through settlement arrangements. Termination agreements with these counterparties resulted in settlement payments through the issuance of common shares as well as cash payments in the sum of \$0.7 million and \$2.8 million, respectively.

15. RELATED PARTIES

During the three and nine months ended September 30, 2025 and 2024, there were separate related party transactions as follows:

- a) For the three and nine months ended September 30, 2025, the Company incurred expenditures of \$305,359 and \$834,211, respectively, in royalties paid to directors of the Company or to organizations that are affiliated with directors of NG Energy (2024 - \$352,547 and \$1,139,711).
- b) For the three and nine months ended September 30, 2024, the Company incurred expenditures of \$9,362 and \$29,288, respectively, 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 September 30, 2025, the Company had \$8,303,194 (December 31, 2024 - \$8,211,023) in restricted cash towards development activity and joint operations in Colombia (see Note 4).

As at September 30, 2025, the Company had \$15,930,171 (December 31, 2024 - \$6,848,896) in accounts receivable, which are substantially made up of 1) receivables with customers in the oil and gas industry and are subject to normal industry credit risks, 2) receivables owed by JV partners to the Company for joint operation managed under joint

NG ENERGY INTERNATIONAL CORP
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended September 30, 2025 and 2024 (unaudited)

operating agreements, and 3) income tax remittances paid to Colombian tax authorities to be utilized against taxes assessed to the Company at fiscal year end. The Company does not consider any of its receivables past due. For the nine months ended September 30, 2025, the majority of the Company's natural gas sales were to four counterparties.

The Company maintained a VAT receivable balance of \$1,919,635 as of September 30, 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 September 30, 2025, the Company held cash and cash equivalents of \$13,785,686 (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 September 30, 2025:

	Within 1 Year	Year 2	Years 3-5	Thereafter	Total
Trade accounts payable	15,141,926	-	-	-	15,141,926
Royalties payable	6,256,382	-	-	-	6,256,382
Capital payables	3,813,242	-	-	-	3,813,242
Joint venture payables	1,757,772	-	-	-	1,757,772
Lease obligation payments ⁽¹⁾	16,321,147	16,531,984	49,425,740	79,476,408	161,755,279
Convertible debentures - interest	965,275	616,704	-	-	1,581,979
Convertible debentures - principal ⁽¹⁾	-	12,065,944	-	-	12,065,944
Macquarie Debt - interest ⁽²⁾	4,208,433	2,682,399	2,103,649	-	8,994,481
Macquarie Debt - principal ⁽¹⁾	12,000,000	8,250,000	5,750,000	-	26,000,000
	60,464,177	40,147,031	57,279,389	79,476,408	237,367,005

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

2) 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 September 30, 2025 nor were there financial derivative contracts or embedded derivatives outstanding at December 31, 2024.

NG ENERGY INTERNATIONAL CORP
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended September 30, 2025 and 2024 (unaudited)

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 September 30, 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 nine months ended September 30, 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.

NG ENERGY INTERNATIONAL CORP
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended September 30, 2025 and 2024 (unaudited)

	September 30, 2025	December 31, 2024
Convertible debentures (8% May 2022)	12,065,944	11,673,501
Macquarie debt (13.8%)	26,000,000	35,000,000
Lease obligations	161,755,279	23,510,217
Total debt	199,821,223	70,183,718
Less: working capital (deficit) ⁽¹⁾	(2,249,026)	22,172,508
Net debt	202,070,249	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.

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 September 30, 2025. The liability component of convertible debentures and Macquarie Debt are carried at amortized cost. As at September 30, 2025, the fair value of the convertible debentures was \$12.1 million, and the fair value of the Macquarie Debt approximated the carrying value of the debt at \$25.9 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 Sinú-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 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 Company has submitted a request to the ANH to permit the Company to replace that seismic commitment with a commitment to drill an additional exploration well (Hechicero-1). The current deadline for completion of the Phase 1 commitments was extended by the ANH to January 2026.
- 2) Under the terms of the Tiburon purchase agreement, NG Energy's carry requirement of the ANH commitment to acquire, process, and interpret 69.75 km² of 3D seismic according to Phase 3 of the contractual exploration program to earn a 10% working interest in the Tiburon Block. Currently, operations are delayed due to community disputes in the region, with 148 days to fulfil the commitment after the local disputes are resolved and the activities carried out in the previously proposed area. The Company assumes that activities related to the permits for the new seismic survey will commence in 2025 if the dispute is resolved by the Colombian Ministry of the Interior.

NG ENERGY INTERNATIONAL CORP
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended September 30, 2025 and 2024 (unaudited)

- 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 Company completed the drilling of the requisite exploration well (Aruchara-4) in September 2025 after obtaining an extension from the ANH to October 2025 for completion of the phase commitment. The Company awaits confirmation from the ANH that the drilling of the Aruchara-4 well has fulfilled the requisite commitment.

