

**PROAM EXPLORATIONS CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2022

(Expressed in Canadian Dollars)

Unaudited

PROAM EXPLORATIONS CORPORATION
CONSOLIDATED INTERM STATEMENT OF FINANCIAL POSITION
As at September 30, 2022
(Expressed in Canadian Dollars)

	30-Sep 2022	31-Dec 2021
ASSETS		
Current		
Cash	\$ 85,591	\$ 317,853
Prepaid Expenses	5,074	5,074
Marketable Securities	574	574
Accounts Receivable	12,081	4,324
	<u>103,320</u>	<u>327,825</u>
Reclamation deposits	16,186	16,186
Exploration and Evaluation assets	416,188	276,204
Property and equipment	310,754	297,637
	<u>\$ 846,448</u>	<u>\$ 917,852</u>
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	26,294	35,426
Due to related party	6,007	58,357
	<u>32,301</u>	<u>20,000</u>
	32,301	113,813
CEBA Loan	46,087	26,087
Asset Retirement Obligations	34,347	31,961
	<u>\$ 112,735</u>	<u>\$ 171,861</u>
EQUITY		
Share Capital	7,973,786	7,973,786
Reserves	2,678,555	2,723,012
Deficit	-(9,918,628)	-(9,950,807)
	<u>733,713</u>	<u>745,991</u>
	<u>\$ 846,448</u>	<u>\$ 917,852</u>

Nature and continuance of operations - Note 1

Approved and authorized by the Board on November 15, 2022

"Donald L. MacDonald" Director

"W Rex Davidson" Director

The accompanying notes are an integral part of these consolidated financial statements

PROAM EXPLORATIONS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS, COMPHRHENSIVE INCOME/LOSS

As at September 30, 2022

(Expressed in Canadian Dollars)

	three months ended 30-Sep 2021	three months ended 30-Sep 2022	Nine months ended 30-Sep 2021	Nine months ended 30-Sep 2022
REVENUE				
Oil and gas revenue	\$ 21,088	\$ 6,309	\$ 43,332	\$ 19,686
expenses				
operating expenses	2,597	977	13,897	8,259
filing and transfer	3,787	11	12,705	9,828
office and miscellaneous		-3,716		7,612
General and administrative	842	5,578	1,068	5,750
Professional fees			19,092	
Exploration Expense	957	0		2,938
Prior period recovery		-1,110		-1,110
	\$ <u>8,183</u>	\$ <u>763</u>	\$ <u>46,762</u>	\$ <u>33,277</u>
Net Income/loss operations	12,905	5,546	-3,430	-13,591
Other Comprehensive Income/loss	750	-	2,587	-44,457
Comprehensive income/loss for the period	\$ <u>12,155</u>	\$ <u>5,546</u>	\$ <u>843</u>	\$ <u>-58,048</u>
	11,273,001	16,546,334	15,283,936	16,546,334

PROAM EXPLORATIONS CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
As at September 30, 2022

(Expressed in Canadian Dollars)

	Share Capital		Reserves				Deficit	Total
	Number of shares	Amount	Share-based payment reserve	Foreign currency translation	Investment revaluation			
Balance at December 31, 2019	6,980,458	\$ 7,364,103	\$ 2,713,096	\$ 29,439	\$ -65,282	\$ -9,781,358	\$ 259,998	
Share issuance for cash	3,385,000	236,950					236,950	
Share issuance option	133333	17333					17,333	
shares issued debt settlement	774285	58071					58,071	
share issuance costs		-4529					-4,529	
share based compensation			52278				52,278	
investment revaluation					-131		-131	
Income for the period							-144,636	
Foreign exchange gain (loss)				-750			-750	
Balance at December 31, 2020	11,273,076	7,671,928	2,765,374	28,689	-65,413	-9,925,994	474,584	
Share issuance	5,140,000	308,400					308,400	
Income for the period							-24,813	
Issuance costs		-14,542					-14,542	
investment revaluation					-111		-111	
Share issuance option	133,333	8,000					8,000	
Foreign exchange gain (loss)				-9,969			-9,969	
Balance at December 31, 2021	16,546,409	\$ 7,973,786	\$ 2,769,594	\$ 18,720	\$ -65,302	\$ -9,950,807	\$ 745,991	
Income for the period							-13,591	
Foreign exchange gain (loss)				-44,457			-44,457	
Balance at September 30, 2022	16,546,409	\$ 7,973,786	\$ 2,769,594	\$ -25,737	\$ -65,302	\$ -9,964,398	\$ 687,943	

