

Marksmen Energy Inc.

Unaudited Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2025 and 2024
(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW In accordance with National Instrument 51-102 Section 4.3(3)(a) released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited Interim Consolidated Financial Statements for the three and nine months ended September 30, 2025 and 2024

Marksmen Energy Inc.

Consolidated Statements of Financial Position

For the periods ended:

(Canadian \$)	September 30, 2025	December 31, 2024
ASSETS		
Current Assets		
Cash	54,907	88,795
Trade and other receivables	15,079	41,210
Deposits and prepaid expenses	70,361	69,934
Total Current Assets	140,347	199,939
Exploration and evaluation assets (note 4)	-	-
Property and equipment (note 5 & 6)	411,814	427,180
TOTAL ASSETS	552,161	627,119
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (note 13 (c))	757,022	622,124
Decommissioning liabilities (note 7)	419,644	395,144
Promissory note (note 9)	250,000	-
Total Current Liabilities	1,426,666	1,077,268
Decommissioning liabilities (note 7)	75,768	102,631
Government loan (note 10)	60,000	60,000
Secured debentures (note 8)	1,250,000	1,250,000
	2,812,434	2,429,899
SHAREHOLDERS' (DEFICIT)		
Share capital (note 11(b))	23,304,876	23,304,876
Warrants (note 11(e))	69,477	139,198
Contributed surplus (note 11(f))	8,275,401	8,205,680
Accumulated other comprehensive income	835,654	837,774
Deficit	(34,745,681)	(34,290,308)
	(2,260,273)	(1,802,780)
TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIT)	552,161	627,119

Approved by the Board of Directors:

Signed "John Niedermaier"

John Niedermaier

Signed "Archie J. Nesbitt"

Archie Nesbitt

The notes are an integral part of these consolidated financial statements

Marksmen Energy Inc.

Consolidated Statements of Net Loss and Other Comprehensive Loss For the three and nine months ended:

(Canadian \$)	Three months ended		Nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
REVENUE				
Petroleum and natural gas sales	14,600	80,035	71,102	300,914
Royalties	(1,877)	(10,244)	(9,132)	(38,213)
	12,723	69,791	61,970	262,701
EXPENSES				
Production and operating expenses	17,376	39,468	123,822	151,564
Depletion and depreciation (note 5)	2,831	11,043	12,981	45,137
General and administrative	139,031	121,833	296,975	350,439
Loss from operations	(146,515)	(102,553)	(371,808)	(284,439)
FINANCE EXPENSE				
Interest expense (note 8 and 9)	46,952	37,500	128,836	112,500
Accretion of secured debentures (note 8)	-	2,758	-	20,585
Accretion of decommissioning liabilities (note 7)	3,526	6,950	10,682	13,325
Other finance expense (note 10)	-	3,218	-	3,643
	(50,478)	(50,426)	(139,518)	(150,053)
OTHER (EXPENSES) INCOME				
(Loss) on abandonment estimates (note 7)	-	-	-	250
Gain on disposition (note 3)	55,952	-	55,952	29,185
	55,952	-	55,952	29,435
NET LOSS	(141,041)	(152,979)	(455,374)	(405,057)
Other comprehensive income (loss) that may subsequently be transferred to net loss				
Currency translation adjustment	(1,014)	-	(2,120)	49,672
NET LOSS AND OTHER COMPREHENSIVE LOSS	(142,055)	(152,979)	(457,494)	(355,385)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of common shares outstanding during the period	211,398,380	211,398,380	211,398,380	211,398,380

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Marksmen Energy Inc.

Consolidated Statements of Changes in Deficit

(Canadian \$)	Share Capital	Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total
BALANCE AS AT DECEMBER 31, 2024	23,304,876	139,198	8,205,680	(34,290,308)	837,774	(1,802,780)
Loss for the period	-	-	-	(455,374)	-	(455,374)
Translation differences on foreign subsidiaries	-	-	-	-	(2,120)	(2,120)
Warrants expired (note 11(e))	-	(71,740)	71,740	-	-	-
Expiry of warrant share issue costs (note 11(e))	-	2,019	(2,019)	-	-	-
BALANCE AS AT SEPTEMBER 30, 2025	23,304,876	69,477	8,275,401	(34,745,681)	835,654	(2,260,273)
BALANCE AS AT DECEMBER 31, 2023	23,193,653	121,107	8,152,881	(32,620,971)	782,567	(370,763)
Loss for the period	-	-	-	(252,328)	-	(252,328)
Translation differences on foreign subsidiaries	-	-	-	-	49,672	49,672
Private placement (note 11(b)(i))	118,025	75,225	-	-	-	193,250
Share issue costs (note 11(b)(i))	(6,802)	(4,335)	-	-	-	(11,137)
BALANCE AS AT SEPTEMBER 30, 2024	23,304,876	191,997	8,152,881	(32,873,299)	832,239	(391,306)

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Marksmen Energy Inc.

