

Source Rock Royalties Ltd.
Condensed Interim Financial Statements
As at and for the three and nine months ended September 30, 2025
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

Source Rock Royalties Ltd.
Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)
(unaudited)

	September 30, 2025	December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	\$ 4,702,596	\$ 4,635,727
Trade and other receivables (note 3)	926,050	1,051,358
Prepaid expense	21,068	38,401
Total current assets	5,649,714	5,725,486
Non-current assets		
Exploration and evaluation assets (note 4)	110,154	-
Petroleum and natural gas interests (note 5)	17,973,364	20,239,143
Intangible (note 6)	250,000	250,000
Deferred tax	465,107	370,573
Total assets	\$ 24,448,339	\$ 26,585,202
Liabilities		
Current liabilities		
Trade and other payables	\$ 42,737	\$ 44,174
Corporate taxes payable	191,391	524,662
Dividends payable (note 13)	296,288	296,288
Total current liabilities	530,416	865,124
Total liabilities	530,416	865,124
Shareholders' equity		
Share capital (note 8a)	26,762,097	26,762,097
Contributed surplus (note 8b)	17,480,444	17,629,789
Deficit	(20,324,618)	(18,671,808)
Total shareholders' equity	23,917,923	25,720,078
Total liabilities and shareholders' equity	\$ 24,448,339	\$ 26,585,202

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

Source Rock Royalties Ltd.
Condensed Interim Statements of Income and Comprehensive Income
(Expressed in Canadian dollars)
(unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
Royalty revenues (note 9)	\$ 1,497,691	\$ 1,987,999	\$ 4,700,104	\$ 5,818,341
Expenses				
Administrative expenses	171,634	317,623	614,512	711,225
Share-based compensation (note 8c and 8d)	112,025	243,351	565,706	636,297
Depletion (note 5)	750,008	1,079,682	2,265,779	3,095,839
Total expenses	1,033,667	1,640,656	3,445,997	4,443,361
Income (loss) for the period	464,024	347,343	1,254,107	1,374,980
Other income				
Interest	27,326	40,576	99,865	94,986
Income (loss) before taxes	491,350	387,919	1,353,972	1,469,966
Provision for income taxes				
Current tax expense	63,022	233,494	434,727	719,689
Deferred tax recovery	(28,354)	(93,500)	(94,534)	(243,127)
Income tax expense (recovery)	34,668	139,994	340,193	476,562
Total comprehensive income (loss)	\$ 456,682	\$ 247,925	\$ 1,013,779	\$ 993,404
Income (loss) per share, basic	\$ 0.010	\$ 0.005	\$ 0.022	\$ 0.022
Income (loss) per share, diluted	\$ 0.010	\$ 0.005	\$ 0.021	\$ 0.021
Weighted average number of shares:				
Basic	45,582,727	45,495,207	45,582,727	45,320,871
Diluted	47,862,406	48,079,127	48,078,864	47,702,590

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

Source Rock Royalties Ltd.
Condensed Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)
(unaudited)

	Share capital	Warrants	Contributed surplus	Deficit	Total shareholders' equity
As at December 31, 2023	\$ 26,478,588	\$ 306,682	\$ 16,765,055	\$ (16,693,188)	\$ 26,857,137
Warrants (note 8a and 8b)	1,290	(306,682)	306,642	-	1,250
Share-based compensation (note 8c and 8d)	-	-	840,311	-	840,311
RSU vesting	282,219	-	(282,219)	-	-
Dividends (note 8e)	-	-	-	(3,473,939)	(3,473,939)
Total comprehensive income for the year	-	-	-	1,495,319	1,495,319
As at December 31, 2024	\$ 26,762,097	-	17,629,789	(18,671,808)	25,720,078
Share-based compensation (note 8c and 8d)	-	-	565,706	-	565,706
Stock Option/RSU Exercise	-	-	(715,051)	-	(715,051)
Dividends (note 8e)	-	-	-	(2,666,589)	(2,666,589)
Total comprehensive income for the period	-	-	-	1,013,779	1,013,779
As at September 30, 2025	\$ 26,762,097	-	17,480,444	(20,324,618)	23,917,923

