

## Notice of No Auditor Review of Condensed Consolidated Interim Financial Statements

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated interim financial statements of Questerre Energy Corporation for the interim reporting period ended September 30, 2025, have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of the Company's management.

The Company's external auditors, Ernst & Young LLP, have not performed a review of these unaudited consolidated interim financial statements in accordance with the standards established by Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's external auditor.

## Condensed Consolidated Interim Balance Sheets *(unaudited)*

<i>(\$ thousands)</i>	Note	September 30, 2025	December 31, 2024
<b>Assets</b>			
Current Assets			
Cash and cash equivalents		\$ 18,793	\$ 31,791
Accounts receivable		9,313	3,242
Prepaid tax contributions	3	2,324	–
Inventory	8	8,407	–
Deposits and prepaid expenses		5,648	1,402
		<b>44,485</b>	<b>36,435</b>
Right-of-use assets			
Investments	4	825	128
Property, plant and equipment	5	4,235	4,359
Intangible assets	6	312,811	116,695
Exploration and evaluation asset	7	5,790	–
Restricted cash	3	6,545	13,106
Deferred tax assets	3	1,260	–
		8,902	–
		<b>\$ 384,853</b>	<b>\$ 170,723</b>
<b>Liabilities</b>			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 38,146	\$ 12,496
Advances from customers	3	14,228	–
Tax contributions	3	17,535	–
Contingent consideration for original acquisition of PX Energy	3	6,016	–
Pending share issuance for acquisition	3	4,650	–
Lease liabilities		1,268	56
Credit facilities	14	–	49
Current portion of asset retirement obligation	3,9	1,704	799
		<b>83,547</b>	<b>13,400</b>
Lease liabilities			
Provisions	3	532	83
Contingent equity consideration	3	6,010	–
Contingent consideration for original acquisition of PX Energy	3	13,921	–
Secured debt and convertible promissory notes	3,15	6,728	–
Asset retirement obligation	3,9	107,066	–
		31,996	18,611
		<b>\$ 249,800</b>	<b>\$ 32,094</b>
<b>Shareholders' Equity</b>			
Share capital	10	\$ 429,878	\$ 429,878
Contributed surplus		30,158	29,283
Accumulated other comprehensive income (loss)		2,452	896
Deficit		(327,435)	(321,428)
		<b>135,053</b>	<b>138,629</b>
		<b>\$ 384,853</b>	<b>\$ 170,723</b>

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

## Condensed Consolidated Interim Statements of Net Income (Loss) and Comprehensive Income (Loss) *(unaudited)*

(\$ thousands)	Note	Three months ended September 30,		Nine months ended September 30,	
		2025	2024	2025	2024
<b>Revenue</b>					
Petroleum and natural gas sales including royalty revenue	13	\$ 11,801	\$ 9,460	\$ 34,606	\$ 27,305
Royalties		(1,069)	(994)	(3,822)	(2,128)
Petroleum and natural gas sales, net of royalties		10,732	8,466	30,784	25,177
<b>Expenses</b>					
Direct operating		6,338	3,703	15,359	11,327
General and administrative		1,689	1,580	4,320	3,847
Depletion, depreciation, and accretion	5,9	5,289	3,458	14,057	9,184
Transaction costs related to PX Energy acquisition	3	2,689	–	2,689	–
Share based compensation	11	191	260	858	922
Net interest and other income		(130)	(262)	(492)	(917)
		16,066	8,739	36,791	24,363
<b>Net income (loss)</b>		\$ (5,334)	\$ (273)	\$ (6,007)	\$ 814
<b>Other comprehensive income (loss), net of tax</b>					
<i>Items that may be reclassified subsequently to net income:</i>					
Foreign currency translation adjustment	3,7	1,700	(37)	1,698	177
Gain (loss) on foreign exchange	4	85	(64)	(142)	92
		1,785	(101)	1,556	269
<b>Total comprehensive income (loss)</b>		\$ (3,549)	\$ (374)	\$ (4,451)	\$ 1,083
<b>Net income (loss) per share</b>					
Basic and diluted	10	\$ (0.01)	\$ –	\$ (0.01)	\$ –

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

## Condensed Consolidated Interim Statements of Changes in Equity

(unaudited)

(\$ thousands)	Nine months ended September 30,	
	2025	2024
<b>Share Capital</b>		
Balance, beginning and end of period	\$ 429,878	\$ 429,878
<b>Contributed Surplus</b>		
Balance, beginning of period	29,283	27,908
Share based compensation	875	1,137
Balance, end of period	\$ 30,158	\$ 29,045
<b>Accumulated Other Comprehensive Income</b>		
Balance, beginning of period	896	(20)
Other comprehensive income (loss)	1,556	269
Balance, end of period	\$ 2,452	\$ 249
<b>Deficit</b>		
Balance, beginning of period	(321,428)	(314,099)
Net income (loss)	(6,007)	814
Balance, end of period	\$ (327,435)	\$ (313,285)
<b>Total Shareholders' Equity</b>	<b>\$ 135,053</b>	<b>\$ 145,887</b>