Consolidated Statements of Cash Flows

(Canadian \$)	September 30, 2025	September 30, 2024
CASH FLOW PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the period	(455,374)	(405,057)
ITEMS NOT AFFECTING CASH:		
Depletion and depreciation (note 5)	12,981	45,137
Accretion of decommissioning liabilities (note 7)	10,682	13,325
Accretion of secured debentures (note 8)	-	20,585
(Gain) on disposition (note 3)	-	(29,185)
Other finance expense (note 10)	-	3,643
Change in trade and other receivables	26,131	8,693
Change in deposits and prepaid expenses	(427)	(23,173)
Change in accounts payable and accrued liabilities	125,057	(3,326)
CASH FLOW USED IN OPERATING ACTIVITIES	(280,950)	(369,358)
INVESTING ACTIVITIES		
Expenditures on exploration and evaluation (note 5)	-	(21,103)
Expenditure on property and equipment (note 5)	(13,698)	(14,961)
Proceeds from disposition (note 3)	-	123,183
Change in non-cash working capital	9,840	20,220
CASH FLOW USED IN INVESTING ACTIVITIES	(3,858)	107,339
FINANCING ACTIVITIES		
Proceeds from private placements, net of cash issue costs (note 11(b))	-	182,113
Proceeds from promissory note (note 9)	250,000	-
CASH FLOW PROVIDED BY FINANCING ACTIVITIES	250,000	182,113
Foreign exchange effect on cash	919	3,565
Decrease in cash	(33,888)	(76,341)
Cash, beginning of period	88,795	88,938
CASH, END OF PERIOD	54,907	12,597

The notes are an integral part of these consolidated financial statements

Marksman Energy Inc.

Notes to the Consolidated Financial Statements

For the three and nine months ended September 30, 2025

1. Reporting entity and going concern

Marksman Energy Inc. (the “Company”) is involved in the exploration, development and production of petroleum and natural gas properties in Ohio, USA and Alberta, Canada. The Company was incorporated in Canada under the laws of the Alberta Business Corporations Act on March 14, 1997. The Company is listed on the TSX Venture Exchange under the symbol “MAH.V” and on the OTCQB Venture Marketplace under the symbol “MKSEF”. The Company’s registered office is located at Suite 1620, 444-5th Avenue SW, Calgary, Alberta, Canada, T2P 2T8.

At September 30, 2025, the Company had not yet achieved profitable operations, had accumulated a deficit of \$34,745,681, a negative working capital of \$1,286,319, and may incur further losses in the development of its business. The ability to continue as a going concern is dependent on global commodity markets, obtaining continued financial support by completing public equity financing, and by drilling additional oil and gas wells that will increase cash-flow and oil and gas reserves. The timing and extent of any additional capital and operating expenditures is based on the Company’s 2025 budget and on management’s estimate of expenditures expected to be incurred beyond 2025. These events and conditions indicate a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern.

Management has applied significant judgment in preparing forecasts supporting the going concern assumption. Specifically, management has made assumptions regarding projected oil sales volumes and pricing, scheduling of payments arising from various obligations as at September 30, 2025, the availability of additional financing, and the timing and extent of capital and operating expenditures. As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the Company’s ability to continue as a going concern.

To achieve its intended development, management is committed to raising additional capital and improving additional cash flows from drilling activities. Additional equity financing is subject to volatile financial markets and economic conditions.

The consolidated financial statements have been prepared on a basis which asserts that the Company will continue to have the ability to realize its assets and discharge its liabilities and commitments in a planned manner with consideration to expected possible outcomes. Conversely, if the assumption made by management is not appropriate and the Company is unable to meet its obligations as they fall due, the preparation of these consolidated financial statements on a going concern basis may not be appropriate and adjustments to the carrying amounts of the Company’s assets, liabilities, revenues, expenses, and financial position classifications may be necessary and such adjustments could be material.

In 2025, the government of the United States of America has announced tariffs on goods imported from Canada, including a potential tariff on Canadian energy imports. These tariffs and the Canadian government’s response to them could adversely affect market prices for crude oil and natural gas or demand for the Company’s Canadian production in addition to the cost of goods imported directly or indirectly from the U.S. The impact of these tariffs on the Company’s financial results cannot be quantified at this time.