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

Source Rock Royalties Ltd.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian dollars)
(unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
Operating activities				
Net comprehensive income (loss) for the period	\$ 456,682	\$ 247,925	\$ 1,013,779	\$ 993,404
Adjustments for:				
Share-based compensation (note 8c and 8d)	112,025	243,351	565,706	636,297
Depletion (note 5)	750,008	1,079,682	2,265,779	3,095,839
Deferred income taxes recovery	(28,354)	(93,500)	(94,534)	(243,127)
Change in non-cash working capital balances				
Trade and other receivables	32,542	51,064	125,308	88,838
Prepaid expenses	6,070	7,199	17,333	6,965
Trade and other payables	(12,643)	(3,993)	(1,437)	(67,025)
Corporate taxes payable	(57,978)	(14,481)	(333,271)	450,800
Cash flows from operating activities	1,258,352	1,517,247	3,558,663	4,961,991
Financing activities				
Dividends paid to shareholders (note 8e)	(888,863)	(886,587)	(2,666,589)	(2,560,178)
Settlement of stock options	(255,410)	-	(255,410)	-
Exercise of warrants	-	-	-	1,250
Settlement of RSUs	(459,641)	-	(459,641)	-
Cash flows used in financing activities	(1,603,914)	(886,587)	(3,381,640)	(2,558,928)
Investing activities				
Purchase of exploration and evaluation assets (note 4)	(110,154)	-	(110,154)	-
Purchase of petroleum and natural gas interests (note 5)	-	-	-	-
Cash flows used in investing activities	(110,154)	-	(110,154)	-
Increase (decrease) in cash and cash equivalents	(455,716)	630,660	66,869	2,403,063
Cash and cash equivalents, beginning of period	5,158,312	3,234,443	4,635,727	1,462,040
Cash and cash equivalents, end of period	\$ 4,702,596	\$ 3,865,103	\$ 4,702,596	\$ 3,865,103

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

Source Rock Royalties Ltd.

Notes to the Condensed Interim Financial Statements

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

1. REPORTING ENTITY

Source Rock Royalties Ltd. ("Source Rock" or the "Company") was incorporated under the laws of the Province of Alberta on October 11, 2012, with its registered office at 15th Floor, 850 - 2nd Street, SW, Calgary Alberta T2P 0R8.

The primary business of the Company is to receive royalty revenue from oil and natural gas properties as reserves are produced by the operators over the economic life of the properties. The Company is exclusively focused on acquiring and managing oil and gas royalties and mineral title interests. The Company has an oil focused portfolio of royalty interests concentrated in S.E. Saskatchewan, central Alberta and west-central Saskatchewan. The Company is focused on acquiring royalties in properties that have foreseeable future drilling potential and which are operated by fiscally and operationally prudent third parties. The Company is further focused on establishing relationships with third parties via its royalty interests, wherein mutual benefits can be derived from the near-term and medium-term development, and long-term enhancement, of the assets. The Company does not incur any ongoing costs to develop, operate or enhance the lands in which it has royalties, nor does it have any exposure to abandonment or reclamation obligations associated with its royalty lands.

These unaudited interim condensed interim financial statements were authorized for issuance by the Company's Board of Directors on November 27, 2025.

2. BASIS OF PREPARATION

a) Statement of compliance

These condensed interim financial statements have been prepared by management, in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of financial statements. The significant accounting policies and methods of computations followed in these condensed interim financial statements are the same as those applied in the Company's audited annual financial statements for the year ended December 31, 2023. Certain information and disclosures normally included in the audited annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been condensed or omitted.

These financial statements have been prepared on a historical cost basis, except for share-based payment transactions. The financial statements have been prepared on a going concern basis.

These condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Company for the year ended December 31, 2024.

b) Estimates

The timely preparation of the unaudited condensed interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the period. Actual results may differ from these estimates.

In preparing these unaudited condensed interim financial statements, the judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended December 31, 2024.

Source Rock Royalties Ltd.
Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2025
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3. TRADE AND OTHER RECEIVABLES

Accounts receivable and accrued royalty revenues	As at September 30, 2025	As at December 31, 2024
Trade receivable and accrued royalty revenue	\$ 918,070	\$ 1,042,343
GST receivable and other receivable	7,980	9,015
	\$ 926,050	\$ 1,051,358

Trade receivable and accrued revenue relate to royalty production payments receivable.

The analysis of accounts receivable and accrued revenue that are past due but not impaired is as follows:

	Total	Neither past due nor impaired	Past due but not impaired	
			4-6 months	7- 12 months
As at September 30, 2025	\$ 918,070	\$ 918,070	\$ -	\$ -
As at December 31, 2024	\$ 1,042,343	\$ 1,042,343	\$ -	\$ -

In determining the collectability of trade receivables that are past due but not impaired, the Company considers the age of the outstanding receivable and the credit worthiness of the parties (note 11).