PROAM EXPLORATIONS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the period ended September 30, 2022
(Expressed in Canadian Dollars)

	30-Sep 2022	31-Dec 2021
Cash Flows from operating activities		
Net loss for the period	\$ -13,591	\$ -32,465
Non Cash operating items		
Accretion, amortization and depletion		9,122
Changes in non-cashworking capital items		
Decrease (Increase) in accounts receivable	-7,757	135
Increase (decrease) in accounts payable	-9,132	13,313
Decrease in amount due to related parties	-52,350	11,391
Increase in prepaid expenses	-	-18
Other adjustments		-1,872
	<u>-82,830</u>	<u>-414</u>
Investing Activities		
Expenditures on oil and gas properties	0	3,009
Expenditures on exploration and evaluation assets	-104,850	40,250
	<u>-104,850</u>	<u>43,259</u>
Financing Activities		
Proceeds on issue of common shares		298,000
CEBA (Government of Canada Loan)		20,000
		<u>318,000</u>
AFFECT OF FOREIGN EXCHANGE	<u>-44,457</u>	<u>997</u>
Change in cash	232,137	272,146
Cash, beginning	317,728	45,582
Cash, ending	<u>\$ 85,591</u>	<u>\$ 317,728</u>

1. Nature and continuance of operations

ProAm Explorations Corporation (the "Company") was incorporated under the laws of the province of British Columbia. The Company's shares trade on the TSX Venture Exchange (the "Exchange") (symbol ("PMX")). The corporate headquarters and registered office of the Company is located at 867 West 3rd Street, North Vancouver, British Columbia, V7P 1E2.

The Company's principal business activities are oil and gas production and the exploration and development of its exploration and evaluation assets ("E&EA"). The Company is in the process of exploring and developing its E&EA, however, on the basis of information to-date, has not yet determined whether any of these E&EA contain reserves which are economically recoverable. The underlying value of these E&EA is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete their development and upon future profitable production.

Uncertainties exist which could adversely affect the Company's ability to continue to finance its activities. These uncertainties cast significant doubt about the Company's ability to continue as a going concern. Management's plan may include continuing to pursue sources of financing and reducing overhead costs. With the use of existing funds, revenue from oil and gas interests and advances from directors, management expects that the Company will have sufficient capital to fund operations and keep its E&EA in good standing for the upcoming fiscal year. Further discussion of liquidity risk has been disclosed in Note 15.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

Further, in March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments. Management continues to monitor the situation on all aspects of its business.

2. Summary of significant accounting policies

These consolidated financial statements were approved by the Board of Directors of the Company on September 15, 2022

Basis of preparation

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

	Country of incorporation	Percentage owned*	
		2020	2019
OSEC Petroleum Canada Limited	Canada	100%	100%
OSEC Trading Corp.	Canada	100%	100%
OSEC Petroleum Inc.	USA	100%	100%

*Percentage of voting power is in proportion to ownership.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Effective October 11, 2019, the Company completed a share consolidation of the Company's issued and

2. Summary of significant accounting policies (cont'd)

outstanding common shares where for every three (3) pre-consolidation common shares issued and outstanding, one (1) post-consolidation common share was issued.

All references to share capital, warrants, options and weighted average number of shares outstanding have been adjusted in these financial statements and retrospectively to reflect the Company's 3-for-1 share consolidation as if it occurred at the beginning of the earliest period presented.

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of E&EA and property and equipment, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets and provisions for restoration and environmental obligations.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification / allocation of expenditures as E&EA expenditures, property and equipment or operating expenses;
- the classification of financial instruments; and
- the determination of the functional currency of the Company and its subsidiaries.

Foreign currency translation

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency. The functional currencies of the subsidiaries are as follows:

	Functional currency
OSEC Petroleum Canada Limited	Canadian
OSEC Trading Corp.	Canadian
OSEC Petroleum Inc.	U.S.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive income in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising

2. Summary of significant accounting policies (cont'd)

on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit and loss. The financial results and financial position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the year.

Exchange differences arising on translation of foreign operations are transferred directly to the Company's foreign currency translation reserve in the statement of comprehensive loss. These differences are recognized in the profit or loss in the period in which the operation is disposed.

