

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

NON-OFFERING PROSPECTUS

Non-Offering Prospectus

September 27, 2024

CANCAMBRIA ENERGY CORP. (the "Company" or "CanCambria")

No securities are being offered pursuant to this Prospectus (the "**Prospectus**"). This Prospectus is being filed with the securities commissions in British Columbia and Alberta (the "**Reporting Jurisdictions**") for the purpose of allowing the Company to become a reporting issuer in the Reporting Jurisdictions and to meet one of the eligibility requirements for the listing of its Common Shares (as defined herein) on the TSX Venture Exchange (the "**Exchange**" or "**TSXV**").

The Company has applied to list its Common Shares on the Exchange and has received conditional approval for listing from the TSXV. Listing will be subject to the Company fulfilling all of the listing requirements of the Exchange. See "Plan of Distribution" below.

Since no securities are being offered pursuant to this Prospectus, no proceeds will be raised, and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company.

An investment in securities of the Company is speculative and involves a high degree of risk. In reviewing this Prospectus, readers should carefully consider the matters described under the heading "Risk Factors" below.

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

No underwriters or selling agents have been involved in the preparation of this Prospectus or performed any review or independent due diligence of the contents of this Prospectus. No person is authorized by the Company to provide any information or make any representations other than those contained in this Prospectus.

Unless otherwise noted, all currency amounts in this Prospectus are stated in Canadian dollars.

Subject to the Company's obligations under applicable securities laws, the information contained in this Prospectus is accurate only as of the date of this Prospectus regardless of the time of delivery of this Prospectus.

As contemplated by Part 19 of National Instrument 41-101 *General Prospectus Requirements* ("NI 41-101"), on July 9, 2024, the Company applied for exemptive relief from the requirement to file its final prospectus no later than 90 days from April 2, 2024, pursuant to section 2.3(1.1) of NI 41-101. The exemption granted will be, among others, evidenced by the issuance of a receipt for this Prospectus, as contemplated under section 19.3 of NI 41-101.

Agent for Service of Process

Each of Christopher Cornelius, the Chairman, President, CEO and a director of the Company, Peter Turner, a director of the Company, and Anthony Kelly, a director of the Company, resides outside of Canada. They have appointed the following agents for service of process:

Name of Person	Name and Address of Agent
Christopher Cornelius	Vantage Law Corporation Suite 1120 – 625 Howe Street Vancouver, BC V6C 2T6

Name of Person	Name and Address of Agent
Peter Turner	Vantage Law Corporation Suite 1120 – 625 Howe Street Vancouver, BC V6C 2T6
Anthony Kelly	Vantage Law Corporation Suite 1120 – 625 Howe Street Vancouver, BC V6C 2T6

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

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GLOSSARY

In this Prospectus, unless otherwise indicated or the context otherwise requires, the following terms shall have the indicated meanings. Words importing the singular include the plural and vice versa and words importing a gender include any genders. A reference to an agreement means the agreement as it may be amended, supplemented or restated from time to time. Technical terms used in this Prospectus but not hereinafter defined have the meaning ascribed to such terms in NI 51-101 (as defined herein).

“**affiliate**” or “**associate**” has the meaning ascribed thereto in the *Securities Act* (British Columbia), as amended from time to time.

“**Assignment**” means the non-arm’s length assignment of the Company’s 99.985% ownership of CanCambria Argentina to Argentina Potash Corporation (“**APC**”) in exchange for an aggregate of 7,000,000 common shares of APC, pursuant to an assignment agreement dated April 20, 2023 between the Company and APC.

“**Audit Committee**” has the meaning ascribed to it under “*Audit Committee*”.

“**Author**” means Chapman Hydrogen Petroleum Engineering Ltd., the author of the Report.

“**Award**” means any of a Stock Option, DSU or RSU granted pursuant to the terms of the Omnibus Incentive Plan.

“**Ba-IX Mining Licence**” means the mining licence owned by the Company through its subsidiaries, comprising 32,590.7 acres of contiguous land, located in south-central Hungary, between the Danube and Tisza rivers, north of the border with Serbia.

“**BCBCA**” means the *Business Corporations Act* (British Columbia), as amended from time to time, including the regulations promulgated thereunder.

“**Board**” means the board of directors of the Company.

“**business day**” means a day other than a Saturday, Sunday or a day on which the chartered banks located in Vancouver, British Columbia are not open for business.

“**CanCambria Argentina**” means CanCambria Exploraciones S.A., the Company’s 99.985%-owned Argentinian subsidiary that was sold pursuant to the Assignment

“**CanCambria Hungary Kft**” means CanCambria Hungary Korlátolt Felelősségű Társaság, the wholly-owned subsidiary of the Company.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**CEO**” means the Chief Executive Officer of the Company.

“**CFO**” means the Chief Financial Officer of the Company.

“**Common Share**” means a common share in the authorized share structure of the Company.

“**Company**” or “**CanCambria**” means CanCambria Energy Corp.

“**Delcuadra Kft**” means Delcuadra Korlatolt Felelossegu Tarsasag, a wholly-owned subsidiary of CanCambria Hungary Kft.

“**Delcuadra Kft Agreement**” means the purchase agreement dated August 19, 2022, pursuant to which CanCambria Hungary Kft acquired 100% ownership of Delcuadra Kft from Delta Hydrocarbons Hungary Kft. for total consideration of EUR€150,000.