2. Basis of presentation

a) Statement of compliance:

The consolidated financial statements of the Company have been prepared in accordance with IFRS Accounting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) in effect at January 1, 2025. The Board of Directors approved the consolidated financial statements on November 27, 2025.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies as disclosed in the Company’s audited annual consolidated financial statements for the year ended December 31, 2024. These interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2024 and exclude certain disclosures required to be included in the annual financial statements.

Marksmen Energy Inc.

Notes to the Consolidated Financial Statements

For the three and nine months ended September 30, 2025

b) Basis of consolidation:

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Marksmen Energy USA, Inc. The subsidiary is fully consolidated from the date of acquisition, being the date of which the Company obtained control, and continues to be consolidated until the date that such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent, using consistent accounting policies. Any balances, unrealized gains and losses, or income and expenses from intra-company transactions are fully eliminated upon consolidation.

c) Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis.

All accounting policies and methods of computation followed in the preparation of these financial statements are consistent with those in the December 31, 2024 audited consolidated financial statements, except for income taxes. Income taxes for interim periods are accrued using the income tax rate that would be applicable to the expected annual net income (loss).

d) Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars, which is the Company's presentation and functional currency. Marksmen Energy USA Inc.'s functional currency is United States Dollars.

e) Use of estimates and judgments:

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be significant.

Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected. Significant judgments, estimates and assumptions made by management in these financial statements are outlined in NOTE 2 of the December 31, 2024 audited consolidated financial statements.

3. Dispositions

Pickaway County Oil and Gas Lease Disposition

On August 21, 2025, the Company signed an agreement (the "Agreement") with a third party pursuant to which the Company agreed to the sale of certain oil and gas leases in Pickaway County, Ohio, for total proceeds of \$40,000 USD. A gain on the disposition of \$40,000 USD was recognized in the statement of loss and other comprehensive loss for the nine months ended September 30, 2025 as the assets had previously been written down to a \$nil value (note 4). Included in the Agreement, the Company will receive a 5% overriding royalty on all future production from wells drilled on the leases.

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Notes to the Consolidated Financial Statements

For the three and nine months ended September 30, 2025

Pickaway County Disposition

On November 25, 2024, the Company signed an agreement (the "Agreement B") with the operator (the "Operator") of certain Ohio assets. Pursuant to the Agreement B, the Company agreed to the sale of certain interests in Pickaway County, Ohio asset to the Operator, effective December 1, 2024, for total proceeds of \$67,500 USD. A loss of the disposition of \$82,707 was recognized in the statement of loss and other comprehensive loss for the year ended December 31, 2024. Included in the Agreement B, the Company will receive a 6% overriding royalty on all future production from the disposed assets.

Property and equipment	226,793
Decommissioning liability	(42,778)
Foreign exchange	(4,189)
Carrying value of net assets disposed	179,826
Cash proceeds from disposition	97,119
Loss on disposition	82,707

Portage County Disposition

On December 31, 2023, the Company signed an agreement (the "Agreement") with the operator (the "Operator") of the Portage County, Ohio assets. Pursuant to the Agreement, the Company agreed to the sale of all Portage County, Ohio assets to the Operator, effective January 1, 2024, for total proceeds of \$90,000 USD. At December 31, 2023, the carrying value of the net assets of \$90,416 was included in assets held for sale on the consolidated statement of financial position. At January 1, 2024, the assets held for sale were removed and a gain on the sale of the assets of \$29,185 was recognized in the statement of loss and other comprehensive loss for the year ended December 1, 2024.

Included in the Agreement, the Operator agreed to forgive any amounts owing from the Company to the Operator, effective December 31, 2023. The total amount settled was \$53,662 CAD.

Property and equipment	129,464
Decommissioning liability	(39,048)
Foreign exchange	3,582
Carrying value of net assets disposed	93,998
Cash proceeds from disposition	123,183
Gain on disposition	29,185

4. Exploration and evaluation

	As at September 30, 2025	As at December 31, 2024
Balance, beginning of period	-	1,022,721
Expenditures on exploration and evaluation assets	-	-
Impairment of exploration and evaluation assets	-	(1,058,986)
Foreign exchange translation	-	36,265
BALANCE, END OF PERIOD	-	-

E&E assets consist of exploration projects which are pending the determination of technological feasibility and commercial viability. Additions represent the acquisition of undeveloped land, seismic activity and the costs associated with wells that have not reached technical feasibility and commercial viability. During the year ended December 31, 2024, the Company completed an impairment review of its E&E assets and determined that E&E assets totaling

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For the three and nine months ended September 30, 2025

\$1,058,987 were not expected to provide future economic benefit to the Company, and their recoverable amount was \$nil. As a result, an impairment was recognized.

