



Canadian Spirit Resources Inc.

Condensed Interim Financial Statements
(Unaudited – Prepared by Management)

For the three months ended September 30, 2025
(Expressed in Canadian Dollars)

Canadian Spirit Resources Inc.

Notice of No Auditor Review of Condensed Interim Financial Statements

The accompanying unaudited condensed interim financial statements of Canadian Spirit Resources Inc. for the three months ended September 30, 2025 and 2024 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed interim financial statements for the three months ended September 30, 2025.

Canadian Spirit Resources Inc.

Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

| As at | September 30, 2025 | June 30, 2025 |
|---|----------------------|----------------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 4,359,070 | \$ 4,089,680 |
| Accounts receivable | 4,090 | 9,619 |
| Prepaid expenses | 46,785 | 79,404 |
| | <u>4,409,945</u> | <u>4,178,703</u> |
| Non-current assets | | |
| Exploration and evaluation assets (Note 2) | 3,057,858 | 3,049,849 |
| Property, plant and equipment (Note 3) | 2,524,010 | 2,590,552 |
| Right-of-use assets (Note 4) | 12,097 | 13,441 |
| Restricted deposits (Note 5) | 1,034,700 | 1,531,540 |
| Royalty credits (Note 6) | 325,080 | 325,080 |
| | <u>6,953,745</u> | <u>7,510,462</u> |
| Total assets | \$ 11,363,690 | \$ 11,689,165 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 92,343 | \$ 224,846 |
| Decommissioning liabilities (Note 7) | 33,732 | 33,732 |
| Lease liability | 6,974 | 6,974 |
| | <u>133,049</u> | <u>265,552</u> |
| Non-current liabilities | | |
| Decommissioning liabilities (Note 7) | 2,400,805 | 2,379,139 |
| Lease liability | 9,906 | 9,906 |
| | <u>2,410,711</u> | <u>2,389,045</u> |
| Total liabilities | 2,543,760 | 2,654,597 |
| Shareholders' equity | | |
| Common shares | 124,027,558 | 124,027,558 |
| Contributed surplus | 10,594,806 | 10,594,806 |
| Deficit | (125,802,434) | (125,587,796) |
| Total shareholders' equity | 8,819,930 | 9,034,568 |
| Total liabilities and shareholders' equity | \$ 11,363,690 | \$ 11,689,165 |

Going concern and basis of presentation (Note 1)

Commitment (Note 10)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

(signed) C. William McDonald
Director

(signed) Roy Bonnell
Director

The accompanying notes are an integral part of these condensed interim financial statements.

Canadian Spirit Resources Inc.

Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

| For the three months ended September 30 | 2025 | 2024 |
|---|---------------------|--------------|
| Revenue | | |
| Petroleum and natural gas revenues | \$ - | \$ - |
| Royalty credits | - | 45,356 |
| | - | 45,356 |
| Interest and other income | 29,162 | 18,884 |
| | 29,162 | 64,240 |
| Expenses and other items | | |
| Operating costs | 37,573 | (18,404) |
| General and administrative (Note 8) | 112,029 | 174,048 |
| Depletion and depreciation (Notes 3 and 4) | 72,532 | 72,532 |
| Accretion of decommissioning liabilities (Note 7) | 20,543 | 29,581 |
| Revision to decommissioning liabilities (Note 7) | 1,123 | 277,542 |
| Share-based compensation | - | 6,741 |
| | 243,800 | 542,040 |
| Net loss and comprehensive loss for the period | \$ (214,638) | \$ (477,800) |
| Basic and diluted loss per common share | \$ 0.00 | \$ 0.00 |
| Weighted average number of shares outstanding – basic | 288,177,583 | 288,177,583 |

The accompanying notes are an integral part of these condensed interim financial statements.

Canadian Spirit Resources Inc.