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

## Condensed Consolidated Interim Statements of Cash Flows

(unaudited)

(\$ thousands)	Note	Three months ended September 30,		Nine months ended September 30,	
		2025	2024	2025	2024
<b>Operating Activities</b>					
Net income (loss)		\$ (5,334)	\$ (273)	\$ (6,007)	\$ 814
Adjustments for:					
Depletion, depreciation, and accretion	5,9	5,289	3,458	14,057	9,184
Share based compensation	11	191	260	679	922
Gain on equity investment	4	(6)	(6)	(18)	(20)
Abandonment expenditures	9	(16)	(11)	(39)	(44)
		124	3,428	8,672	10,856
Change in non-cash working capital		1,170	632	2,268	(1,027)
Net cash from operating activities		\$ 1,294	\$ 4,060	\$ 10,940	\$ 9,829
<b>Investing Activities</b>					
Property, plant and equipment expenditures	5	(1,301)	(3,330)	(5,151)	(4,098)
Exploration and evaluation expenditures	7	(947)	(103)	(16,009)	(8,999)
Cash acquired through business combination	3	1,233	–	1,233	–
Change in non-cash working capital		186	(1,824)	(3,966)	4,142
Net cash used in investing activities		\$ (829)	\$ (5,257)	\$ (23,893)	\$ (8,955)
<b>Financing Activities</b>					
Principal portion of lease payments		(15)	(18)	(45)	(46)
Net cash used in financing activities		\$ (15)	\$ (18)	\$ (45)	\$ (46)
Change in cash, cash equivalents		450	(1,215)	(12,998)	828
Cash and equivalents, beginning of period		18,343	37,081	31,791	35,038
<b>Cash, cash equivalents, end of period</b>		<b>\$ 18,793</b>	<b>\$ 35,866</b>	<b>\$ 18,793</b>	<b>\$ 35,866</b>

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

# Notes to the Condensed Consolidated Interim Financial Statements

*For the three and nine months ended September 30, 2025, and 2024 (unaudited)*

## 1. Reporting Entity and Basis of Presentation

Questerre Energy Corporation (“Questerre” or the “Company”) is an energy technology and innovation company. It is leveraging its expertise gained through early exposure to low permeability reservoirs to acquire significant high-quality resources. These condensed consolidated interim financial statements of the Company as at and for the three and nine months ended September 30, 2025, and 2024 comprise the Company and its wholly owned subsidiaries. On September 26, 2025, the Company concluded the acquisition of Paraná Xisto S.A. (“PX Energy”) (the “Acquisition”). See Note 3.

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of business.

Questerre is incorporated under the laws of the Province of Alberta and is domiciled in Canada. The address of its registered office is 1650, 801 – 6 Avenue SW, Calgary, Alberta.

These unaudited condensed consolidated interim financial statements of Questerre were approved by the Board of Directors on November 12, 2025.

## 2. Material Accounting Policies and use of Estimates and Judgements

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

The unaudited condensed interim consolidated financial statements follow the same accounting policies as the most recent annual audited consolidated financial statements. The interim consolidated financial statements note disclosures do not include all of those required by International Financial Reporting Standards (“IFRS”) applicable for annual consolidated financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended December 31, 2024, which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. Certain information and disclosures normally included in the notes to the annual consolidated financial statements have been condensed or omitted from these condensed interim consolidated financial statements.

### Business Combination

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured at their fair values at the acquisition date. The acquisition date

is the closing date of the business combination. Revisions may be made to the initial recognized amounts determined during the measurement period, which shall not exceed one year after the acquisition date. The cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred, and considerations issued. If the cost of the acquisition is greater than the fair value of the net identifiable assets acquired, the difference is recorded as goodwill on the consolidated balance sheet. If the cost of the acquisition is less than the fair value of the net identifiable assets acquired, the difference is recognized immediately in the Consolidated Statement of Comprehensive Income (Loss).

Transaction costs incurred in connection with business combinations are expensed as incurred and presented separately in the consolidated statements of profit or loss.

Upon acquisition of a business, the Company evaluates assets and liabilities assumed to their correct classification and designation based on the contractual terms, economic conditions and other relevant factors existing at the acquisition date.

#### Foreign Currency Conversion

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the parent company. Each entity determines its own functional currency whether it be Jordanian dinar or Brazilian reais, and in those whose functional currencies are different from the Canadian dollar, the financial statements are translated into Canadian dollar at the reporting date.

Transactions in foreign currency are initially recorded at the exchange rate of the functional currency in effect on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated using the closing exchange rate at the reporting date.

All differences are recorded in the income statement, except for the foreign exchange differences in the translation of the subsidiary's statement of financial position. This difference is recognized as other comprehensive income. Tax charges and effects attributed to the foreign exchange differences in these monetary items are also recognized in other comprehensive income.