“DESC” means DESC Resource Corporation, the consulting company of Christopher Cornelius, the Chairman, President, CEO and director of the Company.

“DSU” means deferred share units.

“Escrow Agent” means Odyssey Trust Company.

“Escrow Agreement” means the escrow agreement dated the Listing Date among the Company, the Escrow Agent and the holders of the Escrowed Securities.

“Escrowed Securities” has the meaning ascribed to it under “*Escrowed Securities*”.

“Exchange” or “TSXV” means the TSX Venture Exchange.

“forward-looking statements” has the meaning set out under “Forward-Looking Statements”.

“Going Public Transaction” means (i) the acquisition of the Company by a public company, such that the resulting effect is that holders of Common Shares receive shares in the capital of the public company; (ii) the assignment or transfer of substantially all of the assets or undertaking of the Company to a public company; (iii) any other type of transaction whatsoever which results in the current holders of the Common Shares receiving shares of a public company in exchange for their existing shares; or (iv) a direct listing of the Common Shares on an approved stock exchange, which includes the TSXV.

“License Agreement” is a geophysical data license agreement dated effective May 30, 2024 with an arm’s length Hungarian oil and gas company with respect to the Property.

“Listing Date” means the date on which the Common Shares of the Company are first listed for trading on the Exchange.

“LPC” means Lichtenwald Professional Corporation, the consulting company of Konstantin Lichtenwald, the CFO of the Company.

“MD&A” means the Company’s management discussion and analysis.

“Named Executive Officers” or “NEOs” has the meaning ascribed to such term is Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*.

“NI 51-101” means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*.

“NI 52-110” means National Instrument 52-110 – *Audit Committees*.

“NI 58-101” means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

“NP 46-201” means National Policy 46-201 – *Escrow for Initial Public Offerings*.

“NSR” means net smelter returns royalty.

“Omnibus Incentive Plan” means the Company’s security-based compensation plan adopted by the Company’s Board and providing for the granting of Stock Options, RSUs and DSUs to the Company’s directors, officers, employees and consultants.

“person” means any individual, partnership, association, body corporate, trust, trustee, executor, administrator, legal representative, government, regulatory authority or other entity.

“Principal” means:

- (a) a person or company who acted as a promoter of the Company within two years before the Prospectus;

- (b) a director or senior officer of the Company or any of its material operating subsidiaries at the time of the Prospectus;
- (c) a 20% holder – a person or company that holds securities carrying more than 20% of the voting rights attached to the Company’s outstanding securities immediately before and immediately after the Company’s initial public offering; or
- (d) a 10% holder – a person or company that:
 - (i) holds securities carrying more than 10% of the voting rights attached to the Company’s outstanding securities immediately before and immediately after the Company’s initial public offering; and
 - (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Company or any of its material operating subsidiaries.

“**Project**” or “**Property**” means the property comprising the Ba-IX Mining Licence, as further described in the Report.

“**Prospectus**” means this Prospectus and any appendices, schedules or attachments hereto.

“**Report**” means the report effective December 31, 2023 by the Author prepared in compliance with NI 51-101 on the Project entitled "Evaluation of Contingent Resources – Ba-IX Mining License, Hungary Kiskunhalas Tight-Gas Sand Project”.

“**Restriction Period**” means the restriction period in respect of a particular RSU.

“**RSU**” means restricted share units.

“**Securities Commissions**” means the British Columbia Securities Commission and the Alberta Securities Commission.

“**SEDAR+**” means the system for the transmission of documents known as the System for Electronic Document Analysis and Retrieval +.

“**SSRR**” means Seed Share Resale Restrictions, as defined in the policies of the Exchange.

“**Sponsor**” means a Member that meets the criteria specified in Exchange Policy 2.2 – Sponsorship and Sponsorship Requirements, which has an agreement with an Issuer to undertake the functions of sponsorship as required by that policy and various other Exchange policies.

“**Stock Options**” means the incentive stock options in the capital of the Company.

“**United States**” and “**U.S.**” mean the United States of America, its territories and possessions, including the District of Columbia.

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended from time to time.

“**Warrants**” means common share purchase warrants of the Company.

GLOSSARY OF TECHNICAL TERMS

“**3D**” means three-dimensional.

“**Bbl**” means barrels.

“**Bbl/d**” means barrels per day.

“**Bscf**” means billion standard cubic feet.

“**COGE Handbook**” means the Canadian Oil and Gas Evaluation Handbook maintained by The Society of Petroleum Evaluation Engineers (Calgary Chapter), as amended from time to time.

“**GJ**” means gigajoule.

“**Mbbl**” means thousands of barrels.

“**MMbbl**” means millions of barrels.

“**MMBTU**” means British Thermal Units.

“**Mscf**” means thousands of standard cubic feet of gas (gas volume at 60 F and 14.65 psia).

“**Mscf**” means thousands of standard cubic feet per day.

“**MMscf**” means millions of standard cubic feet of gas (gas volume at 60 F and 14.65 psia).

“**MSTB**” means thousands of Stock Tank Barrels of oil (oil volume at 60 F and 14.65 psia).

“**NGLs**” means natural gas liquids.

