



**SONORO ENERGY LTD.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE THREE AND NINE MONTHS ENDED**  
**SEPTEMBER 30, 2025**

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## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3), 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 interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**SONORO ENERGY LTD.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(UNAUDITED)**

<i>(Canadian dollars)</i>	notes	As at September 30, 2025	As at December 31, 2024
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		316,608	188,143
Accounts receivable	6	81,821	91,698
Prepays		9,952	23,371
		<b>408,381</b>	<b>303,212</b>
<b>Non-Current</b>			
Property and equipment	7	19,409	-
<b>Total Assets</b>		<b>427,790</b>	<b>303,212</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	8,11	1,193,670	806,909
Current portion of promissory note	8	-	700,000
		<b>1,193,670</b>	<b>1,506,909</b>
<b>Non-Current</b>			
Abandonment and reclamation obligation	9	62,932	61,578
<b>Total Liabilities</b>		<b>1,256,602</b>	<b>1,568,487</b>
<b>SHAREHOLDERS' EQUITY (DEFICIT)</b>			
Share capital	10	79,951,339	78,593,480
Share subscriptions receivable	10	(222,527)	(181,976)
Warrants	10	-	787,311
Contributed surplus		13,650,435	13,017,069
Accumulated other comprehensive loss		(143,217)	(143,217)
Accumulated deficit		(94,064,842)	(93,337,942)
<b>Total Shareholders' Equity (Deficit)</b>		<b>(828,812)</b>	<b>(1,265,275)</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>		<b>427,790</b>	<b>303,212</b>

Nature of Business and Going Concern (Note 1)

ON BEHALF OF THE BOARD OF DIRECTORS:

"signed"  
 \_\_\_\_\_  
 Greg Renwick, CEO

"signed"  
 \_\_\_\_\_  
 Sara Akbar, Director

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

**SONORO ENERGY LTD.**  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(UNAUDITED)

<i>(Canadian dollars)</i>	Notes	Three months ended September 30,		Nine months ended September 30,	
		2025	2024	2025	2024
		\$	\$	\$	\$
<b>Revenues</b>					
Commodity sales		-	157,718	34,431	302,159
Less royalties		(533)	(3,872)	(841)	(7,396)
<b>Net revenues</b>		<b>(533)</b>	<b>153,846</b>	<b>33,590</b>	<b>294,763</b>
<b>Expenses</b>					
Operating costs		19,184	154,579	98,796	300,849
Exploration expenses		573,137	-	573,137	-
General and administrative	5, 11	161,164	136,990	555,557	701,990
Interest expense	8	-	12,704	12,256	38,107
Accretion	9	451	-	1,354	-
Depletion of property and equipment	7	-	140,271	-	278,914
Share-based compensation	10, 11	24,001	76,973	90,695	119,719
		<b>777,937</b>	<b>521,517</b>	<b>1,331,795</b>	<b>1,439,579</b>
Settlement of royalty obligation		-	-	455,565	-
Gain on settlement of debt		-	-	(1,011,250)	-
Foreign exchange income		23	3,372	(15,620)	4,127
<b>Net income (loss)</b>		<b>(778,493)</b>	<b>(364,353)</b>	<b>(726,900)</b>	<b>(1,142,253)</b>
<b>Per Share Information</b>					
Net loss per share – basic and diluted		<b>\$(0.00)</b>	\$(0.00)	<b>\$(0.00)</b>	\$(0.01)
Weighted average number of common shares outstanding		<b>239,375,113</b>	226,609,935	<b>225,202,205</b>	223,363,978