Exploration and evaluation expenditures

Acquisition and exploration costs are accumulated on a field-by-field basis. Acquisition and exploration expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Costs incurred before the legal rights to explore an area have been obtained are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units (CGUs).

The technical feasibility and commercial viability of extracting a resource is considered to be determined when proven reserves are determined to exist. A review of each exploration license or data field is carried out, at least annually, to ascertain whether proven reserves have been discovered. Upon determination of proven reserves, exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to separate category within tangible assets referred to as property and equipment.

Property and equipment

Property and equipment, which includes oil and gas properties and production assets, are measured at cost, less accumulated depreciation and accumulated impairment losses. Property and equipment assets are grouped into CGUs for impairment testing.

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalized within oil and gas properties, as long as the facts and circumstances indicate that the field has commercially viable reserves.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the asset retirement obligation, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalized value of a finance lease is also included within property and equipment.

Where commercial production in an area of interest has commenced, oil and gas properties are depreciated on a unit-of-production basis over the proven reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. Rights and concessions are depleted on the unit-of-production basis over the total proved and probable reserves of the relevant area. The unit-of-production rate for the amortization of field development costs takes into account expenditures incurred to date, together with future development expenditure to develop the proved and probable reserves. Changes in factors such as estimates of proved and probable reserves that affect unit-of-production calculations do not give rise to prior year financial period adjustments and are dealt with on a

2. Summary of significant accounting policies (cont'd)

Exploration and evaluation expenditures (cont'd)

prospective basis.

Depreciation for equipment is recognized in profit or loss on the following basis, and at half the annual rate in the year of acquisition, at the following rates:

Furniture and computers	30% declining basis
Well equipment	7 year, straight line basis

Decommissioning liabilities

The Company reviews and recognizes legal obligations associated with the retirement of tangible long-lived assets, including rights to explore or exploit natural resources and equipment. When such obligations are identified and measurable, the estimated fair values of the obligations are recognized on a systematic basis over the remaining period until the obligations are expected to be settled. On recognition of the liability, there is a corresponding increase in the carrying amount of the related assets known as decommissioning liabilities, which is depleted on a unit-of-production basis over the life of the assets. The liability is adjusted each reporting period to reflect the passage of time, with the accretion charged to earnings and for revisions to the estimated future cash flows. Actual costs incurred upon settlement of the obligations are charged against the liability.

Share-based payments

The Company has a stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions.

The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Financial instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL.

For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the Company's classification of financial assets and liabilities under IFRS 9:

Financial assets/liabilities	Classification
Cash	FVTPL
Trade receivables	Amortized cost
Trade payables	Amortized cost
Marketable securities (short term investments)	FVTOCI
Due to related parties	Amortized cost
Loan payable	Amortized cost

(ii) Measurement

2. Summary of significant accounting policies (cont'd)

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of comprehensive loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Financial instruments (cont'd)

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Loss per share

Loss per share is calculated by dividing the profit or loss attributable to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as options granted to employees. Diluted per share calculations reflect the exercise or conversion of potentially dilutive securities or other contracts to issue shares at the later of the date of grant of such securities or the beginning of the year. The Company computes diluted

2. Summary of significant accounting policies (cont'd)

earnings per share using the treasury stock method to determine the dilutive effect of securities or other contracts. Under this method, the diluted weighted average number of shares is calculated assuming the proceeds that arise from the exercise of outstanding, in-the-money options are used to purchase common shares of the Company at their average market price for the year. No adjustment to diluted earnings per share or diluted shares outstanding is made if the result of the calculations is anti-dilutive

Cash

Cash include cash on hand and deposits held at call with banks.

Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as an expense reduction in the period in which the costs are incurred. Where the grant relates to an asset, it is recognized as a reduction to the net book value of the related asset and then subsequently in net loss over the expected useful life of the related asset through lower charges to depreciation and impairment.

Revenue

The Company recognizes revenue based on IFRS 15 Revenue from Contracts with Customers ("IFRS 15"). This standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. This standard requires companies to follow a five-step model to determine if revenue should be recognized:

1. Identify the contracts with customers
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when the entity satisfies a performance obligation

Revenue from the sale of oil and natural gas is recorded when the significant risks and rewards of ownership of the product is transferred to the buyer which is usually when legal title passes to the external party, can be reasonably estimated and collectability is reasonably assured. This is generally at the time product enters the pipeline or any other means of transportation. Revenue is measured net of any royalties.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

2. Summary of significant accounting policies (cont'd)

Deferred income tax:

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3. Accounting standards issued by not yet effective

There are no IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company's financial statements.