“**psia**” means pounds per square inch absolute.

“**STB**” means stock tank barrels of oil.

“**STB/d**” means stock tank barrels of oil per day.

SUMMARY

The following is a summary of the information contained in this Prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.

Capitalized terms used in this summary, which are not defined in the summary, have the meanings ascribed to them elsewhere in this Prospectus.

Currency and Certain Information

Unless otherwise indicated, all currency amounts herein are stated in Canadian dollars.

The Company

The Company was incorporated in the Province of British Columbia on May 10, 2017, and has its head office at 1231 Pacific Boulevard, Suite 650, Vancouver, British Columbia, V6Z 0E2. The Company currently has two subsidiaries. See "*Corporate Structure*" below. The Company's registered office is located at Suite 1120 – 625 Howe Street, Vancouver, BC, V6C 2T6.

Business of the Company

The Company is an exploration-focused oil and gas company focused on the acquisition and development of low-risk assets. The Company's sole material property is the Kiskunhalas Tight Gas Sand Project (previously defined as the "Project") located in south-central Hungary. See "*Business of the Company*" below.

Directors and Officers

Name	Position with the Company
Christopher Cornelius	Chairman, President, CEO and a director
Anthony Kelly	Director
Peter Turner	Director
Simon Cheng	Director
Margo Peters	Corporate Secretary
Konstantin Lichtenwald	Chief Financial Officer and a director
Paul Clarke	VP Exploration

See "*Directors and Officers*" below.

Listing

The Company has applied to list its Common Shares on the Exchange and has received conditional approval for listing from the TSXV. Listing will be subject to the Company fulfilling all of the listing requirements of the Exchange. See "*Plan of Distribution*" below.

Use of Available Funds

As of August 31, 2024, the Company had a working capital of approximately \$1,970,000. The Company estimates that it will require the following funds to conduct its plan of operations over the next 12 months:

Use of Available Funds	Amount
Prospectus and Exchange listing costs	\$150,000
The development of the Project ⁽¹⁾	\$1,200,000
General and Administrative expenses	\$520,000
Unallocated working capital	\$100,000
TOTAL	\$1,970,000

(1) See “Use of Available Funds – Business Objectives and Milestones”.

This is a non-offering prospectus. The Company is not raising any funds in conjunction with this Prospectus. Accordingly, there are no proceeds to the Company in connection with the filing of this Prospectus. All expenses in connection with the preparation and filing of this Prospectus will be paid by the Company from its existing working capital.

While we currently anticipate that we will use our available funds as set forth above, we may reallocate the use of such funds, having consideration to our strategy relative to market and other conditions, as well as other factors described under “Risk Factors”.

See "Use of Available Funds" below.

Selected Consolidated Financial and Operating Information

The following selected financial information is subject to the detailed information contained in the financial statements of the Company and notes thereto appearing elsewhere in the Prospectus. The selected financial information of the Company is derived from the unaudited financial statements for the six-month period ended June 30, 2024 and the audited financial statements for the years ended December 31, 2023 and December 31, 2022 respectively.

	For the six months ended June 30, 2024 (Unaudited) (\$)	For the year ended December 31, 2023 (Audited) (\$)	For the year ended December 31, 2022 (Audited) (\$)
Total Revenues	Nil	Nil	Nil
Cash	2,350,657	1,326,903	751,944
Share capital	9,121,654	8,603,460	3,987,953
Expenses	(910,772)	(1,612,624)	(753,970)
Net loss and comprehensive loss	(921,437)	(1,666,278)	(713,229)
Loss per Common Share – basic and diluted	(0.01)	(0.02)	(0.02)

	For the six months ended June 30, 2024 (Unaudited)	For the year ended December 31, 2023 (Audited)	For the year ended December 31, 2022 (Audited)
	(\$)	(\$)	(\$)
Weighted average number of shares outstanding	97,722,116	75,413,970	47,487,877
Total assets	4,288,593	4,414,372	876,575
Total liabilities	67,044	276,200	87,216
Shareholders' equity	4,221,549	4,138,172	789,359

See "*Selected Financial Information and Management Discussion and Analysis*" below.

Summary of Risk Factors

An investment in an oil and gas company involves a significant degree of risk, including risks related to cash flow and liquidity, the ongoing need for financing, a volatile stock price, operational risks and costs, regulatory matters and environmental legislation, risks related to property contracts, regulatory and permitting delays, fluctuation of key indicators such as oil and gas prices and interest and exchange rates, oil and gas industry risk, and competition for key personnel. The above list of risk factors is not intended to be a definitive list of all risks associated with the Company. See "*Risk Factors*" below.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements and forward-looking information within the meaning of applicable securities legislation. The use of any of the words “will”, “additional”, “affect”, “be required”, “expect”, “anticipate”, “continue”, “estimate”, “may”, “will”, “should”, “believe”, “intend”, “forecast”, “plans”, “potential”, “could”, “predict”, “project”, “prospects”, “results”, “will exist”, “guidance” and similar expressions is intended to identify forward-looking statements or information.