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

**SONORO ENERGY LTD.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)**  
**(UNAUDITED)**

<i>(In Canadian Dollars except number of common shares)</i>	<b>Common Shares Number</b>	<b>Common Shares Amount</b>	<b>Warrants</b>	<b>Contributed Surplus</b>	<b>Share subscriptions receivable</b>	<b>Accumulated Other Comprehensive Income/(loss)</b>	<b>Accumulated Deficit</b>	<b>Equity (Deficit) Total</b>
Balance at December 31, 2023	198,887,409	76,437,585	1,095,753	12,827,793	-	(143,217)	(88,856,038)	1,361,876
Option exercised	1,095,000	180,464	-	(103,814)	(56,000)	-	-	20,650
Warrants exercised	27,722,526	1,925,431	(243,845)	-	(125,976)	-	-	1,555,610
Share based compensation	500,000	50,000	-	228,493	-	-	-	278,493
Warrants expired	-	-	(64,597)	64,597	-	-	-	-
Net loss	-	-	-	-	-	-	(4,481,904)	(4,481,904)
Balance at December 31, 2024	228,204,935	78,593,480	787,311	13,017,069	(181,976)	(143,217)	(93,337,942)	(1,265,275)
Option exercised	<b>775,000</b>	<b>96,488</b>	-	<b>(49,988)</b>	<b>(43,500)</b>	-	-	<b>3,000</b>
Warrants exercised	<b>6,806,000</b>	<b>1,011,371</b>	<b>(194,652)</b>	-	-	-	-	<b>816,719</b>
<b>Shares issued to settle debt</b>	<b>4,166,667</b>	<b>250,000</b>	-	-	-	-	-	<b>250,000</b>
<b>Share subscriptions settled</b>	-	-	-	-	<b>2,949</b>	-	-	<b>2,949</b>
<b>Share based compensation</b>	-	-	-	<b>90,695</b>	-	-	-	<b>90,695</b>
<b>Warrants expired</b>	-	-	<b>(592,659)</b>	<b>592,659</b>	-	-	-	-
<b>Net loss</b>	-	-	-	-	-	-	<b>(726,900)</b>	<b>(726,900)</b>
Balance at September 30, 2025	239,952,602	79,951,339	-	13,650,435	(222,527)	(143,217)	(94,064,842)	(828,812)

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

**SONORO ENERGY LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(UNAUDITED)

<i>(Canadian Dollars)</i>	Notes	Three months ended September 30,		Nine months ended September 30,	
		2025	2024	2025	2024
		\$	\$		
<b>Operating Activities</b>					
Net income (loss)		(778,493)	(364,353)	(726,900)	(1,142,253)
Items not affecting cash and cash equivalents:					
Gain on settlement of debt		-	-	(1,011,250)	-
Share based compensation	10	24,001	76,973	90,695	119,719
Depreciation of property and equipment	7	-	140,271	-	278,914
Interest expense	8	-	12,704	12,250	38,107
Accretion	9	451	-	1,354	-
Unrealized foreign exchange gains		(21)	677	15,620	725
		<b>(754,062)</b>	<b>(133,728)</b>	<b>(1,618,231)</b>	<b>(704,788)</b>
Net change in non-cash working capital related to operations	12	<b>304,055</b>	<b>(41,850)</b>	<b>1,146,130</b>	<b>(2,021,909)</b>
<b>Cash flows used in operating activities</b>		<b>(450,007)</b>	<b>(175,578)</b>	<b>(472,101)</b>	<b>(2,726,697)</b>
<b>Investing Activities</b>					
Property and equipment expenditures	7	(7,404)	69,865	(19,409)	(585,326)
Net change in non-cash working capital related to investing		-	100,834	(114,405)	935,634
<b>Cash flows used in investing activities</b>		<b>(7,404)</b>	<b>170,699</b>	<b>(133,814)</b>	<b>350,308</b>
<b>Financing Activities</b>					
Proceeds from warrant exercised	10	50,000	-	750,000	1,681,586
<b>Cash flows provided by financing activities</b>		<b>50,000</b>	<b>-</b>	<b>750,000</b>	<b>1,681,586</b>
<b>Increase (decrease) in cash and cash equivalents</b>		<b>(407,411)</b>	<b>(4,879)</b>	<b>144,085</b>	<b>(694,803)</b>
Cash and cash equivalents, beginning of year		723,998	347,854	188,143	1,037,826
Impact of foreign exchange on cash balances		21	(677)	(15,620)	(725)
<b>Cash and cash equivalents, end of year</b>		<b>316,608</b>	<b>342,298</b>	<b>316,608</b>	<b>342,298</b>