5. Property and equipment

	As at September 30, 2025	As at December 31, 2024
COST		
Balance, beginning of period	6,622,671	6,309,682
Expenditures on property and equipment	13,698	58,343
Change in estimate of decommissioning liabilities (note 7)	(2,305)	(25,046)
Dispositions (note 3)	-	(226,793)
Foreign currency translation	(197,394)	506,485
BALANCE, END OF PERIOD	6,436,669	6,622,671
ACCUMULATED DEPLETION		
Balance, beginning of period	(6,196,776)	(5,671,502)
Depletion	(12,603)	(58,214)
Impairment expense (note 6)	-	(12,605)
Foreign currency translation	183,616	(454,455)
BALANCE, END OF PERIOD	(6,025,763)	(6,196,776)
NET CARRYING AMOUNT, END OF PERIOD	410,906	425,894

Corporate assets

	As at September 30, 2025	As at December 31, 2024
COST		
Balance, beginning of period	24,157	24,157
Additions	-	-
BALANCE, END OF PERIOD	24,157	24,157
ACCUMULATED DEPRECIATION		
Balance, beginning of period	(22,871)	(21,990)
Depreciation	(378)	(881)
BALANCE, END OF PERIOD	(23,249)	(22,871)
NET CARRYING AMOUNT, END OF PERIOD	908	1,286

At September 30, 2025, future development costs of \$15,661 (December 31, 2024 - \$16,187) are included in costs subject to depletion. The Company currently has two CGU's, Ohio, USA and Alberta, Canada.

6. Impairment

At September 30, 2025, there were no indicators of impairment. At December 31, 2024, the Company assessed and noted indicators of impairment of its property and equipment, and accordingly, impairment testing was performed.

The Company prepared estimates of future cash flows to determine the recoverable amounts of the respective CGU's. Recoverable amounts for the Company's oil and gas assets were estimated based on FVLCD, calculated using the present value of the CGUs' expected future cash flows. The primary source of cash flow information was derived from a report on the Company's oil and gas reserves which was prepared by an independent qualified reserve evaluator. Impairment losses can be reversed in future periods if the estimated recoverable amount of the CGU exceeds its carrying value. The impairment recovery is limited to a maximum of the estimated depleted historical cost if the impairment had not been recognized.

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The projected cash flows reflect current market assessments of key assumptions, including long-term forecasts of commodity prices, inflation rates, and foreign exchange rates. Cash flow forecasts are also based on past experience, historical trends and an evaluation of the Company's reserves and resources to determine production profiles and volumes, operating costs, maintenance and future development capital expenditures. Production profiles, reserves volumes, operating costs, capital expenditures are consistent with the estimates approved through the Company's annual reserves evaluation process. The discount rate applied in the impairment calculation as at December 31, 2024 was 15% of proven reserves and 20% of probable reserves.

Based on the assessment at December 31, 2024, the recoverable amount of the Company's Ohio, USA CGU exceeded its carrying value, whereas the recoverable amount of the Company's Alberta, Canada CGU did not exceed its carrying value, and accordingly, an impairment of the unrecoverable amount of \$12,605 was recognized.

7. Decommissioning liabilities

	As at September 30, 2025	As at December 31, 2024
Balance, beginning of period	497,775	570,179
Change in estimate	(2,305)	(81,887)
Accretion expense	10,681	21,234
Dispositions (note 3)	-	(42,778)
Foreign currency translation	(10,739)	31,028
BALANCE, END OF PERIOD	495,412	497,775
Current	419,644	395,144
Non-current	75,768	102,631

The Company has estimated the net present value of the decommissioning liabilities to be \$495,412 (December 31, 2024 - \$497,775). The present value of the decommissioning liability considered to be current is \$419,644 (December 31, 2024 - \$395,144). The total undiscounted amount of estimated future cash flows is \$544,547 (December 31, 2024 - \$557,170). These payments are expected to be made over the next 10 years. The obligations on the properties have been calculated using an inflation rate of 2% (December 31, 2024 - 2%) and a discount factor, being the average risk-free rate related to the liability, of 2.47% (December 31, 2024 - 2.92% - 3.32%). At December 31, 2024, included in the change in estimate is a gain on abandonment estimates of \$57,480, which has been recorded in the statement of net loss and other comprehensive loss.