Condensed Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

| For the three months ended September 30 | 2025 | 2024 |
|--|----------------|----------------|
| Share capital | | |
| 288,177,583 common shares with no par value | | |
| Balance, July 1 and September 30 | \$ 124,027,558 | \$ 124,027,558 |
| Contributed surplus | | |
| Balance, July 1 | 10,594,806 | 10,581,756 |
| Share-based compensation | - | 6,741 |
| Balance, September 30 | 10,594,806 | 10,588,497 |
| Deficit | | |
| Balance, July 1 | (125,587,796) | (106,958,026) |
| Net loss and comprehensive loss for the period | (214,638) | (477,800) |
| Balance, September 30 | (125,802,434) | (107,435,826) |
| Total shareholders' equity | \$ 8,819,930 | \$ 27,180,229 |

The accompanying notes are an integral part of these condensed interim financial statements.

Canadian Spirit Resources Inc.

Condensed Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

| For the three months ended September 30 | 2025 | 2024 |
|---|---------------------|---------------------|
| Cash Flows used in Operating Activities: | | |
| Net loss | \$ (214,638) | \$ (477,800) |
| Add items not affecting cash: | | |
| Depletion and depreciation (Notes 3 and 4) | 72,532 | 72,532 |
| Accretion of decommissioning liabilities (Note 7) | 20,543 | 29,581 |
| Revision to decommissioning liabilities (Note 7) | 1,123 | - |
| Impairment | - | 277,542 |
| Share-based compensation | - | 6,741 |
| Decommissioning expenditures | - | (215,752) |
| | (120,440) | (307,156) |
| Changes in non-cash working capital | | |
| Accounts receivable | 5,529 | (15,291) |
| Prepaid expenses | 32,619 | 24,143 |
| Restricted deposits | 496,840 | - |
| Royalty credits | - | (5,495) |
| Accounts payable and accrued liabilities | (132,503) | 128,004 |
| | 282,045 | (175,795) |
| Cash Flows used in Investing Activities: | | |
| Exploration and evaluation expenditures (Note 2) | (8,009) | (8,768) |
| Property, plant and equipment expenditures (Note 3) | (4,646) | - |
| | (12,655) | (8,768) |
| Change in cash | 269,390 | (184,563) |
| Cash, beginning of period | 4,089,680 | 5,608,224 |
| Cash, end of period | \$ 4,359,070 | \$ 5,423,661 |

The accompanying notes are an integral part of these condensed interim financial statements.

Canadian Spirit Resources Inc.

Notes to the Condensed Interim Financial Statements

For the three months ended September 30, 2025

(Expressed in Canadian Dollars)

(Unaudited)

1. CORPORATE INFORMATION, GOING CONCERN AND BASIS OF PRESENTATION

Corporate Information

Canadian Spirit Resources Inc. (“CSRI” or the “Corporation”) is a natural resources company focusing on the identification and development of opportunities in the unconventional natural gas sector of the energy industry and its shares are listed under the trading symbol “SPI” on the TSX Venture Exchange (the “Exchange”). The Corporation is continued under the laws of the province of Alberta and its head office is located at Suite 900, 140 - 4th Avenue S.W., Calgary, Alberta, Canada T2P 3N3.

Going Concern

These unaudited condensed interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of operations as they come due. As at September 30, 2025 the Corporation had a working capital balance of \$4,276,896 (June 30, 2025: \$3,913,151) and an accumulated deficit of \$125,802,434 (June 30, 2025: \$125,587,796). During the three months ended September 30, 2025, the Corporation reported a net loss and comprehensive loss of \$214,638 and generated cash flows from operating activities of \$282,045.

In addition to covering on-going working capital requirements and recurring negative cash flows used in operating activities, the Corporation will need to secure additional funding for any future exploration and development programs. Natural gas prices in the Corporation’s operating area do not generate revenues sufficient to cover ongoing operating and general and administrative expenses and the Corporation’s working interest wells are shut in. There is no guarantee that natural gas prices will improve to levels required for the Corporation’s wells to be placed back on production. The Corporation’s ability to continue as a going concern is dependent upon its ability to fund any future exploration and development programs as well as generate positive cash flows from operating activities. Significant additional financing is required in order for the Corporation to be able to further develop its oil and gas properties and exploration and evaluation assets and meet both its existing and future obligations. There is no guarantee that the Corporation will be successful in this regard. As such a material uncertainty exists that casts significant doubt on the Corporation’s ability to continue as a going concern.