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

**SONORO ENERGY LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the three and nine months ended September 30, 2025**  
**(Unaudited)**  
**(Canadian dollars, unless otherwise noted)**

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**1. NATURE OF BUSINESS AND GOING CONCERN**

**a) Nature of business**

Sonoro Energy Ltd. (“Sonoro” or “the Company”) was incorporated February 4, 2000, in British Columbia, Canada and commenced trading on the TSX Venture Exchange on November 29, 2000. Effective August 7, 2013, the Company was continued from British Columbia to Alberta with the registered office at 4300, 888 3<sup>rd</sup> Street S.W. Calgary, Alberta, Canada T2P 5C5. The Company’s corporate office is located at Suite 600, 520 – 5th Avenue SW Calgary, Alberta, Canada. The Common Shares trade on the TSX Venture Exchange under the symbol SNV.

The business of the Company, either directly or through its wholly owned subsidiaries, consists of the exploration for, appraisal of and development and production of oil and gas resources, focused on Canada and internationally. The Company operates in jurisdictions that may be subject to changes in government practices and policies.

**b) Going concern**

These consolidated financial statements have been prepared using IFRS Accounting Standards applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

The ability of the Company to continue as a going concern is dependent on the Company obtaining additional sources of capital to explore, appraise and develop its oil and natural gas resource assets, continuing to receive support and cooperation from its creditors, achieving profitable operations through the discovery of commercially viable oil and gas reserves, maintaining contracts in good standing and no significant adverse legal, political or security developments. Management of the Company continues to evaluate possible industry partnerships, equity and debt financings but there are no assurances that these initiatives will be successful or available on terms acceptable to the Company.

The Company’s financial condition and results of operations may be negatively affected by economic and other consequences of world events. While the Company expects any direct impacts of world events to the current and future business to be limited, the indirect impacts on the economy, supply chain, tariffs and industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing.

Details of deficit and working capital (current assets less current liabilities) of the Company are as follows:

	<b>September 30, 2025</b>	December 31, 2024
	<b>\$</b>	<b>\$</b>
Deficit	<b>(94,064,842)</b>	(93,337,942)
Working Capital	<b>(785,289)</b>	(1,203,697)

These consolidated financial statements have been prepared on the assumption that the Company is a going concern. The above material uncertainties may cast significant doubt on this assumption and the appropriateness of the use of accounting principles applicable to a going concern. Additionally, in order to meet its future commitments regarding the Company’s exploration and development programs, the Company will need to raise additional funds. The Company will continue to evaluate various strategic alternatives, including but not limited to, farm-out, additional equity financing, mergers, acquisitions, alternative financings, and/or divestitures of assets and reduction of costs to enable the Company to meet its short-term obligations and to provide resources for sustainable future growth and development.

These consolidated financial statements do not reflect the adjustments, of which some could be material, to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the going concern assumption were not appropriate.

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**(Unaudited)**  
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**2. BASIS OF PREPARATION**

**a) Statement of compliance**

These condensed consolidated interim financial statements (the “Interim Financial Statements”) have been prepared in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting.

The Interim Financial Statements should be read in conjunction with the audited annual consolidated financial statements of Sonoro as at and for the years ended December 31, 2024 and 2023, and the notes thereto (the “Annual Financial Statements”). The Interim Financial Statements have been prepared on a basis consistent with the accounting, estimation and valuation policies described in the Annual Financial Statements.

The Interim Financial Statements were approved and authorized for issue by the Audit Committee of the Board of Directors of Sonoro on November 24, 2025.