Source Rock Royalties Ltd.
Notes to the Condensed Interim Financial Statements

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4. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation ("E&E") assets consist of expenditures incurred in an exploration area pending the determination of technical feasibility and commercial viability. These costs include unproved property acquisition costs, undeveloped land and mineral leases. Assets classified as E&E are not amortized or depleted. The Company's E&E assets currently consist of mineral leases for the purpose of farming out the right to develop such leases in exchange for a royalty interest

Technical feasibility and commercial viability are considered to be determinable when oil and natural gas reserves are determined to exist and are capable of economic production. When an area is determined to be technically feasible and commercially viable, the accumulated costs are transferred to royalty assets. E&E assets are assessed for impairment prior to any such transfer, by comparing the carrying amount to the greater of the relevant asset's fair value less costs of disposal or value in use. When an area is determined not to be technically feasible and commercially viable, the unrecoverable costs are charged to net earnings as E&E expense. In addition, as Crown mineral leases expire, the costs associated with those lands are recognized as E&E expense.

		Total
Balance December 31, 2024	\$	-
Additions		110,154
Balance September 30, 2025	\$	110,154

5. PETROLEUM AND NATURAL GAS INTERESTS

Cost		Total
Balance December 31, 2023	\$	39,465,183
Additions		27,103
Balance December 31, 2024	\$	39,492,286
Additions		-
Balance September 30, 2025	\$	39,492,286
Accumulated depletion		
Balance December 31, 2023	\$	15,312,802
Depletion		3,940,341
Balance December 31, 2024	\$	19,253,143
Depletion		2,265,779
Balance September 30, 2025	\$	21,518,922
Carrying amounts		
At December 31, 2024		20,239,143
At September 30, 2025	\$	17,973,364

2024:

On December 12, 2024, Source Rock acquired a 2% GORR in land located in S.E. Saskatchewan for proceeds of \$27,103.

Source Rock Royalties Ltd.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2025
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Impairment

As at September 30, 2025, there were no indicators of impairment on Source Rock's Cash Generating Units.

6. INTANGIBLE

On January 27, 2020, Source Rock entered into an agreement with a S.E. Saskatchewan focused oil and gas company ("E&P Co."), whereby Source Rock paid \$250,000 for a right, but not an obligation, to acquire a 2% GORR in all oil and natural gas interests purchased or earned by E&P Co. The agreement is not subject to any geographical boundaries, does not expire and will be required to be assumed by a future party in any change of control scenarios relating to E&P Co.

7. RELATED PARTY TRANSACTIONS

Key personnel transactions

Key personnel include the Chief Executive Officer, the Chief Financial Officer, the Corporate Secretary and the Directors of the Company. For the three and nine months ended September 30, 2025 and 2024, the Company had the following transactions with key personnel.

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Wages and consulting fees	\$ 96,000	\$ 198,300	\$ 288,000	\$ 373,200
Share-based compensation	112,025	243,361	565,706	625,556
Total	\$ 208,025	\$ 441,661	\$ 853,706	\$ 998,756

Share-based compensation includes a charge for stock options, RSUs and DSUs, as defined herein. For the three and nine months ended September 30, 2025 and 2024 the break down is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Stock Options	\$ 2,557	\$ 45,522	\$ 7,672	\$ 48,741
RSUs	69,768	114,485	323,618	344,169
DSUs	39,700	83,344	234,416	232,646
Total	\$ 112,025	\$ 243,351	\$ 565,706	\$ 625,556

In addition, during the three and nine month periods ended September 30, 2025, \$4,472 (2024 - \$10,730) and \$38,618 (2024 - \$35,604), was incurred to a law firm at which the Corporate Secretary of the Company is a Partner. These fees primarily related to work associated with the royalty acquisitions and general corporate matters.

All transactions were in the normal course of operations and were measured at the amount of consideration agreed to by both parties. As at September 30, 2025, there was \$301 (December 31, 2024 - \$887) in trade payables and accrued liabilities relating to these transactions.

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8. SHARE CAPITAL

a) Common shares

The Company has authorized an unlimited number of common shares for issuance, without stated par value.