Management believes that the use of the going concern assumption is appropriate in the preparation of these financial statements. These financial statements do not reflect any adjustments to the carrying values and classifications of assets and liabilities, or to the reported revenues and expenses that would be necessary if the Corporation were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Basis of Presentation

These condensed interim financial statements have been prepared in accordance with IFRS® Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee and adhere to the guidance of International Accounting Standard 34 – Interim Financial Reporting. Certain information and disclosures normally included in the notes to the audited financial statements and notes thereto for the year ended June 30, 2025 prepared in accordance with IFRS have been condensed or omitted. The Company has consistently applied the same accounting policies throughout all periods presented. These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended June 30, 2025.

The Board of Directors approved the unaudited condensed interim financial statements for issue on November 26, 2025.

Canadian Spirit Resources Inc.

Notes to the Condensed Interim Financial Statements

For the three months ended September 30, 2025

(Expressed in Canadian Dollars)

(Unaudited)

2. RESTRICTED DEPOSITS

Based on the Permittee Capability Assessment (“PCA”) performed by the British Columbia Energy Regulator, the Corporation’s required security deposit as at September 30, 2025 was \$1,034,700 (June 30, 2025: \$1,531,540), resulting in receipt of a refund in the amount of \$496,840.

Since these cash deposits are held against future abandonment and reclamation liabilities for its operated wells and facilities, the balance is considered by management to be restricted in use and is therefore classified as a non-current asset.

3. EXPLORATION AND EVALUATION ASSETS

| | Petroleum and Natural Gas Properties | Facilities and Equipment | Total |
|-----------------------------|--|-----------------------------|--------------|
| Balance, June 30, 2025 | \$ 3,049,849 | \$ - | \$ 3,049,849 |
| Additions | 8,009 | - | 8,009 |
| Balance, September 30, 2025 | \$ 3,057,858 | \$ - | \$ 3,057,858 |

E&E assets comprise the Corporation’s exploration and evaluation projects which are pending the determination of commercial viability and technical feasibility. The Corporation did not identify any indicators of impairment with respect to its E&E cash-generating units as at September 30, 2025.

4. PROPERTY, PLANT AND EQUIPMENT

| | Petroleum and Natural Gas Properties | Facilities and Equipment | Office Equipment and Fixtures | Total |
|---|--|-----------------------------|-------------------------------------|---------------|
| Cost | | | | |
| Balance, June 30, 2025 | \$ 17,798,612 | \$ 9,333,155 | \$ 228,198 | \$ 27,359,965 |
| Additions | - | 4,646 | - | 4,646 |
| Balance, September 30, 2025 | \$ 17,798,612 | \$ 9,337,801 | \$ 228,198 | \$ 27,364,611 |
| Accumulated depletion, depreciation and impairment | | | | |
| Balance, June 30, 2025 | \$ 17,428,343 | \$ 7,112,872 | \$ 228,198 | \$ 24,769,413 |
| Depletion and depreciation | - | 71,188 | - | 71,188 |
| Balance, September 30, 2025 | \$ 17,428,343 | \$ 7,184,060 | \$ 228,198 | \$ 24,840,601 |
| Carrying amounts | | | | |
| As at June 30, 2025 | \$ 370,269 | \$ 2,220,283 | \$ - | \$ 2,590,552 |
| As at September 30, 2025 | \$ 370,269 | \$ 2,153,741 | \$ - | \$ 2,524,010 |

The Corporation did not recognize any depletion expense during the three months ended September 30, 2025 and 2024 as the natural gas wells were shut in due to low natural gas prices.

Canadian Spirit Resources Inc.