**b) Subsidiaries**

The following sets out the subsidiaries of the Company and the Company’s ownership interest in those subsidiaries:

<b>Subsidiary Name</b>	<b>Jurisdiction</b>	<b>Ownership</b>	<b>Functional Currency</b>
Sonoro Energy Canada Ltd.	Alberta, Canada	100.0%	CAD
Sonoro Energy International Holdings B.V.I. - Inactive	The Netherlands	100.0%	USD
Stockbridge Oil and Gas Ltd B.V.I. - Inactive	British Virgin Islands	100.0%	USD

**c) Basis of consolidation**

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries (collectively referred to as the “Company”, “Group”, “Sonoro” or “Sonoro Group of Companies”). Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to or has rights to variable returns from its involvement with the entity and can affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The financial statements of the subsidiaries are prepared for the same period as the parent company, using consistent accounting policies. The Company has consolidated the assets, liabilities, revenues, and expenses of its subsidiaries after the elimination of inter-company transactions.

**d) Basis of measurement**

These audited consolidated financial statements have been prepared on a going concern basis and a historical cost convention except for share-based payment transactions which are measured at fair value.

**e) Foreign currency translation**

***Functional and presentation currency***

The financial statements of each entity in the Sonoro Group of Companies are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Canadian dollars, which is Sonoro Energy Ltd.’s functional currency.

The financial statements of entities that have a different functional currency are translated into Canadian dollars as follows: assets and liabilities translated at the closing rate at the date of the statement of financial position, and income

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and expenses translated at the average rate of the period (which is considered a reasonable approximation to actual rates). All resulting exchange differences are recognized in other comprehensive income (loss) and accumulated in a separate component of equity referred to as accumulated other comprehensive income (loss).

When a foreign operation is disposed of, the cumulative amount of the exchange differences relating to that foreign operation accumulated in a separate component of equity is reclassified from equity to profit or loss.

***Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the statement of operations.

**f) Critical accounting estimates, judgements, and assumptions**

The preparation of audited consolidated financial statements in conformity with IFRS Accounting Standards 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. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

**i. Impairment of non-financial assets**

Exploration and evaluation ("E&E") assets are assessed for impairment when they are reclassified to property and equipment ("P&E"), and also if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Property and equipment is assessed for impairment whenever information becomes available that may suggest the carrying amount exceeds the recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proved and probable reserves.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

**ii. Reserve estimate**

Oil and natural gas assets are depleted on a unit-of-production basis at a rate calculated by reference to proven and probable reserves determined in accordance with National Instrument 51-101, Standards of disclosure for Oil and Gas Activities ("NI 51-101"), and incorporate the estimated future cost of developing and extracting those reserves. Proved and probable reserves are estimated using independent reservoir engineering reports and represent the estimated quantities of oil and natural gas. The reserve estimate incorporates geological, geophysical

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and engineering data that demonstrates, with a specified degree of certainty, the production volumes to be recoverable in future years from known reserves considered to be commercially viable.

**iii. Abandonment and reclamation obligations**

Provisions for abandonment and reclamation obligations associated with the Company's property and equipment are based on current legal and constructive requirements, technology, price levels and expected plans for remediation. Amounts recognized require the use of management's best estimates of future decommissioning expenditures, expected timing of expenditures and future inflation rates. The estimates are based on internal and third-party information and actual costs and cash outflows can differ from estimates due to changes in laws and regulations, public expectations, prices, discovery and analysis of site conditions, and changes in processes resulting from technological advancements.

**iv. Share-based payments**

The Company measures the cost of share-based compensation transactions with employees by reference to the fair value of the equity instruments. Estimating fair value for share-based compensation transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, forfeiture rate, volatility and dividend yield of the share option. The Company measures the cost of share-based compensation transactions with consultants by reference to the fair value of the services to be performed.

**v. Going concern**

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgement. The board of directors monitors future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

**vi. Joint arrangements**

The classification of joint arrangements structured through separate vehicles as either joint ventures or joint operations requires significant judgment and depends on the legal form and contractual terms of the arrangement as well as other facts and circumstances. These include whether there is exclusive dependence on the parties to the joint arrangement for cash flows through the sale of product and funding of operations, and to assess the rights of the economic benefits of the assets and obligation for funding the liabilities of the arrangements.

A joint arrangement whereby the parties take their share of substantially all of the output of the joint arrangement would be an indicator for classification as a joint operation, regardless of structure of the arrangement, and accounted for by recognizing the Company's share of assets and liabilities jointly owned and incurred, and the recognition of its share of revenue and expenses of the joint operation.