Non-monetary items measured at historical cost in a foreign currency are translated using the average exchange rate for the period presented. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the dates the fair value was measured. Gains or losses arising on the translation of non-monetary items measured at fair value are treated in accordance with the recognition applicable to the gain or loss on the change in the fair value of the item (i.e. translation differences for items whose fair value gain or loss is recognized in other comprehensive income or profit or loss for the period are also recognized in other comprehensive income or profit or loss for the period, respectively).

#### Inventories

Inventories are measured at their weighted average cost of purchase or production and are adjusted to their net

realizable value when the latter is lower than the items' carrying amount.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and expenses necessary to make the sale. Changes in selling prices after the reporting date are considered in the calculation of net realizable value to the extent that they confirm the conditions existing at the reporting date.

Materials and supplies are measured at average purchase cost, provided that such cost does not exceed replacement cost.

Provisions for obsolescence of materials and supplies are determined with reference to specific inventory items, through periodic reviews to determine the extent of any need for a provision. The classification of obsolescence losses in the statement of profit or loss is presented under cost of goods sold.

### Provisions

Provisions are recognized when the Company or its subsidiaries have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. Contingent liabilities are not recognized in the financial statements, if they can not be estimated and are probable, and are disclosed in notes to the financial information unless their occurrence is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes if their recovery is deemed probable.

### Contingent consideration

Where the Company acquires a business, any contingent consideration is recognized at its acquisition date fair value as part of the consideration transferred. Contingent consideration is classified as a financial liability, asset, or equity in accordance with IAS 32. Amounts classified as equity are not remeasured subsequent to initial recognition; settlement is accounted for within equity. Amounts classified as financial assets or liabilities are subsequently measured at fair value with changes recognized in profit or loss. Contingent consideration denominated in a foreign currency is retranslated at period-end rates with resulting gains or losses recognized in profit or loss. Amounts that, in substance, compensate for post-combination services are recognized in profit or loss over the service period and are not included in consideration transferred.

For transactions that are not business combinations, the cost of the acquired asset(s) includes contingent amounts when the related obligation arises or when payment becomes probable and can be reliably measured. Production

linked payments are recognized as the related production occurs and are capitalized or expensed in accordance with the Company's accounting policies for the related asset and nature of the cost.

Fair value measurements of contingent consideration use valuation techniques consistent with IFRS 13, generally resulting in Level 3 measurements. Significant unobservable inputs include probabilities of achieving operational or regulatory milestones, commodity price assumptions, production profiles and decline rates, development timing, and discount rates reflecting the time value of money and non-performance risk.

Management exercises judgment in determining whether an acquisition is a business combination or an asset acquisition, in classifying contingent consideration, in distinguishing purchase consideration from compensation for post combination services, and in estimating fair values.

### Critical Accounting Estimates

Business combinations are accounted for using the acquisition method of accounting. The determination of fair value often requires Management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of property, plant and equipment and exploration and evaluation assets acquired generally require the most judgment and include estimates of oil and gas reserves acquired, forecast benchmark commodity prices and discount rates. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill.

### Future Accounting Pronouncements

There were no new or amended accounting standards or interpretations issued during the nine months period ended September 30, 2025, that are applicable to the Company in future periods. A detailed description of accounting standards and interpretations that will be adopted by the Company in future periods can be found in the notes to the annual consolidated financial statements for the year ended December 31, 2024.

## 3. Business Combination

On September 26, 2025, the Company closed the acquisition of 100% of the common shares PX Energy, a privately held oil shale production and refining company based in southern Brazil. The Acquisition was completed by the purchase of all issued and outstanding shares of its parent company, Forbes Resources Brazil Holding SA ("FRBH") from the vendors through a wholly owned subsidiary of the Company.

The primary reason for the Acquisition is to advance the Company's strategy of seeking to commercially develop oil shale resources globally. It provides a platform of producing oil shale operations, including mining, processing and refining facilities as well as oil shale reserves and resources. PX Energy has over thirty years of operations and utilizes technology to produce oil from oil shale developed by an integrated energy company. The Acquisition includes downstream production expertise and complements the Company's experience with upstream resource development and technology assessment. It expands the Company's existing portfolio of oil shale assets including

its project in the Kingdom of Jordan and its investment in Red Leaf, specifically its rights to use Red Leaf's proprietary technology to produce oil from shale that incorporates carbon capture.

The Acquisition has been accounted for using the acquisition method in accordance with IFRS 3 Business Combinations. Under the acquisition method, assets and liabilities are measured at their estimated fair value on the date of acquisition. The total consideration was allocated to the assets acquired and liabilities assumed. Transaction related costs are recorded in the income statement.