8. Secured debentures

	Secured debentures
Balance, December 31, 2023	1,221,728
Accretion of Debenture	28,272
Balance, December 31, 2024 and September 30, 2025	1,250,000

On December 29, 2022, the maturity date of the Debenture was extended to December 31, 2024 (the "Extension"). The interest rate on the Debenture remained at 12% per annum and was payable on the unpaid balance of the Debenture on each of March 31, June 30, September 30, and December 31. During the three and nine months ended September 30, 2025, the Company recorded interest expense of \$37,500 and \$112,500, respectively (September 30, 2024 - \$37,500 and \$112,500, respectively).

The Company granted 1,500,000 share purchase warrants upon the Extension. Each warrant was exercisable into one common share of the Company at an exercise price of \$0.13 per share until the expiry date of December 31, 2024. The Company valued the warrant feature of the Debenture using the residual method. The liability component was valued at \$1,197,201 and the equity residual value attributed to the warrant feature was \$52,799. As at December 31, 2024, all warrants expired and were unexercised.

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The Company may, at any time, repay the principle and any accrued interest of the Debenture without notice or penalty. If the Company is in default of the requirements included in the Debenture agreement, the Debenture holder may demand repayment of the Debenture or accelerate the date for payment. Security for the Debenture includes a general security agreement against the Company's present and after-acquired personal property and all proceeds thereof. On December 31, 2024, the Company received an extension of the maturity date to December 31, 2026. There were no additional warrants issued. All other terms of the Debenture remained the same and the extension did not result in any material modification of the Debenture.

9. Promissory note

On April 24, 2025, the Debenture holder provided the Company with a \$250,000 promissory note (the "Promissory Note"), maturing on December 31, 2025. The Promissory Note has an interest rate of 15% per annum and is due on December 31, 2025. During the three and nine months ended September 30, 2025, the Company recorded an interest expense of \$9,452 and \$16,336 respectively.

10. Government loan

During the year ended December 31, 2020, the Company was approved and received a \$60,000 CEBA loan under the Canada Emergency Business Account ("CEBA") program funded by the Government of Canada. The CEBA loan is non-interest bearing, can be repaid at any time without penalty. On October 11, 2022, the maturity date of the CEBA loan was extended from December 31, 2022 until December 31, 2023. The terms of the CEBA loan were such that if 75% of the CEBA loan principle was repaid on or before December 31, 2023, the repayment of the remaining 25% of such CEBA loan shall be forgiven. The Company did not repay 75% of the principle balance on December 31, 2023, and has therefore exercised the option for a 3-year extension on the \$60,000 principle balance. An interest rate of 5% during the term during the extended term will apply on any balance remaining.

11. Share capital

a) Authorized

Unlimited number of common shares with voting rights, at par value

Unlimited number of preferred shares, issuable in series, at par value

b) Issued

	Number	Amount
Balance, December 31, 2023	192,073,380	23,193,653
Shares issued pursuant to private placement (i)	19,325,000	118,025
Share issue costs (i)	-	(6,802)
Balance, December 31, 2024 and September 30, 2025	211,398,380	23,304,876

- i) On August 23, 2024, the Company closed a private placement issuing a total of 19,325,000 units (the "Unit") for aggregate proceeds of \$193,250. Each Unit consisted of one common share of the Company and one common share purchase warrant, with each whole warrant entitling the holder thereof to purchase on common share of the Company for \$0.05 per common share for a period of 24 months from issuance, which was valued at \$75,225 (note 11(e)). In connection with the private placement, the Company incurred cash share issue costs of \$11,137, of which \$6,802 was allocated to share capital and \$4,335 was allocated to warrants.

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c) Stock options

The Company has established a stock option plan (the “Plan”) for the benefit of the directors, officers, employees and consultants of the Company. The maximum number of options available under the Plan is limited to 10% of the issued and outstanding common shares on the date the option is granted, with the maximum number of options available to an individual director, officer, employee or consultant not exceeding 5% and 2%, respectively, of the issued and outstanding shares. Such options will be exercisable for a period of up to 5 years from the date of grant, at an exercise price and vesting period as determined by the Board of Directors.