**vii. CGU determination**

The recoverability of development and production asset carrying values are assessed at the CGU level. Determination of what constitutes a CGU is subject to management judgment of the lowest level at which there are identifiable cash inflows that are largely independent of the cash inflows of other groups of assets or properties. The factors used by the Company to determine CGUs may vary by country due to unique operating and geographic circumstances in each country.

**viii. Functional currency**

The Company conducts a portion of its operations through foreign subsidiaries, which record transactions in their respective functional currency. The determination of the functional currencies of the Company and its subsidiaries is based on management's judgement which is centered on determining the primary economic environment in which an entity operates. IAS 21, The Effects of Changes in Foreign Exchange Rates, sets out a number of factors that

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are used in the determination of functional currencies. Where the indicators are mixed and the functional currency is not obvious, management used judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of its operating entities.

**ix. Fair value of financial instruments**

The fair value of financial instruments is determined wherever possible based on observable market data. If not available, the Company uses third-party models, independent price publications, market exchanges, investment dealer quotes and valuation methodologies that utilize observable data. Actual values may significantly differ from these estimates.

**3. MATERIAL ACCOUNTING POLICIES**

The Company's material accounting policies under IFRS are presented in Note 3 to the Annual Financial Statements dated December 31, 2024 and 2023. Certain information and disclosures normally required to be included in the notes to the Annual Financial Statements prepared in accordance with IFRS have been condensed or omitted in the Interim Financial Statement.

**4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Set out below is a comparison, by category, of the carrying amounts and fair values of all of the Company financial instruments that are carried in the consolidated financial statements and how the fair value of financial instruments is measured.

***Other financial liabilities***

Other financial liabilities are initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate method, with interest expense recognized on an effective yield basis. Liabilities in this category include accounts payables and, accrued liabilities, other current liabilities, and promissory note.

***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

***Fair values***

The fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and other current liabilities approximate their carrying values due to the relatively short periods to maturity of these instruments.

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. The Company doesn't have financial instruments categorized as Level 2.

Level 3 – Valuations in this level are those with inputs for the assets or liabilities that are not based on observable market date. The Company doesn't have financial instruments categorized as Level 3.

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The valuation methods used to determine the fair value of each financial instrument and its associated level in the fair value hierarchy is described below:

Financial Instrument	Fair Value Method
Cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities.	Measured initially at fair value, then at amortized cost after initial recognition. Fair value approximates carrying value due to their short-term nature.

**a) Financial instruments**

The carrying values and estimated fair value of the Company's financial instruments as at September 30, 2025, are as follows:

	Carrying Value	Fair Value
	\$	\$
Cash and cash equivalents	316,608	316,608
Trade receivables	39,052	39,052
Account payables and accrued liabilities	1,193,670	1,193,670

There were no transfers between level 1, 2 and 3 inputs during the reporting period. The Company manages its exposure to financial risks by operating in a manner that minimizes its exposure to the extent practical. The main financial risks affecting the Company are discussed below:

**b) Risk Management**

The Company manages its exposure to financial risks by operating in a manner that minimizes its exposure to the extent practical. The main financial risks affecting the Company are discussed below:

***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's financial assets and liabilities are not exposed to significant interest rate risk due to either being short-term in nature, non-interest bearing, or having fixed interest rates.

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company evaluates the collectability of accounts receivable and records an expected credit loss which reduces receivables to the amount management reasonably believes will be collected.

The maximum exposure to credit risk is represented by the carrying amount of cash and cash equivalents and accounts receivable in the consolidated statement of financial position. Cash balances are maintained with reputable banking institutions. Accounts receivable consists of GST recoverable from the Federal government and trade receivables from the sale of crude oil due from one reputable oil and gas marketer.

***Foreign exchange risk***

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Such movements could materially impact the reported results of the Company. Currency risk arises when future commercial transactions and recognized assets and liabilities of the Company or its foreign operations are denominated in a currency that is not the functional currency of the Company. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Canadian Dollar (CAD), Euro and United States Dollar (USD). The Company does not use currency derivative instruments to manage the Company's exposure to foreign currency fluctuations.