4. Short-term investments

Short-term investments consist of shares of unrelated listed companies.

5. Accounts receivable

	September 30, 2022	December 31, 2021
Trade receivables	11,294	4,324
Sales tax receivable	336	2,405
	\$ 12,417	\$ 3,745

6. Accounts payables and accrued liabilities

	September 30, 2022	December 31, 2021
Trade payables	\$ 11,294	\$ 19,866
Accrued liabilities	-	15,000
	\$ 11,294	\$ 34,866

7. Exploration and evaluation assets

Included in exploration and evaluation assets are the following:

Tucker County

Tucker County, West Virginia: A 3.6% revenue, net of royalty, interest in 1 unproven well. At December 31, 2019 and 2020, the Company holds its interest in the Tucker County property at a nominal value of \$1.

Samuel Lake

Samuel Lake Property: Pursuant to certain agreements, the Company owns an option to acquire an undivided 100% interest, subject to a 2.5% NSR, in certain claims comprising the Samuel Lake Property. At December 31, 2020 the Company holds its interest in the Samuel Lake Property at a value of \$7,752 (December 31, 2019: \$7,752).

Jet Property

Jet Property: On November 30, 2018, the Company entered into an option agreement to acquire an undivided 100% interest subject to 2.5% NSR, in certain claims comprising the Jet Property, located in Elko County, Nevada, for the following consideration:

- (1) Payment of \$2,000 (paid), issuance of 66,667 common shares with a fair value of \$2,000 upon execution of the agreement and expenditure of \$50,000 (incurred) on the property in the first 12 month

7. Exploration and evaluation assets (Cont'd)

Jet Property

- (ii) payment of \$25,000 (paid) and issuance of 133,333 common shares with a fair value of \$13,333 (issued) on the first anniversary of the agreement and incur \$150,000 in expenditures (incurred) on the property by December 31, 2021, 2020. Upon completion of these undertakings, the Company will have earned a 50% interest in the property;
- (iii) payment of \$50,000 and issuance of 133,000 common shares on the second anniversary and incur \$500,000 in expenditures on the property in the ensuing 12 months. Upon completion of these undertakings the Company will have earned a 70% interest in the property.
- (iv) Payment of \$125,000 and issuance of 166,667 common shares on the third anniversary of this agreement and complete a NI 43-101 resource calculation on the property in the ensuing 12 months. Upon completion of these undertakings, the Company will have earned an 80% interest in the property
- (v) Payment of \$250,000 on the fourth anniversary of this agreement. Upon completion of this undertaking, the Company will have earned a 100% interest in the property.

On November 21, 2022 the parties agreed to amend the agreement to:

- (a) extend the deadline for completion of the Optionor's obligations under paragraph 3.1(iii) to June 30, 2023;
- (b) extend the deadline for completion of the Optionor's obligations under paragraph 3.1(iv) to December 31, 2023; and
- (c) extend the deadline for completion of the Optionor's obligations under paragraph 3.1(v) to June 30, 2024.

A continuity of exploration and evaluation assets is as follows:

	Tucker County	Samuel Lake	Jet	Total
Balance, December 31, 2018	\$1	\$5,552	\$6,420	\$11,973
Exploration expenditures	-	2,200	8,997	11,197
Balance, December 31, 2019	1	7,752	15,417	23,170
Exploration expenditures	-	-	209,379	209,379
Balance, December 31, 2020	\$1	7,752	224,796	232,549
Exploration expenditures		2,165	33,491	35,656
Balance December 31, 2021	\$1	9,917	258,287	268,204
Exploration expenditures			147,983	
Balance September 30, 2022	\$1	\$9,917	\$406,270	\$416,188

8. Property and equipment

The Company owns working interests in a number of oil and gas properties as follows:

United States

Muskingum County, Eastern Ohio: 2 natural gas producing wells ranging from a 2.8% - 4.2% revenue, net of royalty, interest

8. Property and equipment (Cont'd)

Indiana County, Pennsylvania: A 75% revenue, net of royalty, interest in 41 nonproducing oil wells.