	September 30, 2025		December 31, 2024	
	# of common shares	Amount	# of common shares	Amount
Balance, beginning of period	45,582,727	\$ 26,762,097	45,231,645	\$ 26,478,588
Shares issued for exercised stock options (note 8c)	-	-	-	-
Shares issued on vesting of RSUs	-	-	350,082	282,219
Shares issued on exercise of warrants	-	-	1,000	1,290
Balance, end of period	45,582,727	\$ 26,762,097	45,582,727	\$ 26,762,097

b) Contributed surplus

Balance, December 31, 2023	\$ 16,765,055
Share-based compensation (note 8c and 8d)	840,311
Expiration of warrants	306,642
RSU settlement	(282,219)
Balance, December 31, 2024	17,629,789
Share-based compensation (note 8c and 8d)	565,706
RSU settlement	(459,641)
Stock option settlement	(255,410)
Balance, September 30, 2025	\$ 17,480,444

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(unaudited)

c) Stock options

The Company created a rolling 10% stock option plan which became effective July 2, 2013 and an amended stock option plan was approved by shareholders on June 17, 2025. The stock option plan provides options for directors, key management personnel and consultants.

A summary of the Company's outstanding stock options as at September 30, 2025 and the changes for the current year, is as follows:

	Outstanding	Weighted Average Remaining Contractual Life (in years)		Weighted Average Exercise Price
Balance, December 31, 2023	1,815,000	0.8	\$	0.72
Granted	260,000	4.5		0.93
Expired	(725,000)	-		0.85
Balance, December 31, 2024	1,350,000	2.2	\$	0.69
Cancelled/settled	(590,000)	-		0.40
Balance, September 30, 2025	760,000	2.7	\$	0.91

For the three and nine months ended September 30, 2025, the Company has recorded \$2,557 (2024 - \$32,061) and \$7,672 (2024 - \$46,021) in share-based compensation expense for the vesting of issued stock options with a corresponding amount credited to contributed surplus. As of September 30, 2025, the Company has 673,333 (December 31, 2024 - 1,163,333) exercisable stock options.

The fair value of stock options granted in 2024 was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2024
Exercise price	\$0.93
Dividend yield	0.08
Expected volatility	33%
Risk-free interest rate	3.62%
Expected life	5 Year
Forfeiture rate	0.0%

d) Restricted share units ("RSU") and deferred share units ("DSU")

On June 22, 2022, the Company's shareholders approved a fixed 10% RSU/DSU compensation plan (the "RSU/DSU Plan"). The RSU/DSU Plan provides RSUs and DSUs for directors, key management personnel and consultants.

Each RSU/DSU entitles the holder to acquire one common share of Source Rock, or a cash payment equal to the equivalent value of one common share of Source Rock at the time of vesting, or a combination of both (in the sole discretion of the Company's Board of Directors). RSUs will be settled within 30 days of vesting. DSUs will be settled within 30 days of the holder no longer being an officer, director, employee or consultant of the Company. Because the Company's Board of Directors has the ability to settle the RSUs/DSUs through equity and have not stated and have limited history of settling the RSUs/DSUs in cash, the RSU/DSU Plan will be classified as equity settled.

Source Rock Royalties Ltd.

Notes to the Condensed Interim Financial Statements

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Compensation expense is recognized at the market value of the Company's common shares at the time of grant and recognized over the vesting period with a corresponding increase to contributed surplus. Upon vesting of the RSU/DSU, the amount previously recognized in contributed surplus is recorded as an increase to shareholders' capital. The RSUs granted shall vest evenly over three years on the anniversary date of the grant and the DSUs granted shall vest after one year following the grant date.

RSUs and DSUs will be credited with dividend equivalents in the form of additional RSUs and DSUs, respectively, as of each dividend payment date in respect of which normal cash dividends are paid on common shares. Dividends are recognized as compensation expense at the market value on the record date at the time the dividend is paid. Dividend equivalents credited to a RSU/DSU holder's account shall vest in proportion to the RSUs and DSUs to which they relate.

A summary of the Company's outstanding RSUs as at September 30, 2025, and the changes for the current year, is as follows:

	Outstanding		Weighted Average Grant Price
Balance, December 31, 2023	896,547	\$	0.80
Granted	455,000		0.92
Vested	(350,082)		0.81
Dividend Equivalent Grants	85,075		0.88
Balance, December 31, 2024	1,086,540	\$	0.85
Dividend Equivalent Grants	67,670		0.87
Vested	(549,307)		0.84
Balance, September 30, 2025	604,903		0.86

For the three and nine months ended September 30, 2025, the Company has recorded \$69,768 (2024 - \$114,485) and \$323,618 (2024 - \$344,169), respectively, in share-based compensation expense with respect to RSUs, with a corresponding amount credited to contributed surplus.