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

Contractual commitments

Natural Gas Transportation Services – Maria Conchita

Pursuant to amended terms executed in September 2025, the Company maintains a build-own-operate-maintain-transfer agreement (the "BOOMT Agreement") with GTX International Corp. ("GTX") pursuant to which GTX has built and will operate production facilities and pipeline (the "Pipeline Facilities") with capacity of 30 million cubic feet per day ("MMcf/d") that extend from the Company's Maria Conchita Block in Colombia to existing national transportation infrastructure as well as provide and operate compression equipment to adequately handle the gas volumes. The BOOMT Agreement outlines the take-or-pay ("ToP") arrangement pursuant to which NG Energy has agreed, pursuant to the amended terms, to transport, or pay for, 25 MMcf/d through the treatment plant and Pipeline Facilities until September 2035 (the "Guaranteed Commitment") at a tariff of \$1.30/Mcf of gas, annually adjusted to the Consumer Price Index. Following the end of the term of the Guaranteed Commitment, the Company will no longer be required to pay for the full capacity of 25 MMcf/d but rather will only pay for that capacity which is used. At the termination of the BOOMT Agreement, ownership of the Pipeline Facilities will transfer to the Company. Upon review it was determined under IFRS 16 guidelines that this agreement met the criteria to be accounted for as a ROU asset and liability and has been disclosed as such in Note 5 and 9.

Natural Gas Transportation Services – Sinú-9

In May 2025, the Company formalized the long-term agreement with INFRAES for pipeline transportation services for natural gas production from the Sinú-9 Block. INFRAES constructed a 28.3-kilometer pipeline with capacity of 30 MMcf/d, connecting the Sinu-9 field to existing national transportation infrastructure. The Company will pay fixed transportation fees for the full capacity of the pipeline at \$0.75/Mcf on the first 10 MMcf/d capacity and \$0.50/Mcf on the remaining 20 MMcf/d capacity under the ToP arrangement for natural gas volumes transported over the 10-year term of the agreement, annually adjusted to the Consumer Price Index. INFRAES is responsible for all capital expenditures and maintenance and will retain ownership of the pipeline for the duration of the agreement. Upon review it was determined under IFRS 16 guidelines that this agreement met the criteria to be accounted for as a ROU asset and liability and has been disclosed as such in Note 5 and 9.

Gathering and Processing Services – Sinú-9

In May 2025, the Company formalized the long-term agreement with Surenergy to provide processing, treatment and compression services for natural gas produced from the Sinú-9 Block for the gas pipeline connecting the Sinú-9 field with the Jobo delivery point for the national transportation infrastructure. Under the terms of the agreement, Surenergy installed three compression packages of 10 MMcf/d capacity each and a dehydration plant of 40 MMcf/d capacity, at onset, with an additional 10 MMcf/d of compression available at the Company's election. The Company will pay a phased service fee of \$0.549/Mcf to \$0.569/Mcf for the 30 MMcf/d existing capacity under the ToP arrangement for natural gas volumes processed over the 10-year term of the agreement, annually adjusted to the Consumer Price Index. Surenergy is responsible for all capital expenditures and will retain ownership over the assets for the duration of the agreement. Upon review it was determined under IFRS 16 guidelines that this agreement met the criteria to be accounted for as a ROU asset and liability and has been disclosed as such in Note 5 and 9.

NG ENERGY INTERNATIONAL CORP
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended September 30, 2025 and 2024 (unaudited)

18. ACQUISITION OF MINORITY INTERESTS AT SINÚ-9 BLOCK

In July 2025, the Company and M&P agreed to acquire a collective 28% working interest (the “Minority Interests”) in Sinú-9 from the Company’s remaining minority partners of the block (the “Minority Partners”). Upon completion of the acquisitions of the Minority Interests from the Minority Partners, as well as completion of the sale to M&P of a 40% working interest in Sinú-9 Block pursuant to the M&P Transaction (see Note 6), NGE will hold a 39% working interest in Sinú-9, while M&P will hold a 61% working interest and assume operatorship of the block. The Company will pay to the Minority Partners an aggregate total of \$26.25 million. An initial deposit of \$2.625 million was paid in July 2025, which is identified as “Advances to Acquisition” on the statement of financial position. The remaining \$23.625 million is to be paid upon completion of the acquisitions of the Minority Interests. The terms of the acquisitions of the Minority Interests are generally consistent with the terms of the asset purchase agreement entered into pursuant to the M&P Transaction. 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 closing of the M&P Transaction.

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 nine months ended September 30, 2025 and 2024, is as follows:

	Three months ended		Nine months ended	
	2025	2024	2025	2024
Accounts receivable and prepaids	(2,648,821)	1,903,240	(9,522,037)	(1,460,435)
Inventory	-	75,984	-	196,719
VAT receivable	968,679	(123,325)	764,715	(430,716)
Accounts payable and accrued liabilities	6,952,139	2,475,255	12,053,736	876,324
Interest payable on Macquarie Financing	-	(799,699)	-	160,838
Interest payable on promissory notes	-	10,383	-	128,416
Adjustment for VAT write-off (Note 14)	(736,732)	-	(736,732)	-
Change in non-cash working capital	4,535,265	3,541,838	2,559,682	(528,854)
Relating to:				
Operating activities	4,091,248	2,615,436	621,159	2,574,399
Investing activities	444,017	1,715,718	1,938,523	(3,392,507)
Financing activities	-	(789,316)	-	289,254
Change in non-cash working capital	4,535,265	3,541,838	2,559,682	(528,854)