#### *Purchase Price Allocation*

The Consideration includes the issuance of 15 million Class "A" common voting shares of Questerre ("Common Shares") subject to a lock-up and voting agreement (the "First Tranche Common Shares") with a deemed value of \$4.7 million and contingent equity consideration of two additional tranches of 25 million Common Shares as detailed below:

- 25 million Common Shares subject to the achievement of US\$30 million in free cash flow or the completion of an equity issue by the Company of \$25 million at a price of \$0.50 per Common Share no later than September 30, 2027; and
- 25 million Common Shares subject to the achievement of US\$40 million in free cash flow or the completion of an equity issue by the Company of \$25 million at a price of \$1.00 per Common Share no later than September 30, 2028.

The contingent share consideration was valued at \$13.9 million.

#### *Secured Debt and Convertible Promissory Notes*

See Note 15 for the liabilities related to the secured debt and convertible promissory notes obligations acquired pursuant to the Acquisition. The convertible promissory notes and other liabilities were measured at their estimated fair value at closing date.

The following table summarizes the details of the consideration and the recognized amounts of assets acquired and liabilities assumed at the date of the acquisition:

<b><i>Consideration Transferred</i></b>	<i>(\$ thousands)</i>
Pending share issuance for acquisition	\$ 4,650
Contingent equity consideration	13,921
Obligations related to convertible promissory notes	14,920
Assumed liabilities	8,724
<b>Total consideration transferred</b>	<b>\$ 42,215</b>
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<b><i>Identifiable Assets Acquired and Liabilities Assumed</i></b>	<i>(\$ thousands)</i>
Cash and cash equivalents	\$ 1,228
Restricted cash	1,254
Accounts receivable	5,820
Prepaid tax contributions	2,314
Inventory	8,372
Deposits and prepaid expenses	3,351
Right-of-use assets	737
Property, plant and equipment	179,005
Intangible asset	5,766
Deferred tax assets	8,864
<b>Total assets acquired</b>	<b>\$ 216,711</b>
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Accounts payable and accrued liabilities	\$ (17,375)
Advances from customers	(14,168)
Tax Contributions	(17,461)
Lease liabilities	(1,698)
Provisions	(5,985)
Contingent consideration for original acquisition of PX Energy	(12,690)
Secured debt	(91,759)
Asset retirement obligation	(13,360)
<b>Total liabilities assumed</b>	<b>\$ (174,496)</b>
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<b>Net Identifiable Assets Acquired</b>	<b>\$ 42,215</b>

The fair values above are initial estimates and are subject to final adjustment.

### *Identifiable net assets*

The fair value of trade and other receivables acquired as part of the acquisition was \$5.8 million, with a nominal allowance for the expected credit loss.

Inventory includes finished goods, in process products and materials and supplies with an estimated provision for inventory obsolescence.

The acquisition included recognition of identifiable contingent liabilities for labour and tax risks which the likelihood of loss and disbursement by PX Energy is deemed probably. These are measured at fair value and included in the purchase price allocation.

Deferred income tax liabilities (net) are recognized and measured per IAS 12, which are calculated on temporary differences between the assigned fair values and tax bases of assets/liabilities, not at fair value.

### *Acquisition Related Costs*

Acquisition related costs incurred in connection with the transaction were expensed as incurred. These costs totaled \$2.7 million for the three and nine months ended September 30, 2025.

### *PX Energy's Contribution to Group results*

The acquisition of the acquired assets contributed revenues of \$1.4 million and a loss before finance costs and taxes of \$0.1 million from September 26, 2025, to September 30, 2025. Had the acquisition of these assets closed on January 1, 2025, estimated contributed revenues would have been \$89.8 million and estimated contributed loss before finance costs and taxes would have been \$12.1 million for the nine months ended September 30, 2025.

### *Proposed Joint Venture Formation*

Concurrent with the Acquisition, the Company entered a binding term sheet with Nice Capital Holdings Ltda. ("Nice") a subsidiary of Nimofast, a private fuel distributor in Brazil, for a 50/50 joint venture for the ownership and management of PX Energy (the "Joint Venture"). The Joint Venture is subject to certain conditions precedent including the approval by the Brazilian Administrative Council for Economic Defence ("CADE").

Control and management of PX Energy will be shared equally between Nice and Questerre. Both parties will have equal shareholder rights, the rights to appoint board representatives, and the responsibility to make equal financial and other contributions to the Joint Venture. The parties have agreed on an initial liquidity commitment of up to an aggregate of US\$10 million on an as needed basis to be shared equally with a priority to secure third party financing. To the extent any equity contribution is required in the near term, Questerre anticipates it will be able to fund its share through its existing financial resources.

## 4. Investment in Red Leaf

Red Leaf Resources Inc. ("Red Leaf") is a private Utah-based oil shale and technology company whose principal assets are its proprietary HCCO technology to recover oil from shale, its oil shale leases and its assets in the Uinta Basin in the state of Utah.

Questerre holds 132,292 common shares, representing just over 40% of the common share capital of Red Leaf and 288 Series A Preferred Shares of Red Leaf representing less than 16% of the issued and outstanding preferred shares capital of Red Leaf.