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As at year end, the following balances are denominated in foreign currencies:

		<b>September 30, 2025</b>	December 31, 2023
Cash and cash equivalents	USD	<b>88,385</b>	71,158
Trade and other payables	EUR	<b>66,226</b>	66,226

***Liquidity risk***

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company ensures that it has sufficient capital to meet short-term financial obligations when they become due. The Company prepares cash flow forecasts to ensure it has sufficient funds to fulfill its obligations. On September 30, 2025, the Company had a working capital deficit of \$785,289 (December 31, 2024 - \$1,203,697). The Company currently does not have sufficient cash to meet its current obligations. As such, the Company will require funding through further equity or debt financing, entering into joint venture agreements, or a combination thereof. The Company expects to generate sufficient cash flows from production revenues associated with its current and future oil and gas development programs but there can be no assurances that the Company will be successful in achieving this objective. Additional information regarding liquidity risk is disclosed in Note 1 – Nature of Business and Going Concern.

Based on the contractual obligations of the Company as at September 30, 2025, cash outflows of those obligations are estimated and summarized as follows:

<b>Payment due by year</b>	<b>2025</b>	<b>2026</b>	<b>2027 and beyond</b>	<b>Total</b>
	\$	\$	\$	\$
Accounts payable and accrued liabilities	1,193,670	-	-	1,193,670
	1,193,670	-	-	1,193,670

***Capital risk management***

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration for, appraisal of, and development and production of oil and gas resources and to maintain flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of shareholders' equity as well as cash and cash equivalents, accounts receivables and current liabilities.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture arrangements, acquire or dispose of assets or pursue other financing arrangements. Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met. There were no changes to the Company's approach to capital management during the period ended September 30, 2025. The Company is not subject to any external capital requirements or covenants.

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**5. GENERAL AND ADMINISTRATIVE AND OTHER INCOME**

General and administrative expenses are comprised of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Contractors and consultants	131,500	337,208	394,500	427,208
Travel and accommodation	11,020	27,505	25,648	52,393
Professional, legal and advisory	1,863	(134,063)	88,272	261,603
Office and administration	19,084	(93,660)	63,006	53,125
Operating overhead recovery	(2,303)	-	(15,869)	(92,339)
<b>Total expenses</b>	<b>161,164</b>	<b>136,990</b>	<b>555,557</b>	<b>701,990</b>

Contractors and consultants are comprised mostly of head office personnel. Professional fees include legal, accounting, and investor relations. Management has been deferring the majority of salaries payable during the quarter.

**6. ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following:

	As at September 30, 2025	As at December 31, 2024
	\$	\$
Trade receivables	39,052	36,038
GST receivable	42,769	55,660
	<b>81,821</b>	<b>91,698</b>

All amounts are current and are expected to be recovered.

**7. PROPERTY AND EQUIPMENT**

A reconciliation of the changes in the carrying amount of property and equipment is as follows:

Cost	Petroleum and Natural Gas Assets	Other Assets	Total
	\$	\$	\$
December 31, 2023	2,566,014	318,692	2,884,706
Additions	549,181	-	549,181
December 31, 2024	3,115,195	318,692	3,433,887
	<b>19,409</b>	<b>-</b>	<b>19,409</b>
<b>September 30, 2025</b>	<b>3,134,604</b>	<b>318,692</b>	<b>3,453,296</b>
<b>Accumulated depreciation and depletion</b>			
December 31, 2023	-	318,692	318,692
Depletion of property and equipment	172,807	-	172,807
Impairment	2,942,388	-	2,942,388
December 31, 2024	3,115,195	318,692	3,433,887
<b>September 30, 2025</b>	<b>3,115,195</b>	<b>318,692</b>	<b>3,433,887</b>
<b>Net book value</b>			
December 31, 2024	-	-	-
<b>September 30, 2025</b>	<b>19,409</b>	<b>-</b>	<b>19,409</b>

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As at December 31, 2024, the Company determined that the recoverable amount does not exceed the carrying values; hence, the Company recorded a \$2,942,388 impairment provision.