Logan County, Arkansas: 1 gas producing well with 10.1% revenue, net of royalty, interest.

Canada

Okotoks Alberta: 50% Working interest in two gas wells.

9. Share capital

Authorized share capital

Unlimited number – Common shares without par value.

100,000,000 – Class A voting common shares with no par value

4,474,000 – Preferred shares with no par value.

526,000 – 15% cumulative Series A preferred shares with no par value.

Issued share capital

Effective October 11, 2019, the Company completed a share consolidation of the Company's issued and outstanding common shares where for every three (3) pre-consolidation common shares issued and outstanding, one (1) post-consolidation common share was issued. Share capital outstanding prior to the share consolidation was 15,483,936 common shares and 5,161,312 on a post-consolidation basis.

All references to share capital, warrants, options and weighted average number of shares outstanding have been adjusted retrospectively to reflect the Company's 3-for-1 share consolidation as if it occurred at the beginning of the earliest period presented.

On September 17, 2020, the Company issued 774,285 common shares at a value of \$0.075 per share to settle debt of \$54,200. The shares issued had an aggregate fair value of \$58,071, resulting in a loss on settlement of \$3,871. The shares were issued to a company controlled by a director of the Company (Note 13).

On June 22, 2020, the Company issued 133,333 common shares at a fair value of \$17,333 pursuant to the

On July 3, 2020, the Company closed a private placement of 3,385,000 units at \$0.07 per unit for gross proceeds of 236,950. Each unit entitled the holder to receive one common share of the Company and one common share purchase warrant, exercisable to acquire one common share of the Company at a price of \$0.15 per share for a period of 24 months. The Company paid \$4,529 in share issuance costs in connection to this private placement.

On January 21, 2019, the Company issued 66,667 common shares at a fair value of \$2,000 pursuant to the Jet Property Agreement (Note 7).

On October 23, 2019, the Company entered into an agreement with a related party to issue 1,819,146 common shares for the settlement of \$90,957 of debt. The shares were valued on the date of the agreement resulting in a fair value of \$127,340. Accordingly, the Company recorded a loss on settlement of \$36,383. The shares were issued to a company controlled by a director of the Company (Note 13).

On December 30, 2021 ProAm Explorations Corp. closed a private placement financing through the issuance of 5,311,200 units at a price of six cents per unit. Each unit will consist of one share and one share purchase warrant, with each warrant being exercisable at a price of 12 cents for a two-year period from the date of issuance. The company paid a finder's fee of 8 per cent cash or units on the financing.

As at December 31, 2020 and December 31, 2019, the Company owns 973,402 of its own Class A voting common shares acquired at an average cost of \$889,957. These shares are recorded as a reduction in equity.

9. Share capital (Cont'd)

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares. The Company expenses the fair value of all stock-based compensation awards as determined using the Black-Scholes Option Pricing Model.

The Company's stock option transactions are as follows:

	December 31, 2021		December 31, 2020	
	Number of options	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning	-	\$ -	3,385,000	\$ 0.15
Granted during the year	775,000	\$ 0.07	-	\$ -
Expired during the year	-	\$ -	-	\$ -
Outstanding, ending	775,000	\$ 0.07	3,385,000	\$ 0.15

As at December 31, 2021, 2021, the following stock options are outstanding and exercisable:

Total number of options	Exercise price	Expiry dates
775,000	\$0.07	May 4, 2025
300,000	\$0.06	September 3, 2027
1,075,000		

The Company did not grant any stock options during the period ended September 30, 2022.

Warrants

The Company's warrant transactions are as follows:

	Number of warrants	Weighted average exercise price
issued	3,385,000	\$ -
Balance, December 31, 2020	3,385,000	\$ 0.15
Issued in 2021	5,311,200	\$ 0.12
Balance, September 30, 2022	8,696,200	

As at December 31, 2021, the following share purchase warrants were outstanding:

Total number of warrants	Exercise price	Expiry dates
3,385,000	\$0.15	July 2, 2022
5,311,200	\$0.12	January 2, 2024
8,696,210		

10. Reserves

Share based payment reserve

The share based payment reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of subsidiaries of the Company that have a functional currency other than the Canadian dollar.

Investment revaluation reserve

The investment revaluation reserve records unrealized gains and losses arising on marketable securities financial assets, except for impairment losses and foreign exchange gains and losses.