More particularly and without limitation, this Prospectus contains forward-looking statements and information relating to the following:

- the performance characteristics of the Company's oil and gas properties; oil and natural gas production levels; the size of the oil and natural gas reserves;
- projections of market prices and costs;
- supply and demand for oil and natural gas;
- expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development;
- future funds from operations;
- use of available funds;
- the listing of the Common Shares on the TSXV;
- expected reliance on key management personnel, advisors and consultants;
- capital programs;
- debt levels;
- future royalty rates;
- future depletion, depreciation and accretion rates;
- treatment under governmental regulatory regimes and tax laws; and
- capital expenditure programs.

The forward-looking statements and information contained in this Prospectus are based on certain key expectations and assumptions made by the Company, including expectations and assumptions relating to prevailing commodity prices and exchange rates, applicable royalty rates and tax laws, future well production rates, the performance of existing wells, the success of drilling new wells, the availability of capital to undertake planned activities and the availability and cost of labour and services.

Although the Company believes that the expectations reflected in the forward-looking statements and information in this Prospectus are reasonable, it can give no assurance that such expectations will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the oil and gas industry in general, such as operational risks in development, exploration and production, delays or changes in plans with respect to exploration or development projects or capital expenditures, the uncertainty of estimates and projections relating to production rates, costs and expenses, commodity price and exchange rate fluctuations, marketing and transportation, environmental risks, competition, the ability to access sufficient capital from internal and external sources and changes in tax, royalty and environmental legislation. Statements relating to “reserves” or “resources” are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated, and can be profitably produced in the future. Readers are cautioned that the foregoing list of factors and risks is not exhaustive.

The forward-looking statements and information contained in this Prospectus are made as of the date hereof and, unless so required by applicable law, the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise. The forward-looking statements and information contained in this Prospectus are expressly qualified by this cautionary statement. Readers are cautioned against placing undue reliance on forward-looking statements.

CORPORATE STRUCTURE

Name, Address and Incorporation

CanCambria Energy Corp. (previously defined as the “**Company**” or “**CanCambria**”) was incorporated under the BCBCA on May 10, 2017. The head office of the Company is located at 1231 Pacific Boulevard, Suite 650, Vancouver, British Columbia, V6Z 0E2 and its registered office is located at Suite 1120, 625 Howe Street, Vancouver, British Columbia, V6C 2T6.

Intercorporate Relationships

The Company has the following wholly-owned subsidiaries:

Name of Subsidiary	Jurisdiction of Incorporation	Structure	Activity
CanCambria Hungary Korlátolt Felelősségű Társaság (previously defined as “ CanCambria Hungary Kft ”)	Hungary	A 100%-owned subsidiary of the Company established on September 8, 2022.	This subsidiary holds 100% of Delcuadra Kft.
CanCambria Energy Corp. Sucursal Bolivia	Bolivia	A 100%-owned subsidiary of the Company established on February 7, 2018	This subsidiary is inactive.
Delcuadra Kft	Hungary	A 100%-owned subsidiary of CanCambria Hungary Kft.	Delcuadra Kft holds the Ba-IX Mining License in Hungary. See " <i>Business of the Company</i> " below.

BUSINESS OF THE COMPANY

The principal business carried on and intended to be carried on by the Company is the exploration of oil and gas on the Company’s Project.

Specialized Skills and Knowledge

Various aspects of the Company’s business require specialized skill and knowledge. Such skills and knowledge include areas of exploration and development, geology, drilling, permitting, logistical planning, accommodation and implementation of exploration programs, as well as legal compliance, finance and accounting in each of the jurisdictions in which the Company and its subsidiaries operate. The Company expects to rely upon consultants and others for exploration and development expertise. The Company does not anticipate any difficulties in locating competent employees and consultants in such fields.

Competitive Conditions

The oil and gas industry is competitive in all phases of exploration, development and production. The Company competes with a number of other entities and individuals in the search for and the acquisition of oil and gas properties as well as for the recruitment and retention of qualified employees. As a result of this competition, the

majority of which is with companies with greater financial resources and technical facilities than the Company, the Company may not be able to acquire attractive properties in the future on terms it considers acceptable. Finally, the Company competes for investment capital with other resource companies, many of whom have greater financial resources and/or more advanced properties that are better able to attract equity investment and other capital. The ability of the Company to acquire attractive oil and gas properties in the future depends not only on its success in exploring and developing its present properties, but also on its ability to select, acquire and bring to production suitable properties or prospects for exploration and development. Factors beyond the control of the Company may affect the marketability of oil and gas discovered by the Company.

Cycles

The Company's oil and gas exploration activities may be subject to seasonality due to adverse weather conditions including, without limitation, inclement weather, snow covering the ground, frozen ground and restricted access due to snow, ice or other weather-related factors.

Environmental Protection

All aspects of the Company's field operations will be subject to environmental regulations and generally will require approval by appropriate regulatory authorities prior to commencement. Any failure to comply could result in fines and penalties. With the Project at the early development stage, the financial and operational impact of environmental protection requirements is minimal. Should the Project advance to the production stage, then more time and money would be involved in satisfying environmental protection requirements.

Employees

The Company does not have any employees and intends to utilize consultants to carry on most of its activities and, in particular, to supervise certain work programs on the Project.