The benchmark prices used by the independent reserve evaluators in preparing the Company's reserve report were also used in determining whether impairment of the carrying value of the CGU existed at December 31, 2024.

The prices are referenced for barrels of oil based on Western Canadian Select:

	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
(\$US/bbl)	54.95	55.65	56.35	57.48	58.63

The prices for years beyond 2029 included a 2% escalation rate.

**8. LONG-TERM DEBT**

**PROMISSORY NOTE**

On December 5, 2023, Sonoro Energy Ltd., entered into a \$700,000 promissory note agreement with Ezekiel Energy Ltd. The loan bears interest at 7% per annum, calculated monthly and shall be due and payable on December 5, 2025, provided that the Principal Sum and any and all interest due and owing shall be reduced to zero (\$0) in the event of a well disruption, which includes the well abandonment due to no or uneconomic production.

On, April 25, 2025, Sonoro terminated the Technology License Agreement (note 13) and related agreements and arrangements with Modern Well Services and Ezekiel Energy Ltd. that were put in place for the technology deployment and drilling of the Saskatchewan well in 2023. Sonoro issued 4,166,667 common shares to Ezekiel Energy Ltd for the extinguishment of all royalty arrangements and obligations for the project including all royalties payable at the time of extinguishment, and the settlement of the \$700,000 Promissory Note, plus accrued interest.

For the period ended September 30, 2025, \$12,250 in interest had been accrued on the promissory note (For the year ended December 31, 2024- \$49,000), which is included in accounts payable and accrued liabilities.

**9. ASSET RETIREMENT OBLIGATION**

The Company estimates the total undiscounted amount of cash flows required to settle its abandonment and reclamation obligations is approximately \$76,300 (2024 - \$76,600). An inflation factor of 2.70% (2024 - 2.70%) has been applied to the estimated abandonment and reclamation costs. A risk-free rate of 3.02% (2024 -3.02%) was used to calculate the future value of the provision estimating the expenditures will begin to occur in 2043.

	<b>September 30, 2025</b>	December 31, 2024
	\$	\$
Balance, beginning of the year	<b>61,578</b>	59,773
<b>Accretion</b>	<b>1,354</b>	1,805
<b>Balance, end of the year</b>	<b>62,932</b>	61,578

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**10. SHARE CAPITAL**

**Authorized**

The authorized share capital of the Company consists of unlimited common shares without par value.

**Issued and outstanding common share activity**

As at September 30, 2025, the Company had uncollected proceeds \$56,000 (2024 - \$56,000) on exercise of options and \$124,926 (2024 - \$125,976) on exercise of warrants which are included in share subscriptions receivable.

During the year ended December 31, 2024, the Company issued 500,000 common shares to an officer of the Company as a signing bonus. The shares were issued at a price of \$0.10 per share for a fair value of \$50,000 (2023 - \$nil), which is included in share-based compensation expenses for the year ended December 31, 2024.

On April 24, 2025, the Company issued 4,166,667 common shares to Ezekiel Energy Ltd for the extinguishment of all royalty arrangements and obligations for the project including all royalties payable at the time of extinguishment, and the settlement of the \$700,000 Promissory Note, plus accrued interest.

**Share-based compensation**

The Board of Directors may grant options to directors, officers, employees or consultants. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Board of Directors. The exercise price of an option is not less than the closing price on the TSX-V on the last trading day preceding the grant date. The maximum aggregate number of shares that may be reserved for issuance under the Company's stock option plan is 10 percent of the number of common shares outstanding. Options vest one-third immediately, one-third after 12 months and one-third after 24 months.

Share based compensation expense is determined using the fair value method. The fair value of options granted is measured the date of the grant and is determined using the Black-Scholes option pricing model.

During 2025, 775,000 options were exercised at \$0.06 for total proceeds of \$46,500.