Questerre has determined its investment in Red Leaf will be accounted for using the equity method. This is based on several criteria including its current equity interest in Red Leaf and ability to participate in the decision-making process of Red Leaf through its current Board representation. The following table sets out the changes in the investment over the respective year to date periods:

	September 30, 2025	December 31, 2024
<i>(\$ thousands)</i>		
Balance, beginning of year	\$ 4,359	\$ 4,471
Gain (loss) on equity investment	18	(474)
Gain (loss) on foreign exchange	(142)	362
Balance, end of period	\$ 4,235	\$ 4,359

For the nine months ended September 30, 2025, the loss on foreign exchange relating to investments was \$0.2 million (December 31, 2024: \$0.4 million gain).

## 5. Property, Plant and Equipment

The following table provides a reconciliation of the Company's property, plant, and equipment ("PP&E") assets:

*(\$ thousands)*

Cost or deemed cost:		
Balance, December 31, 2023	\$	314,321
Additions including change to asset retirement		4,000
Transfer from exploration and evaluation assets		8,605
Balance, December 31, 2024		326,926
Additions including change to asset retirement		5,982
Acquired on close of business combination (see Note 3)		179,005
Gain on foreign exchange		2,283
Transfer from exploration and evaluation assets		22,569
Balance, September 30, 2025	\$	<b>536,765</b>

Accumulated depletion, depreciation and impairment losses:		
Balance, December 31, 2023	\$	198,386
Depletion and depreciation		11,845
Balance, December 31, 2024		210,231
Depletion and depreciation		13,723
Balance, September 30, 2025	\$	<b>223,954</b>

*(\$ thousands)*

Net book value:		
At December 31, 2024	\$	116,695
At September 30, 2025	\$	<b>312,811</b>

During the period ended September 30, 2025, the Company capitalized \$0.5 million (2024: nil) in administrative overhead and \$0.2 million (2024: nil) in share-based compensation expense directly related to development activities. The September 30, 2025, depletion calculation includes estimated future development costs of \$308.1 million (December 31, 2024: \$293.6 million).

No indicators of impairment nor indicators to reverse previously recorded impairment were identified as at September 30, 2025.

## 6. Intangible Assets

The following table provides a reconciliation of the Company's intangible assets:

	September 30,	
	2025	
<i>(\$ thousands)</i>		
Balance, beginning of year	\$	–
Software (acquired on close of business combination see Note 3)		5,766
Gain on foreign exchange		24
Balance, end of period	\$	5,790

Intangible assets are measured at historical acquisition cost or at fair value when acquired in a business combination, net of accumulated amortization and, if applicable, accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate.

Amortization is calculated using the straight-line method based on the estimated useful life of the assets, which is reviewed at each statement of financial position date.

There were no indicators that the carrying amount of intangible assets exceeded their recoverable amount as of September 30, 2025.

## 7. Exploration and Evaluation

The following table provides a reconciliation of the Company's exploration and evaluation assets for the respective periods:

	September 30,		December 31,	
	2025		2024	
<i>(\$ thousands)</i>				
Balance, beginning of year	\$	13,106	\$	12,287
Additions		16,008		16,344
Transfers to property, plant and equipment		(22,569)		(8,605)
Foreign currency translation adjustment		–		943
Impairment of Jordan asset		–		(7,863)
Balance, end of period	\$	6,545	\$	13,106

During the period ended September 30, 2025, the Company did not capitalize administrative overhead charges (December 31, 2024: \$0.4 million) or share based compensation expense (December 31, 2024: \$0.3 million) directly related to exploration and evaluation activities.

The Company determined that there were no impairment indicators for its exploration and evaluation assets as of September 30, 2025.

## 8. Inventory

<i>(\$ thousands)</i>	<b>September 30,</b>	December 31,
	<b>2025</b>	2024
Finished goods <sup>(1)</sup>	1,877	\$ –
In-process products <sup>(2)</sup>	959	–
Materials and supplies <sup>(3)</sup>	9,482	–
Provision for inventory obsolescence	(3,837)	–
Provision for adjustments to net realizable value	(109)	–
Gain on foreign exchange	35	–
Balance, end of period	<b>\$ 8,407</b>	<b>\$ –</b>

(1) Includes fuel oil, LPG, sulfur, naphtha, shale water and fuel gas

(2) Shale oil and oily water

(3) Includes operating materials and sludge acquired from third-party

Crude oil inventories may be marketed in their raw state, as well as consumed in the production process of their by-products. Work-in-process products are composed of product streams that have already gone through at least one processing unit but still need to be processed, treated, or converted to be made available for sale. Materials and supplies mainly represent production inputs and operating materials that will be used in the Company's activities and are presented at average purchase cost.