Foreign Operations

The Company, based in British Columbia, holds 100% of CanCambria Hungary Kft, a Hungarian corporation, which, through its Hungarian subsidiary, Delcuadra Kft, holds the Company's oil and gas assets and business in Hungary. As a result, the Company and its Hungarian subsidiaries are subject to political, economic, and other uncertainties, including, but not limited to, expropriation of property without fair compensation, changes in energy policies or the personnel administering them, nationalization, currency fluctuations and devaluations, exchange controls and royalty and tax increases and other risks arising out of foreign governmental sovereignty over the areas in which the Company's operations are conducted, as well as risks of loss due to civil strife, acts of war, guerrilla activities and insurrections.

Furthermore, the Company's operations may also be adversely affected by laws and policies of Canada affecting foreign trade, taxation and investment. In the event of a dispute arising in connection with the Company's operations in Hungary, or other foreign jurisdictions, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgements in such other jurisdictions. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, the Company's exploration, development and production activities in Hungary could be substantially affected by factors beyond the Company's control, any of which could have a material adverse effect on the Company.

The Company may in the future acquire oil and natural gas properties and operations outside of this geographic area, which expansion may present challenges and risks that Hungary has not faced in the past, any of which could adversely affect the results of operations and/or financial condition of the Company. The Company also has an inactive holding company named CanCambria Energy Corp Sucursal Bolivia located in Bolivia.

See "*Risk Factors*" below.

Three Year History

As of the date of this prospectus, the Company has not yet conducted any commercial operations. In the two most recently completed financial years, the Company has taken the following steps to develop its business:

- sought out and acquired the Project (see “*Business of the Company – Material acquisitions and dispositions*”);
- entered into the Assignment Agreement (see “*Business of the Company – Material acquisitions and dispositions*”);
- recruited directors and officers with the skills required to operate a publicly-listed junior oil and gas exploration company;
- raised aggregate gross proceeds of \$5,411,600.00 through private placements by selling (a) an aggregate of 500,000 Common Shares issued at a price of \$0.25 per Common Share on March 12, 2024, (b) an aggregate of 706,000 Common Shares issued at a price of \$0.25 per Common Share on February 1, 2024, (c) an aggregate of 8,134,000 Common Shares issued at a price of \$0.25 per Common Share on December 21, 2023, (d) an aggregate of 685,000 Common Shares issued at a price of \$0.20 per Common Share on September 27, 2023, (e) an aggregate of 1,058,000 Common Shares issued at a price of \$0.20 per Common Share on September 19, 2023, (f) an aggregate of 10,760,000 Common Shares issued at a price of \$0.20 per Common Share on August 30, 2023, (g) an aggregate of 1,545,000 Common Shares issued at a price of \$0.05 per Common Share on June 5, 2023, and (h) an aggregate of 9,975,000 Common Shares issued at a price of \$0.05 per Common Share on May 18, 2023. The funds raised have provided sufficient capital to carry on the Company’s business to date. See “*Prior Sales*”;
- commenced Phase 1 of the development of the Project (see “*Property of the Company*”);
- entered into a consulting agreement with Euroswiss Capital Partners Inc. (“**Euroswiss**”), an international consultant company based in Switzerland, dated December 11, 2023, pursuant to which Euroswiss will provide services related to business development, financial consulting and internet strategy on the European markets for a term of six months, commencing on the Listing Date. In consideration for their services, Euroswiss was paid a one-time fee of \$90,000. Euroswiss will aid the Company in developing a communication plan directed at informing the European public as to the business of the Company and will advise and assist the Company with networking and business development matters in Europe;
- entered into a consulting agreement with Bull Markets Media GmbH (“**Bull Markets**”), a consulting company based in Germany, with an effective date of February 29, 2024, pursuant to which Bull Markets will provide investor relations services to the Company for a term of twelve months, commencing on the Listing Date. In consideration for their services, Bull Markets was paid a one-time fee of \$120,000. Pursuant to the agreement, Bull Markets will aid the Company in assessing opportunities to expand the Company’s contact network within Europe;
- entered into an investor relations agreement with Kin Communications Inc. with an effective date of June 1, 2024, pursuant to which Kin Communications Inc. will act as consultant for the Company. Kin Communications Inc. is a Canadian investor relations firm based in Vancouver that provides services to companies including digital marketing, investor outreach, content creation and analytics and reporting. Pursuant to the agreement, Kin Communications Inc. will assist the Company with investor relations under the instructions and directions of the management of the Company, including activities such as assisting with the coordination and dissemination of news of the Company to the public and to shareholders, initiating contact with brokers, investors, analysts to provide them with news of the Company, for a term of 12 months from the Listing Date. In consideration for their services, Kin Communications Inc. will be paid a monthly fee of \$15,000 plus applicable taxes, as well as \$500 for each day in which an employee of Kin Communications Inc. is required to attend a conference on behalf of the Company. In addition, upon the effective date of the agreement, being June 1, 2024, Kins Communications Inc. will be granted 200,000 Stock Options. Each Stock Option shall be exercisable for a period of 60 months at the price of \$0.25 per

Common Share. The Stock Options will vest over a 12-month period, with 25% vesting every three months, starting with the first 25% vesting on the three month anniversary of issuance; and