11. Related party transactions

Related party balances

The following amounts are due to related parties:

	Sep 30, 2022	Dec 31, 2021
Due to companies controlled by directors of the Company	\$ 6,007	\$ 58,387

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

During the year ended December 31, 2020, stock-based compensation of \$35,414 (2019 - \$Nil) related to stock options granted to directors.

During the year ended December 31, 2020, the Company issued 774,285 common shares at a value of \$0.075 per share to settle debt of \$54,200. The shares issued had an aggregate fair value of \$58,071, resulting in a loss on settlement of \$3,871.

During the year ended December 31, 2019, the Company entered into an agreement with a related party to issue 1,819,146 common shares for the settlement of \$90,957 of debt. The shares were valued on the date of the agreement resulting in a fair value of \$127,340. Accordingly, the Company recorded a loss on settlement of \$36,383.

12. Loan

In 2021 the Company applied for and received an additional Canada Emergency Business Account (“CEBA”) interest free loan of \$20,000, of which \$10,000 is forgivable if repaid by December 31, 2022. The loan of \$60,000 was recorded at a fair value of \$34,000 using an effective rate of 15%, considering the grant, the interest-free loan and the forgivable portion. The residual value of which now totals \$26,000 was recorded as other income. Effective January 1, 2023, any outstanding balance on the term loan shall bear interest at a rate of 5% per annum. The term loan matures on December 31, 2025.

12. Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company’s primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada and the United States. As most of the Company’s cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating

12. Financial risk and capital management (cont'd)

agencies. The Company's secondary exposure to risk is on its accounts receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes and amounts due from the Company's partners from its oil and gas properties.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been from oil and gas revenues. Management believes that its revenues may not be adequate to pay for its day to day operations. Additional sources of funding may be required. Liquidity risk has been assessed as high.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at December 31, 2021, 2021:

	Within one year	Between one and five years	More than five years
Trade payables	\$ 11,294	\$ -	\$ -
Due to related parties	6,007	-	
Loan payable	-	46,087	
	<u>\$ 17,301</u>	<u>46,087</u>	<u>\$ -</u>

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and the United States. The Company's functional currency is the Canadian dollar. The Company has not hedged its exposure to currency fluctuations.

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in United States dollars:

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the year. Management is monitoring the effects of the Covid 19 virus closely to determine what effect it will have on the ability of the Company to raise future financing. The outcome is currently not determinable.

The Company is not subject to any externally imposed capital requirements.

13. Capital Management (Cont'd)

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	September 30, 2022,	December 31, 2021
FVTPL:		
Cash	85,100	317,231
Amortized Cost:		
Receivables	12,294	4,334
FVTOCI:		
Short-term investments	574	575
	\$ 97,968	\$ 322,140

Financial liabilities included in the statement of financial position are as follows:

	September 30, 2022	December 31, 2021
Financial liabilities at amortized cost:		
Trade payables	\$ 11,294	\$ 34,866
Amounts due to related parties	6,007	58,387
Loan payable	46,087	42,667
	\$ 63,388	\$ 135,920

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

14. Capital Management (Cont'd)

Classification of financial instruments

The following is an analysis of the Company's financial assets measured at fair value as at September 30, 2022 and December 31, 2021:

As at September 30, 2022			
	Level 1	Level 2	Level 3
Cash	85,591	\$ -	\$ -
Short-term investments	574	-	-
	<u>\$ 86,165</u>	<u>\$ -</u>	<u>\$ -</u>

As at December 31, 2021			
	Level 1	Level 2	Level 3
Cash	\$ 317,231	\$ -	\$ -
Short-term investments	595	-	-
	<u>\$ 317,826</u>	<u>\$ -</u>	<u>\$ -</u>

15. Segmented information

Operating segments

The Company operates in a single reportable operating segment – the acquisition, exploration and development of resource properties.

Geographic segments

The Company's non-current assets are located in the following countries:

September 30, 2022			
	Canada	United States	Total
Revenue	0	19,686	\$ 19,686
Exploration and evaluation assets	9,917	406,271	416,188
Property and equipment	160,593	137,846	298,339

December 31, 2021			
	Canada	United States	Total
Revenue	\$ 4,468	\$ 40,557	\$ 45,025
Exploration and evaluation assets	9,917	258,288	268,205
Property and equipment	160,593	192,405	352,998