Inventories are adjusted to their realizable value by means of provisions for adjustment to market value and other provisions, when necessary. The classification of losses due to obsolescence and provisions for adjustment to realizable value in the statement of profit or loss are presented under cost of goods sold. Inventories are measured at their weighted average cost of purchase or production and are adjusted to their net realizable value when the latter is lower than the items' carrying amount.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and expenses necessary to make the sale. Changes in selling prices after the reporting date are considered in the calculation of net realizable value to the extent that they confirm the conditions existing at the reporting date. Materials and supplies are measured at average purchase cost, provided that such cost does not exceed replacement cost.

Provisions for obsolescence of materials and supplies are determined with reference to specific inventory items, through periodic reviews to determine the extent of any need for a provision. The classification of obsolescence losses in the statement of profit or loss is presented under cost of goods sold.

## 9. Asset Retirement Obligation

The Company's asset retirement and abandonment obligations result from its ownership interest in oil and natural gas assets. The total asset retirement obligation is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities, and the estimated timing of the costs to be incurred in future periods. The Company has estimated the net present value of the asset retirement obligation to be \$33.7 million as at September 30, 2025 (December 31, 2024: \$19.4 million) based on an undiscounted total future liability of \$48 million (December 31, 2024: \$24.6 million). These payments are expected to be made over the next 40 years. The average discount factor, being the risk-free rate related to the liabilities, is 2.87% (December 31, 2024: 3.06%). An inflation rate of 2% (December 31, 2024: 2%) over the varying lives of the assets is used to calculate the present value of the asset retirement obligation.

The following table provides a reconciliation of the Company's total asset retirement obligation on a year to date basis:

<i>(\$ thousands)</i>	September 30, 2025	December 31, 2024
Balance, beginning of year	\$ 19,410	\$ 19,064
Acquired on close of business combination (see Note 3)	13,360	–
Gain on foreign exchange	56	–
Liabilities settled	(39)	(49)
Revisions due to change in estimates and discount rates	474	(537)
Liabilities incurred	55	352
Accretion	384	580
Balance, end of period	\$ 33,700	\$ 19,410
Current portion	1,704	799
Non-current portion	31,996	18,611
Balance, end of period	\$ 33,700	\$ 19,410

## 10. Share Capital

The Company is authorized to issue an unlimited number of Class "A" Common voting shares ("Common Shares"). The Company is also authorized to issue an unlimited number of Class "B" Common voting shares and an unlimited number of preferred shares, issuable in one or more series. At September 30, 2025, there were no Class "B" Common voting shares or preferred shares outstanding.

a) *Issued and outstanding – Common Shares*

	Number (thousands)	Amount (\$ thousands)
Balance December 31, 2024 and September 30, 2025	<b>428,516</b>	<b>\$ 429,878</b>

b) *Per share amounts*

Basic and diluted net income (loss) per share is calculated as follows:

<i>(thousands, except as noted)</i>	<i>Three months ended September 30,</i>		<i>Nine months ended September 30,</i>	
	<b>2025</b>	2024	<b>2025</b>	2024
Net income (loss)	\$ (5,334)	\$ (273)	\$ (6,007)	\$ 814
Weighted average Common Shares beginning of period and outstanding	<b>428,516</b>	428,516	<b>428,516</b>	428,516
Basic net income (loss) per share	\$ (0.01)	\$ –	\$ (0.01)	\$ –

<i>(thousands, except as noted)</i>	<i>Three months ended September 30,</i>		<i>Nine months ended September 30,</i>	
	<b>2025</b>	2024	<b>2025</b>	2024
Net income (loss)	\$ (5,334)	\$ (273)	\$ (6,007)	\$ 814
Weighted average Common Shares outstanding (basic)	<b>428,516</b>	428,516	<b>428,516</b>	428,516
Effect of outstanding options	–	–	–	2,923
Weighted average Common Shares outstanding (diluted)	<b>428,516</b>	428,516	<b>428,516</b>	431,439
Diluted net income (loss) per share	\$ (0.01)	\$ –	\$ (0.01)	\$ –

Under the current stock option plan, options can be exchanged for Common Shares, or for cash at the Company's discretion. The average market value of the Company's shares for purposes of calculating the dilutive effect of options was based on quoted market prices for the period that the options were outstanding. For the nine months ended September 30, 2025, 22.5 million options (September 30, 2024: 24.1 million options) were excluded from the diluted weighted average number of Common Shares outstanding as they were out of the money and their effect would have been anti-dilutive.

*Quebec asset spinout*

In conjunction with the Acquisition, the Company anticipates its Quebec assets (the "Quebec Assets") will be transferred into a separate sidecar subsidiary company. If completed, Questerre anticipates distributing either preferred shares of Questerre or shares of the new entity to its existing shareholders ahead of the issuance of Common Shares in connection with the Acquisition or warrants to be issued in connection with the Joint Venture in order not to dilute its existing shareholders' position in the Quebec Assets.

## 11. Share Based Compensation

The Company has a stock option program that provides for the issuance of options to its directors, officers and employees at or above grant date market prices. The options granted under the plan generally vest evenly over a three-year period starting at the grant date. The grants expire five years from the grant date. The Company accounts for its share-based compensation awards on the basis that the options will be equity settled. In the first quarter, the Company cash settled 5.9 million options for a payment of \$0.2 million.