A summary of the status of the Company’s stock option plan and changes during the period is as follows:

	As at September 30, 2025		As at December 31, 2024	
	Number	Weighted Average Exercise Price (\$)	Number	Weighted Average Exercise Price (\$)
Balance, beginning of period	10,810,000	0.06	13,735,000	0.06
Expired	-	-	(2,925,000)	(0.07)
BALANCE, END OF PERIOD	10,810,000	0.06	10,810,000	0.06

Exercise Price (\$)	Options Outstanding	Weighted Average Remaining Term (Years)	Weighted Average Exercise Price (\$)	Options Exercisable	Weighted Average Exercise Price (\$)
0.00 - 0.09	10,810,000	1.35	0.06	10,810,000	0.06

As at September 30, 2025, the Company had 10,810,000 exercisable options (December 31, 2024 – 10,810,000). The weighted average exercise price of the exercisable options is \$0.06 (December 31, 2024 - \$0.06).

d) Share-based payments

During the nine months ended September 30, 2025, the Company granted nil stock options (December 31, 2024 – nil), there were no options exercised and no options expired unexercised (December 31, 2024 – nil and 2,925,000, respectively). The options granted during 2023 are exercisable at an average \$0.075 per option, vested immediately and 1,900,000 and 4,205,000 of the options granted expire 1 and 5 years, respectively, after their grant date. The remaining stock options outstanding vest(ed) one-third immediately upon grant and one-third on each of the first and second anniversary of the grant date. The forfeiture rates are based on historical data and managements estimates. The fair value of the options granted is estimated as at the grant date using the Black-Scholes option pricing model.

Share-based payments expense recognized during the three and nine months ended September 30, 2025 was \$nil (September 30, 2024 - \$nil).

e) Warrants

	Number of Warrants	Weighted Average Exercise Price (\$)	Amount(\$)	Weighted Average Expiry Date
Balance, December 31, 2023	4,190,000	0.11	121,107	0.94
Warrants issued pursuant to private placement (i)	19,325,000	0.05	75,225	-
Share issue costs (i)	-	-	(4,335)	-
Expiry of warrants	(1,500,000)	0.13	(52,799)	-
Balance, December 31, 2024	22,015,000	0.06	139,198	1.53
Expiry of warrants	(2,490,000)	0.10	(71,740)	-
Expiry of share issue costs	-	-	2,019	-
Balance September 30, 2025	19,525,000	0.05	69,477	0.89

(i) As part of the units issued in the private placement that closed August 23, 2024 (note 11(b), subscribers received one warrant per unit purchased. Each whole warrant entitles the holder to purchase one common share of the Company at

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a price of \$0.05 for a period of 24 months from the date of closing. A value of \$75,225 (\$0.004 per warrant) has been attributed to the warrants issued. Share issue costs incurred on the private placement of \$4,335 have been allocated to the warrants issued (note 11 (b)(i)).

The fair value of the warrants issued are estimated as at the grant date using the Black-Scholes option pricing model. The weighted average assumptions used in the calculation are noted below:

	As at December 31, 2024
Risk-free interest rate	3.35%
Expected life	2 years
Expected volatility	244.51%
Fair value per warrant	\$0.004

f) Contributed surplus

	As at September 30, 2025	As at December 31, 2024
Balance, beginning of period	8,205,680	8,152,881
Expiry of warrants (note 11(e))	69,721	52,799
BALANCE, END OF PERIOD	8,275,401	8,205,680

12. Related party transactions

Related parties include Board of Directors of the Company and enterprises which they are associated with that provide services to the Company. Related party transactions not disclosed elsewhere in these consolidated financial statements include the remuneration of these directors for services for the three and nine months ended September 30, 2025, and compared to the same period in 2024, as noted below:

Relationship	Three months ended		Nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Executive management fees - Canada	39,690	15,500	55,548	81,450
Executive management fees - USA	-	-	-	4,612
Office space and storage	2,500	7,500	10,000	22,500
	42,190	23,000	65,548	108,562

As at September 30, 2025, included in the related party information the Company has included an accrual of \$64,000 in unpaid Executive management fees Canada split equally between 2024 and 2025.

All of the above related party transactions are in the normal course of operations.

13. Financial risk management

(a) Fair values:

The fair value of cash, trade and other receivables, and accounts payable and accrued liabilities approximates their carrying value due to their short term nature. The fair value of the debentures were calculated using an estimate of the market rate for similar debentures without warrants, which is a level 2 input.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

Marksman Energy Inc.

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(b) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of cash and trade and other receivables represents the maximum credit exposure.

As at September 30, 2025, the Company had cash of \$54,907 (December 31, 2024 - \$88,795), all of which was deposited with two major financial institutions. Management has assessed the risk of loss to be minimal.