- The Company has entered into a Master Geophysical Data License Agreement dated effective May 30, 2024 (the “**License Agreement**”) with an arm’s length Hungarian oil and gas company (the “**Licensee**”) with respect to the Property. Pursuant to the License Agreement, the Licensee will be granted full and exclusive access to the Company’s 3D seismic and other technical data for a period of six months (the “**Exclusivity Period**”), in consideration of a licensee fee of US\$1,200,000 (the “**Licensee Fee**”). During the Exclusivity Period, the Company shall not encourage, negotiate, or otherwise pursue any direct or indirect sale or other disposition of the property with a third party (a “**Third Party Transaction**”), and shall communicate to the Licensee any such interest or offer made by a third party (a “**Third Party Proposal**”). In the event that Licensee wishes to earn-in or otherwise acquire an interest in the Property, the Company shall negotiate such transaction in good faith, and if an agreement is reached the Licensee Fee will be credited against the consideration payable by the Licensee. If the Company breaches its obligations to provide the required data, to not pursue a Third Party Transaction or notify Licensee of any Third Party Proposal, or to negotiate the Licensee’s acquisition of an interest in the property in good faith, the Company shall pay the Licensee US\$1,200,000 as a penalty.

Material acquisitions and dispositions

During the year ended December 31, 2022, the Company incorporated a Hungarian subsidiary, CanCambria Hungary Kft. Pursuant to a purchase agreement dated August 19, 2022 (previously defined as the “**Delcuadra Kft Agreement**”), CanCambria Hungary Kft acquired 100% ownership of Delcuadra Kft from Delta Hydrocarbons Hungary Kft. for total consideration of EUR€150,000. Delcuadra Kft holds an interest in the Ba-IX Mining License, which comprises 32,590.7 acres of contiguous land, located in south-central Hungary, between the Danube and Tisza rivers, north of the border with Serbia (see “*Property of the Company*”, below). The transaction was not a related party transaction. Pursuant to the acquisition of Delcuadra Kft, CanCambria Hungary Kft granted to Olvisz 98 Kft, which is the company that owned Delta Hydrocarbons Hungary Kft. at the time of the Company’s acquisition of Delcuadra Kft, a commission of 2.5% plus VAT of the positive EBIT from the extraction from the Ba-IX Mining License.

On April 20, 2023, the Company entered into an assignment agreement (the “**Assignment Agreement**”) with Argentina Potash Corporation (“**APC**”) with respect to the Assignment of the Company’s entire shareholding in its 99.985%-owned Argentinian subsidiary named CanCambria Argentina. The Company assigned its 13,090,755 common shares in CanCambria Argentina to APC, which represented the Company’s entire interest in CanCambria Argentina and contained priority rights for mining exploration, subject to the issuance of exploration licenses for the “Ceibo” project area (CCNK-1) located in Argentina. The consideration received by the Company pursuant to the Assignment Agreement was 7,000,000 common shares (the “**Consideration Shares**”) of APC. The assignment is considered to be a related party transaction under IAS 24 due to the Company’s mutual directors and officers with APC.

On June 30, 2023, the Company declared a dividend in specie (the “**Dividend**”) to distribute the Consideration Shares to the holders (each, a “**Holder**”) of record of the Common Shares as of the close of business on June 30, 2023. As of the date of this Prospectus, the Company has completed the process of paying and delivering the applicable Dividend, having received evidence that each Holder had a valid exemption from the prospectus and registration requirements of applicable securities laws in respect of the Dividend of the Consideration Shares to the Holder. Accordingly, an aggregate of 7,000,000 Consideration Shares was distributed to the holders of 75,520,000 issued and outstanding Common Shares.

Property of the Company

The Company is an oil and gas company whose principal business is the exploration of and for oil and natural gas in Hungary. The Company, through its subsidiary, CanCambria Hungary Kft and Delcuadra Kft, owns 100% of the working interest in the Ba-IX Mining Licence, comprising 32,590.7 acres of contiguous land, located in south-central Hungary, between the Danube and Tisza rivers, north of the border with Serbia. See “*Business of the Company – Three Year History*”.

In January of 2024, the Company completed acquiring the 3D seismic data on the property, followed by a 6-month period of data processing and interpretation thereof. The Company's long-term objectives include the drilling of a vertical exploration well, the location of which will be contingent on the interpretation of the 3D seismic data acquired, and thereafter seeing the Company's first commercial production.

Form 51-101F1: Statement Of Reserves Data and Other Oil and Gas Information

Disclosure of Reserves Data

In accordance with the requirements of NI 51-101, the following Statement of Reserves Data and Other Oil and Gas Information is being submitted in accordance with the requirements of Form 51-101F1, for an effective date of December 31, 2023.

As at the effective date, the Company had no interests in any oil and gas properties for which oil and gas reserves have been assigned.

Since there are no reserves there have been no reserves reports or results to include, herein. For the Company's disclosure with respect to its contingent resources data, see **Appendix "F"**, including a copy of the Report, entitled "Evaluation of Contingent Resources – Ba-IX Mining License, Hungary Kiskunhalas Tight-Gas Sand Project", which is included therein.

Pricing Assumptions

Since there have been no reports prepared for the Company, there is no product price information.

Reconciliation of Changes in Reserves

The Company currently has no reserves, nor has it ever had reserves, therefore, there is no reconciliation reporting on the changes.

Additional Information Relating to Reserves Data

There is no additional information relating to Reserves data for the Company at this time.