A summary of the Company's stock option transactions is presented below:

	<b>September 30, 2025</b>		<b>December 31, 2024</b>	
	<b>Number of options</b>	<b>Weighted average exercise price \$</b>	<b>Number of options</b>	<b>Weighted average exercise price \$</b>
<b>Options outstanding, beginning of year</b>	<b>10,340,000</b>	<b>0.058</b>	12,850,000	0.056
Granted	-	-	3,000,000	0.075
Cancelled and forfeited	-	-	(2,710,000)	0.054
Expired	(475,000)	0.060	(1,705,000)	0.070
Exercised	(775,000)	0.060	(1,095,000)	0.070
<b>Options outstanding, end of period</b>	<b>9,090,000</b>	<b>0.058</b>	10,340,000	0.058

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The share options outstanding and exercisable as at September 30, 2025:

Grant date	Number of Options outstanding	Exercise price \$	Expiry date	Number of Options exercisable
March 25, 2021	690,000	0.050	March 25, 2026	690,000
June 1, 2023	5,400,000	0.050	May 30, 2028	5,400,000
August 1, 2024	3,000,000	0.075	July 29, 2029	2,000,000
	9,090,000	0.058		8,090,000

The weighted average life of options outstanding is 2.9 years (2024 – 3.3 years).

The fair value of options was estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

	August 1, 2024	June 1, 2023	March 25, 2021
Risk-free interest rate	3.02%	3.41%	0.68%
Expected stock price volatility	197%	218%	207%
Expected life	5 years	5 years	5 years
Expected dividend yield	-	-	-
Share price on grant date (\$)	0.090	0.060	0.060
Fair Value Option Price (\$)	0.088	0.059	0.050
Forfeiture rate	0%	26%	24%

During the period ended September 30, 2025, the Company recorded \$90,695 (2024-\$119,719) in share-based compensation expense for the options granted and vested during the year.

**Share Purchase Warrants**

During 2024, 27,722,526 warrants were exercised, of which 1,666,667 were exercised at \$0.12, 3,575,860 were exercised at \$0.10 and 22,479,999 were exercised at \$0.05 for total proceeds of \$1,681,586. Of the options exercised, \$337,703 was exercised for the settlement of accounts payable and accrued liabilities.

During 2025, 6,806,000 warrants were exercised at \$0.12 for total proceeds of \$816,719.

Share purchase warrants are summarized as follows:

	September 30, 2025		December 31, 2024	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
<b>Warrants, beginning of year</b>	27,556,928	0.12	58,503,594	0.09
Expired	(20,750,928)	0.12	(3,224,140)	0.10
Exercised	(6,806,000)	0.12	(27,722,526)	0.06
<b>Warrants, end of year</b>	-	-	27,556,928	0.12

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**11. RELATED PARTY TRANSACTIONS**

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Key management personnel are persons responsible for planning, directing and controlling activities of an entity and include the CEO, COO, CFO, executive officers and senior managers.

During the period ended September 30, 2025, key management personnel compensation and director fees of \$322,500 (December 31, 2024 - \$465,208) were paid or accrued. The Company incurred \$90,695 (December 31, 2024 - \$209,739) in share-based compensation related to options issued to directors and/or officers for the period ended September 30, 2025.

As at September 30, 2025, outstanding amounts of \$379,667 (December 31, 2024 - \$121,167) were owing to directors, officers or shareholders, with respect to salaries, benefits and consulting fees. These amounts are non-interest bearing, have no specific terms of repayment and are included in accrued liabilities.

**12. SUPPLEMENTAL CASH FLOW INFORMATION**

Non-cash working capital components:

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2024</b>	<b>2025</b>
Net change in non-cash working capital related to operations:				
Accounts receivable	\$ 4,788	\$ 185,114	\$ 53,378	\$ (117,308)
Prepaid expenses	15,244	64,292	13,419	188,529
Accounts payable and accrued liabilities	284,023	(291,256)	1,079,333	(1,983,987)
Other current liabilities	-	-	-	(109,143)
	<b>304,055</b>	<b>(41,850)</b>	<b>1,146,130</b>	<b>(2,021,909)</b>

**13. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the current year's presentation. The changes do not affect prior year earnings.