As at September 30, 2025, the Company's accounts receivable consisted of \$10,203 receivable from oil and natural gas marketing companies (December 31, 2024 - \$34,794), \$2,503 receivable from joint venture working interest owners (December 31, 2024 - \$1,176) and \$2,373 related to goods and service tax owing from the Government of Canada (December 31, 2024 - \$5,240). As at September 30, 2025, 68% (December 31, 2024 - 67%) of the Company's receivable are held with one oil and natural gas marketing company and is therefore subject to concentration risk. Receivables from oil and natural gas marketing companies are typically collected within one month of delivery of product and historically the Company has not experienced collection issues with its marketers. Receivables from joint venture partners are typically collected within one to three months of the joint venture bill being issued and cash call receivables are usually provided to the operator at least 30 days in advance of drilling. The Company attempts to mitigate the risk from joint venture receivables by obtaining partner pre-approval of significant capital expenditures. In certain circumstances, the Company may request an operating advance, cash call a partner in advance of capital expenditures being incurred or revoke a non-operating working interest owners take-in-kind rights pursuant to joint operating agreement provisions. However, the receivables are from participants in the oil and natural gas sector, and collection of the outstanding balances is dependent on industry factors such as commodity price fluctuations, escalating costs and the risk of unsuccessful drilling. The Company does not typically obtain collateral from oil and natural gas marketers or joint ventures; however, the Company does have the ability to withhold production from joint ventures in the event of non-payment.

Payment terms with customers vary by contract. Standard payment terms are 30 days from invoice date. The Company's aged trade and other receivable at September 30, 2025 and December 31, 2024, excluding any impaired accounts, are as follows:

	As at September 30, 2025	As at December 31, 2024
Days outstanding		
0-30 days	10,203	29,528
31-60 days	2,373	5,240
61-90 days	-	290
Greater than 90 days	2,503	6,152
Trade and other receivables, net of allowance	15,079	41,210

The Company assessed the credit loss risk as \$nil at September 30, 2025 and December 31, 2024 based on historical data and future expectations and there was no allowance recorded against the accounts receivable.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At September 30, 2025, the Company's maximum exposure to liquidity risk is the accounts payable and accrued liabilities balance of \$757,022 (December 31, 2024 - \$622,124), the promissory note of \$250,000 (December 31, 2024 - \$nil) all of which are due over the next 12 months. The Company attempts, as far as possible, to have sufficient liquidity to meet its liabilities.

The Company prepares annual capital expenditure budgets, which are regularly updated as considered necessary. Further, the Company utilizes authorizations for expenditures on both operated and non-operated projects to further manage capital expenditures.

Marksman Energy Inc.

Notes to the Consolidated Financial Statements

For the three and nine months ended September 30, 2025

(d) Market risk:

Market risk is the risk that changes in foreign exchange rates, commodity prices, and interest rates will affect the Company's net income (loss) or 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.

Currently the Company does not use financial derivatives or physical delivery sales contracts to manage market risks. If in the future management determines market risk warrants the use of financial derivatives or physical delivery sales contracts any such transactions would be approved by the Board of Directors.

(i) Commodity price risk:

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices, affecting results of operations and cash generated from operating activities. Such prices may also affect the value of exploration and development properties and level of spending for future activities. Prices received by the Company for its production are largely beyond the Company's control as oil and natural gas prices are impacted by world economic events that dictate the levels of supply and demand. Management continuously monitors commodity prices and may consider instruments to manage exposure to these risks when deemed appropriate. The Company did not have any commodity price contracts in place as at or during the nine months ended September 30, 2025 and 2024. A 20% change in price per bbl in commodity process would impact petroleum and natural gas sales by approximately \$12,000.

(ii) Foreign currency risk:

Foreign currency exchange rate risk is the risk that future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company regularly converts Canadian currency into United States currency to provide funds for its Ohio based projects. The Company currently sells oil or natural gas in foreign currencies and the underlying market prices in Canada for oil and natural gas fluctuate with changes in the exchange rate between the Canadian and the United States dollar, thus exposing the Company to foreign currency exchange risk. A hypothetical change of 10% to the foreign exchange rate between the US dollar and the Canadian dollar applied to the average level of US denominated cash during the nine months ended September 30, 2025 would not have a material impact on the Company's cash.

As at September 30, 2025 and December 31, 2024, the Company had no forward exchange rate contracts in place.

The Company had the following financial instruments denominated in USD:

	June 30, 2025	December 31, 2024
Cash	7,721	74,148
Trade and other receivables	21,390	35,970
Accounts payable and accrued liabilities	(153,147)	(128,091)

(iii) Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have short or long term interest bearing debt with variable interest rates and therefore is only exposed to interest rate risk through its cash holdings. The Company's secured debentures (note 8) and promissory note (note 9) bear a fixed interest rate.

The Company had no interest rate swaps or financial contracts in place as at or during the nine months ended September 30, 2025 or the year ended December 31, 2024.