Other Oil and Gas Information

Oil and Gas Properties and Wells

The Company did not have a working interest in any productive wells up to the effective date.

Properties With No Attributed Reserves

The Company holds 100% working interest in the Ba-IX Mining Licence, to which Contingent Resources have been assigned. The license area is located in south-central Hungary and comprises approximately 132 km² of flat, agricultural land.

The primary contingencies which prevent the classification of the resources at the Property as reserves are:

- a) the economic status is undetermined; and
- b) the evaluation is incomplete and planned 3D seismic is necessary in addition to the data resulting from drilling and production testing.

As the Property is in the early evaluation stage, more specific contingencies have not yet been clearly defined.

Significant Factors or Uncertainties Relevant to Properties With No Attributed Reserves

There are no significant abandonment and reclamation costs, nor any unusually high expected development costs or operating costs, or contractual obligations to produce and sell a significant portion of production at prices substantially below those which could be realized but for those contractual obligations.

Forward Contracts

Currently, the Company has no forward contracts.

Additional Information Concerning Abandonment and Reclamation Costs

The Company currently has no wells therefore there are no abandonment and reclamation costs that can be anticipated.

Tax Horizon

The Company is in a start-up position tax wise.

Costs Incurred

Prior to the effective date the Company had incurred \$2,264,554 on oil and natural gas properties. \$151,270 of this cost is related to acquisition cost, and the remaining \$2,113,284 is related to geophysical costs.

Exploration and Development Activities

The Company participated in no exploratory or development wells during its 2023 financial year.

Production Estimates

Since the Company has no oil and gas reserves, there have been no production estimates forecast at the effective date.

Production History

The Company has no production history.

Disclosure of Contingent Resources Data

Please see **Appendix “F”**, including a copy of the Report, entitled "Evaluation of Contingent Resources – Ba-IX Mining License, Hungary Kiskunhalas Tight-Gas Sand Project”, which is included therein.

Report on Contingent Resources Data by the Qualified Reserves Evaluators

The Report on Contingent Resources Data by the Qualified Reserves Evaluators, prepared in accordance with the requirements of Form 51-101F2, is attached hereto as **Appendix “G”**.

Report of Management and Directors on Reserves Data and Other Information

The Report of Management and Directors on Reserves Data and Other Information, prepared in accordance with the requirements of Form 51-101F3, is attached hereto as **Appendix “H”**.

USE OF AVAILABLE FUNDS

Non-Offering Prospectus

This is a non-offering Prospectus. The Company is not raising any funds in conjunction with this Prospectus. Accordingly, there are no proceeds to the Company in connection with the filing of this Prospectus. All expenses in connection with the preparation and filing of this Prospectus will be paid by the Company from its working capital.

Funds Available and Use of Available Funds

As at August 31, 2024, the Company had a working capital surplus of approximately \$1,970,000. The Company estimates that it will require the following funds to conduct its plan of operations over the next 12 months:

Use of Available Funds	Budget
Prospectus and Exchange listing costs	\$150,000
The development of the Project ⁽¹⁾	\$1,200,000
General and administrative expenses	\$520,000
Unallocated working capital	\$100,000
TOTAL:	\$1,970,000

(1) See “Use of Available Funds – Business Objectives and Milestones”.

General and administrative expenses of the Company for a period of 12 months following the Listing will be used as follows:

General and administrative expense	Budget
Management consulting fee, board fees and salaries ⁽¹⁾	\$355,000
Legal and audit fees	\$40,000
Office and other administrative expenses	\$110,000
Non-management consulting fees	\$15,000
TOTAL:	\$520,000

(1) See “Director and Executive Compensation” for details of the estimated consulting fees to be paid to certain officers and directors of the Company upon completion of the Listing. During the twelve months following Listing, DESC’s (Chris Cornelius) fees will be deferred to the extent required for the Company to maintain acceptable levels of unallocated working capital.

The Company intends to spend the funds available to it as stated in this Prospectus and to fund its business using the proceeds from future private placement and public equity offerings. However, there may be circumstances where, for sound business reasons, a reallocation of available funds may be necessary. The amounts set forth above may increase if the Company is required to carry out due diligence investigations regarding any prospective investment or work programs or if the costs of the Prospectus or Exchange listing, or negotiating an applicable transaction, are greater than anticipated.

To date, the Company has funded its business using the proceeds from equity private placements. In the future, the Company may pursue additional debt or equity financing (either by private placement or public offering) based upon its working capital needs from time to time, including without limitation, to fund any warranted development program on the Project. However, there can be no assurance that such financing will be available, or completed on terms that are favourable to the Company.

The Company has incurred losses since its incorporation. Although the Company expects to become profitable, there is no guarantee that will happen, and we may never become profitable. The Company anticipates it will continue to have negative cash flow from the operating activities for the foreseeable future and will require additional financing. There is no assurance that additional capital or other types of financing will be available if needed or that these financings will be on terms at least as favourable to the Company as those previously obtained, or at all. See “*Risk Factors*”.

Business Objectives and Milestones

The Company’s business objectives using the available funds are to:

- (a) obtain a listing of the Common Shares on the Exchange; and
- (b) complete Phase 1 of the development of the Project.