For the nine months ending September 30, 2025, the Company granted 6.7 million options with an estimated fair value of \$0.18 per option. The grant price was equivalent or greater than the market price on the date of issuance. The options were valued using the Black-Scholes option pricing model. The weighted average assumptions used by the Company in this pricing model were as follows: Volatility (%): 102.60, Risk Free Rate (%): 2.91, Expected Life (years): 5.0 and Unvested Forfeiture Rate (%): 8.46.

On a year to date basis, the number and weighted average exercise prices of the outstanding stock options are as follows:

	September 30, 2025		December 31, 2024	
	Number of Options (thousands)	Weighted Average Exercise Price	Number of Options (thousands)	Weighted Average Exercise Price
Outstanding, beginning of period	38,295	\$ 0.25	38,140	\$ 0.26
Granted	6,675	0.23	6,950	0.25
Forfeited/cancelled	(2,880)	0.22	(620)	0.27
Expired	(325)	0.16	(6,175)	0.29
Exercised	(5,975)	0.22	–	–
Outstanding, end of period	35,790	\$ 0.25	38,295	\$ 0.25
Exercisable, end of period	26,844	\$ 0.26	29,704	\$ 0.25

## 12. Financial Risk Management and Determination of Fair Values

### a) Overview

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production, and financing activities such as credit risk, liquidity risk and market risk. The Company manages its exposure to these risks by operating in a manner that minimizes this exposure.

### b) Fair value of financial instruments

The Company's financial instruments as at September 30, 2025, included cash and cash equivalents, accounts receivable, deposits, investments, credit facilities, and accounts payable and accrued liabilities. As at September

30, 2025, excluding the investment in Red Leaf, the fair values of the Company's financial assets and liabilities equaled their carrying values due to the short-term maturity.

#### c) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates will affect the Company's profit or loss or the value of its financial instruments. The objective of the Company is to mitigate exposure to these risks while maximizing returns to the Company.

##### Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for oil and natural gas are impacted not only by the relationship between the Canadian and United States dollar, but also world economic events that dictate the levels of supply and demand. The Company may enter into oil and natural gas contracts to protect, to the extent possible, its cash flow on future sales. The contracts reduce the volatility in sales revenue by locking in prices with respect to future deliveries of oil and natural gas.

As at September 30, 2025, the Company had no outstanding commodity risk management contracts.

##### Currency risk

All of Questerre's petroleum and natural gas sales are denominated in Canadian dollars; however, the underlying market prices for these commodities are impacted by the exchange rate between Canada and the United States. The Company also incurs expenditures in its Jordanian subsidiary that are denominated in Jordanian dinar and United States dollars. Expenditures in its Brazilian subsidiary are denominated in Brazil reais.

As at September 30, 2025, the Company had no forward foreign exchange contracts in place.

#### d) Credit risk

Credit risk represents the potential financial loss to the Company if a customer or counterparty to a financial instrument fails to meet or discharge their obligation to the Company. Credit risk arises principally from the Company's receivables from joint venture partners and oil and gas marketers. The Company manages the credit risk associated with its oil and gas marketers by transacting with high quality counterparties, establishing concentration limits, monitoring credit ratings and if required the posting of guarantees.

#### e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's processes for managing liquidity risk include ensuring, to the extent possible, that it will have sufficient liquidity to meet its liabilities when they become due. The Company prepares annual capital expenditure budgets which are monitored and are updated as required. In addition, the Company requires authorizations for expenditures on projects to assist with the management of capital.

Since the Company operates in the upstream oil and natural gas industry, it requires sufficient cash to fund capital programs necessary to maintain or increase production, develop reserves and to potentially acquire strategic

assets. The Company's capital programs are funded principally by cash obtained through its credit facilities, equity issuances and from operating activities. During times of low oil and natural gas prices or when cash resources may be limited, a portion of capital programs can generally be deferred, however, due to the long cycle times and the importance to future cash flow in maintaining the Company's production, it may be necessary to utilize alternative sources of capital to continue the Company's strategic investment plan during periods of low commodity prices. As a result, the Company frequently evaluates the options available with respect to sources of long and short-term capital resources. Occasionally, to the extent possible, the Company will use derivative instruments to manage cash flow in the event of commodity price declines.

The Company's financial obligations relate to amounts due under the credit facilities, including trade and other payables, which consist of invoices payable to trade suppliers relating to the office and field operating activities and its capital spending program. The Company processes invoices within a normal payment period and all amounts are due within the next 12 months.