Notes to the Condensed Interim Financial Statements

For the three months ended September 30, 2025

(Expressed in Canadian Dollars)

(Unaudited)

5. RIGHT-OF-USE ASSETS

| | | |
|---|----|--------|
| Cost | | |
| Balance, June 30 and September 30, 2025 | \$ | 48,387 |
| Accumulated depreciation | | |
| Balance, June 30, 2025 | \$ | 34,946 |
| Depreciation | | 1,344 |
| Balance, September 30, 2025 | \$ | 36,290 |
| Carrying amount | | |
| As at June 30, 2025 | \$ | 13,441 |
| As at September 30, 2025 | \$ | 12,097 |

6. ROYALTY CREDITS

The British Columbia Ministry of Energy and Mines provides certain oil and gas drilling incentives including royalty credits. As at September 30, 2025, the Corporation's royalty credits totaled \$325,080 (June 30, 2025 - \$325,080) which are drawn down as production and revenue are recognized for the wells qualifying for the royalty credits.

7. DECOMMISSIONING LIABILITIES

| | | |
|------------------------------------|----|-----------|
| Balance, June 30, 2025 | \$ | 2,412,871 |
| Revision | | 1,123 |
| Accretion | | 20,543 |
| Balance, September 30, 2025 | | 2,434,537 |
| Less: current portion of liability | | (33,732) |
| Non-current portion | \$ | 2,400,805 |

The following significant assumptions were used to estimate the Corporation's decommissioning liabilities:

| | | |
|-------------------------------|----|---------------|
| Undiscounted cash flows | \$ | 3,065,015 |
| Discount rate | | 2.47% – 3.61% |
| Inflation rate | | 1.95% |
| Expected timing of cash flows | | 15 years |

During the three months ended September 30, 2025, \$1,123 (September 30, 2024 – \$277,542) of revisions have been expensed in the statement of loss and comprehensive loss as they relate to fully-impaired petroleum and natural gas assets which have a carrying value of \$nil.

As at September 30, 2025, the Corporation holds \$1,034,700 (June 30, 2025: \$1,531,540) of restricted deposits (Note 3) against future abandonment and reclamation costs which are secured against the Corporation's 100% operations, where the Corporation is the primary permit holder.

Canadian Spirit Resources Inc.

Notes to the Condensed Interim Financial Statements

For the three months ended September 30, 2025

(Expressed in Canadian Dollars)

(Unaudited)

8. GENERAL AND ADMINISTRATIVE EXPENSES

| For the three months ended September 30 | 2025 | 2024 |
|--|------------|------------|
| Consulting fees | \$ 76,870 | \$ 92,327 |
| Professional fees | - | 43,766 |
| Director's and officer's fees and expenses | - | 4,000 |
| Investor relations and filing fees | 269 | 7,971 |
| Insurance | 24,933 | 15,273 |
| Office, software and other expenses | 9,957 | 10,711 |
| | \$ 112,029 | \$ 174,048 |

9. RELATED PARTY TRANSACTIONS

Transactions with related parties are recorded at the exchange amounts for services provided.

Executive Compensation

Executive compensation consists of consulting fees paid to or earned by executive officers, which include the CEO and CFO, directors' fees paid and/or accrued to non-executive directors, and share-based compensation as follows:

| For the three months ended September 30 | 2025 | 2024 |
|---|-----------|-----------|
| Included in general and administrative expenses | | |
| Consulting fees (executive) | \$ 27,500 | \$ 29,010 |
| Directors' fees | - | 4,000 |
| Share-based compensation | - | 6,741 |
| | \$ 27,500 | \$ 39,751 |

10. STOCK OPTIONS

As at September 30, 2025, the Corporation had Nil stock options outstanding. As at June 30, 2025, the Corporation had 1,550,000 stock options outstanding and exercisable with a weighted-average exercise price of \$0.08 per share.

11. COMMITMENT

The Corporation has engaged Sayer Energy Advisors ("Sayer") to review strategic alternatives and provide financial advice. In the event of a successful sale transaction of either the Corporation's shares or its assets, Sayer would be entitled to receive a success fee based on the transaction value upon closing of the transaction. As well, following the term of the engagement agreement, for a period mutually agreed upon, Sayer may also be entitled to a success fee as a result of a successful transaction.