A summary of the Company's outstanding DSUs as at September 30, 2025, and the changes for the current year, is as follows:

	Outstanding		Weighted Average Grant Price
Balance, December 31, 2023	887,884		0.81
Granted	312,500		0.92
Dividend Equivalent Grants	92,331		0.88
Balance, December 31, 2024	1,292,715		0.84
Dividend Equivalent Grants	89,890		0.87
Balance, September 30, 2025	1,382,605		0.84

For the three and nine months ended September 30, 2025, the Company has recorded \$39,700 (2024 - \$83,344) and \$234,416 (2024 - \$232,646), respectively, in share-based compensation expense with respect to DSUs, with a corresponding amount credited to contributed surplus.

Source Rock Royalties Ltd.

Notes to the Condensed Interim Financial Statements

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(unaudited)

e) Dividends

During the three and nine months ended September 30, 2025, the Company declared dividends of \$888,863 (2024 - \$888,863) and \$2,666,589 (2024 - \$2,585,076), respectively. The total dividends paid during the three and nine months ended September 30, 2025 was \$888,863 (2024 - \$886,587) and \$2,666,589 (2024 - \$2,560,179), respectively.

9. REVENUES

The Company's royalty and other revenue are measured at fair value of the consideration received or receivable, per the terms of various agreements. The transaction price used for crude oil, natural gas, natural gas liquids and other products is based on the commodity price in the month of production specific to the property or interest. The commodity price received or receivable is based on market benchmarks adjusted for quality, location, allowable deductions, if any, and other factors. Typically, Source Rock would receive the cash payments 30 to 60 days following production or the sale of commodity by the producer.

Revenue and other revenue by product	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Oil	\$ 1,463,012	\$ 1,953,465	\$ 4,581,335	\$ 5,699,446
Natural gas	5,343	3,619	39,342	30,165
NGL	29,336	30,915	79,427	88,730
Total royalty revenue	\$ 1,497,691	\$ 1,987,999	\$ 4,700,104	\$ 5,818,341

10. TAXES

The Company is presently classified as a public corporation pursuant to the Income Tax Act (Canada), as a result, the Company's taxable income will be taxed at the effective tax rate of 23.0%.

11. FINANCIAL RISK MANAGEMENT

Financial instruments and risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and commodity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Fair values

The Company's financial instruments recognized on the statement of financial position consist of current assets and liabilities of cash and cash equivalents, trade and other receivables, and trade and other payables and dividends payable. The fair values of the Company's current financial assets and liabilities approximate their carrying values due to their short-term maturities.

Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the statement of financial position date. The Company manages its exposure to credit risk through standard credit granting procedures and short payment terms. The Company attempts to monitor the financial conditions of its royalty payors and the industry in which they operate. The carrying amounts of trade and other receivables and cash and cash equivalents represent the Company's maximum credit exposure.

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Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet financial obligations at the point at which they are due. The Company's operating cash requirements are continuously monitored by management. As factors impacting cash requirements change, liquidity risks may necessitate the need for the Company to raise capital by issuing equity or obtaining debt financing.

All of the Company's trade and other payables are due in less than one year.

Commodity risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate with changes in commodity prices. Commodity prices for oil and natural gas are influenced by the relationship between the Canadian and U.S. dollar as well as macroeconomic events that dictate the levels of supply and demand. The Company does not hedge its commodity price risk.

12. CAPITAL MANAGEMENT

The Company's capital is comprised of cash and cash equivalents and shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management but rather promotes a prudent, repeatable, scalable and sustainable corporate platform that minimizes operating costs, and aims to maximize returns to its shareholders through per share cash flow growth and ultimately payment of a sustainable and conservative dividend. The Company is not subject to any externally or internally imposed capital requirements as at September 30, 2025.

13. SUBSEQUENT EVENTS

On October 15, 2025, Source Rock declared a monthly dividend of \$0.0065 per share, paid in cash on November 14, 2025 to shareholders of record on October 31, 2025.

On November 14, 2025, Source Rock declared a monthly dividend of \$0.0065 per share, to be paid in cash on December 15, 2025 to shareholders of record on November 28, 2025.