### 13. Petroleum and Natural Gas Sales

(\$ thousands)	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Crude oil and natural gas liquids	\$ 10,968	\$ 8,942	\$ 31,062	\$ 25,317
Natural gas	637	487	3,163	1,925
Royalty revenue	196	31	381	63
	\$ 11,801	\$ 9,460	\$ 34,606	\$ 27,305

### 14. Credit Facilities

As at September 30, 2025, the credit facilities consisted primarily of a revolving operating demand facility of \$16 million. The facility can be used for general corporate purposes, ongoing operations and capital expenditures within Canada. As such the calculation of the covenants below excludes any amounts related to the Acquisition. The effective interest rate on the facilities for the nine months ended September 30, 2025, was 6.06% (Sept 30, 2024: 8.01%). As at September 30, 2025, and December 31, 2024, a very nominal amount was drawn on the facility and the Company held unrestricted cash of over \$17.6 million and \$31.8 million respectively. The credit facilities are secured by a debenture with a first floating charge over all assets of the Company and a general assignment of books debts. Under the terms of the credit facilities, the Company has provided a covenant that it will maintain an Adjusted Working Capital Ratio greater than 1.0. The ratio is defined as current assets (excluding unrealized hedging gains and including undrawn Credit Facility A availability) to current liabilities (excluding bank debt outstanding and unrealized hedging losses). The Adjusted Working Capital Ratio at September 30, 2025, was 3.82 and the covenant was met.

The credit facilities are demand facilities and can be reduced, amended or eliminated by the lender for reasons beyond the Company's control. Should the credit facilities, in fact, be reduced or eliminated, the Company would need to seek alternative credit facilities or consider the issuance of equity to enhance its liquidity.

## 15. Secured Debt and Convertible Promissory Notes

In connect with the Acquisition, the Company acquired liabilities including senior secured bonds issued by FRBH with a maturity date of April 24, 2028. The bonds have a face value of US\$80 million and an acquisition date fair value of US\$64 million. The carrying amount will accrete from US\$64 million to US\$80 million with the accretion recognized on the income statement as finance costs at the effective interest rate. Interest will also be recognized as incurred. The bonds are secured by a fiduciary assignment of the equity of PX Energy and security over the assets of PX Energy.

In conjunction with the closing of the Acquisition, the holders of bonds representing a requisite majority agreed to amend the terms of the bonds as follows with such changes taking effect on the closing of the Acquisition:

- Interest lowered from 16% per annum to 10% per annum effective August 1, 2025. All accrued and unpaid interest up to December 31, 2025, converts into shares in the SPAC transaction. If the SPAC transaction does not proceed, no interest is payable in 2025. Thereafter, interest is payable quarterly based on Brent pricing ranging from 4% based on Brent pricing under US\$55 per barrel to 20% based on Brent pricing greater than US\$95 per barrel with interest not to exceed 16% over the term of the bonds. Interest in 2026 may be payable in cash or in kind at the issuer's election with interest in 2027 onwards payable in kind if Brent prices are below US\$65 per barrel.
- The maturity may be extended for two one year terms for a fee of 2% of the principal for each extension.

Additional amendments to the bond terms were also approved including covenant waivers to permit the normal operation of bank accounts and working capital, including waivers to reduce the minimum liquidity to US\$3.2 million and a waiver to comply with the interest coverage ratio until December 31, 2025. Such additional amendments are to take effect following the negotiation of definitive documents within twenty days from closing of the Acquisition. The Company continues to negotiate the definitive documents for these additional amendments with the bondholders.

Below are the main financial covenant clauses of the outstanding bonds:

- Interest coverage ratio greater than 1.3x;
- Minimum liquidity of US\$3.2 million.

The consideration for the Acquisition also included the assumption of the vendor's obligations under a business combination agreement ("BCA") with a special purpose acquisition company ("SPAC"). Pursuant to the BCA, the Company's wholly owned subsidiary has assumed the obligation to combine with the SPAC in a go-public transaction. The BCA is subject to conditions precedent including receipt of regulatory approvals, the filing of a Proxy/Registration Statement with the Securities and Exchange Commission and the completion of this transaction prior to December 31, 2026. Under the BCA, the Company's subsidiary assumed obligations related to the SPAC, and other liabilities, with an estimated fair value of \$8.7 million.

Related to the SPAC and subject to the issuance of the First Tranche Common Shares and associated

transactions, the Company's subsidiary will assume convertible promissory notes originally issued by the vendor in the principal amount of \$14.9 million. The notes bear interest at 12% per annum and are due on December 31, 2026. PX Energy has issued a US\$5 million guarantee for these notes. Subject to conditional precedent in the BCA and the closing of the SPAC transaction, the notes are convertible into common shares of the SPAC. If the SPAC transaction does not proceed, the notes are due and payable or convertible into equity of the Company's subsidiary.

The contingent obligations under the convertible promissory notes and other liabilities were measured at their estimated fair value at the closing date. See Note 3.

## 16. Subsequent Events

On October 29, 2025, the CADE Secretariat approved the participation of Nice in the Acquisition pursuant to the Term Sheet. Subject to a review by the CADE Tribunal if required, final approval is expected by November 18, 2025.