Marksmen Energy Inc.

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For the three and nine months ended September 30, 2025

14. Commitments

- a) The Alberta Energy Regulator (“AER”) has an industry wide program to measure all operating companies Licensee Liability Rating (“LLR”). The LLR program is established by the AER to prevent the costs to abandon, remediate and reclaim a well or facility from becoming the responsibility of the public of Alberta. The program measures the ratio of deemed well and facility assets divided by deemed well and facility Liabilities and if the ratio is below 1.0 a deposit is required.

At September 30, 2025, included in deposits and prepaid expenses is an amount of \$48,163 on deposit with the AER that is associated with the Company’s operated wells in Alberta (December 31, 2024 - \$47,032).

- b) The Land and Property Rights Tribunal (“LPRT”) (previously Surface Rights Board) is a quasi-judicial tribunal in Alberta that has a dispute resolution process to resolve issues of non-payment of surface leases to landowners by oil and gas companies. On September 18, 2018, Marksman has been served with a Judgement from the Alberta Government – Service Alberta – Crown Debt Collections with a balance at September 30, 2025 of \$155,233 (December 31, 2024 - \$155,233) related to unpaid surface leases on properties that were sold by Marksman to a third-party company in August of 2010. Marksman has an Assignment of Surface Rights agreement with the third-party, effective August 1, 2010 whereby the responsibility for the payment of surface leases is with the third party. The third-party does not dispute this agreement and agrees they are responsible for the payment of surface leases. The third-party made a partial payment to Service Alberta in November 2018.

On April 4, 2019, LPRT ruled and agreed that the third-party company is also an operator, but they did not agree that the Company should be removed as an operator. Therefore, the Company has accrued for these surface rights obligations. Although the third-party company has agreed they are responsible for the surface payments, their ability to reimburse the Company for the costs is unlikely, and accordingly, the accrued payment have been previously recorded as bad debt expense. The Company will continue to review its options and continue discussions with LPRT regarding an appeal of these rulings.

The Company agreed to retain a nominal 1% working interest in the sold properties and act as the operator of the wells on the behalf of the third-party company. The Company’s position on this judgement is that the assignment of Surface Rights agreements takes precedent while the LPRT asserts that the provincial laws governing the LPRT places the responsibility on the operator as defined by Alberta law governing LPRT and the Alberta Energy Regulator.

15. Segmented information

The Company’s primary operations are limited to a single industry being the acquisition, exploration for, and development of petroleum and natural gas.

Geographical segmentation is as follows:

	For the nine months ended September 30, 2025		
	Canada	United States	Total
Petroleum and natural gas sales	-	71,102	71,102
Depletion and depreciation	378	12,603	12,981
Net loss	449,834	5,540	455,374
Total assets	59,701	492,460	552,161
Total liabilities	2,358,760	453,674	2,812,434

In the US, the Company derives its revenue from the sale of oil directly from one refineries.

Capital management

The Company’s policy is to maintain a strong capital base for the objectives of maintaining financial flexibility, creditor and market confidence and to sustain the future development of the business.

The Company actively manages its capital structure which includes shareholders’ equity and debt. In order to maintain or adjust its capital structure, the Company may from time-to-time issue shares and adjust its capital spending to manage current and projected debt levels. As part of the capital management program, the Company monitors its

Marksmen Energy Inc.

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For the three and nine months ended September 30, 2025

working capital ratio. The Company's objective is to maintain a working capital ratio of greater than 1:1 defined as the ratio of current assets divided by current liabilities. At September 30, 2025, the working capital ratio was 0.10:1 (December 31, 2024 – 0.19:1) (note 1). The Board of Directors has not established a quantitative return on capital criteria for management; however, the board adheres to capital discipline and prudent fiscal management. The Company is not subject to any externally imposed capital requirements.

At September 30, 2025 and December 31, 2024, the Company remains in compliance with all terms of the Debenture and based on current available information, management expects to comply with all terms during the subsequent 12-month period. On December 31, 2024, the maturity date of the Debenture was extended to December 31, 2026 (note 8).

16. Supplemental information

Changes in non-cash working capital is comprised of:

	As at September 30, 2025	As at December 31, 2024
Change in trade and other receivables	26,131	16,771
Change in deposits and prepaid expenses	(427)	(4,012)
Change in accounts payable and accrued liabilities	134,897	136,940
Total change in working capital	160,601	149,699
Change in operating non-cash working capital	150,761	88,930
Change in investing non-cash working capital	9,840	60,769
	160,601	149,699