The significant events that must occur for the Company to complete Phase 1 of the development of the Project is detailed in the table below:

Significant Events Relating to Business Objectives	Estimated Time Horizon	Estimated Expenditure
Acquiring 3D seismic data (Complete)	January 2024 (Completed)	N/A
3D seismic processing and petrophysical modeling (Complete)	January 2024 – July 2024 (Completed)	N/A
Seismic Interpretation	August 2024 – December 2024	\$400,000
Phase 2 processing and modeling	January 2025 – March 2025	\$300,000
Engineering design and well planning	April 2025 – September 2025	\$500,000
TOTAL:		\$1,200,000

As of the date of this Prospectus, the Company has prioritized the listing of its Common Shares on the Exchange as its most important objective.

Long Term Objectives

The Company does not presently have sufficient unallocated working capital to achieve its long-term objectives; however, it believes it has sufficient funds to meet its 12-month objectives, described in “*Use of Available Funds – Funds Available and Use of Available Funds*”.

The Company anticipates that over the next two years (beginning in 2025) its objectives will include the drilling of a high-pressure, high-temperature, 3,500 m deep, vertical exploration well, the location of which will be contingent on

the interpretation of the 3D seismic data. This appraisal well is anticipated to provide the first commercial production. The Company anticipates the well will be drilled in 2025. The cost of the well is to be determined, and will include the cost of the necessary hydraulic fracturing completion operation. Hydraulic fracturing might also be employed as the principal means for reservoir stimulation. The Company is not aware of any regulation in Hungary that would affect the use of hydraulic fracturing for a tight gas reservoir.

Although sufficient to accomplish the next milestone of Phase 1 of the Project, the unallocated working capital described above is not sufficient to complete Phase 1 of the Project development or to commence Phase 2 of the Project development. Phase 1 of the Project is anticipated to cost \$3,575,000. Additional capital will be sought to increase the Company's working capital. This will be accomplished by private placement or public equity offerings. Furthermore, the Company may seek debt financing to conduct its long-term plan of operations. Until that time, the Company intends to rely on its current working capital and, as necessary, shares to debt conversions, deferring accounts payable, and equity or debt financings to address day-to-day operating requirements.

Dividends

The Company has not paid dividends since its incorporation other than as set out below. While there are no restrictions precluding the Company from paying dividends, it has no source of cash flow and anticipates using all available cash resources toward its stated business objectives. As such, the Company does not anticipate the payment of dividends in the foreseeable future. At present, the Company's policy is to retain earnings, if any, to finance its business operations. The payment of dividends in the future will depend upon, among other factors, the Company's earnings, capital requirements and operating financial conditions.

On April 20, 2023, the Company entered into the Assignment Agreement with respect to the assignment of the Company's entire shareholding in its 99.985%-owned CanCambria Argentina. The Company assigned its 13,090,755 common shares in CanCambria Argentina to APC, which represented the Company's entire interest in CanCambria Argentina and contained priority rights for mining exploration, subject to the issuance of exploration licenses for the "Ceibo" project area (CCNK-1) located in Argentina. The consideration received by the Company pursuant to the Assignment Agreement was the Consideration Shares.

On June 30, 2023, the Company declared the Dividend to distribute the Consideration Shares to the Holders as of the close of business on June 30, 2023. As of the date of this Prospectus, the Company has completed the process of paying and delivering the applicable Dividend, having received evidence that each Holder had a valid exemption from the prospectus and registration requirements of applicable securities laws in respect of the Dividend of the Consideration Shares to the Holder. Accordingly, the Consideration Shares was distributed to the holders of 75,520,000 issued and outstanding Common Shares.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Information

The following table sets forth financial information for the Company, which has been derived from the Company's unaudited financial statements for the six-month period ended June 30, 2024 and audited financial statements for the years ended December 31, 2023 and December 31, 2022 respectively.

	For the six-month period ended June 30, 2024 (Unaudited)	For the year ended December 31, 2023 (Audited)	For the year ended December 31, 2022 (Audited)
	(\$)	(\$)	(\$)
Total Revenues	Nil	Nil	Nil
Cash	2,350,657	1,326,903	751,944

Share capital	9,121,654	8,603,460	3,987,953
Expenses	(910,772)	(1,621,624)	(753,970)
Net loss and comprehensive loss	(921,437)	(1,666,278)	(713,229)
Loss per Common Share – basic and diluted	(0.01)	(0.02)	(0.02)
Weighted average number of shares outstanding	97,722,116	75,413,970	47,487,877
Total assets	4,288,593	4,414,372	876,575
Total liabilities	67,044	276,200	87,216
Shareholders' equity	4,221,549	4,138,172	789,359

This summary should be read in conjunction with the Company's financial statements, including the notes thereto, included in **Appendices "A" and "B"** to this Prospectus.

Management's Discussion and Analysis

The Company's MD&A for the years ended December 31, 2023 and December 31, 2022, and for the six-month period ended June 30, 2024, are included in **Appendices "A" and "B"**, respectively to this Prospectus.

Additional disclosure for IPO ventures issuers without significant revenue

The following is a breakdown of all material components of certain costs to the Company during the years ended December 31, 2022 and December 31, 2023 and for the six-month period ended June 30, 2024, respectively.

Item	For the year ended December 31, 2022	For the year ended December 31, 2023	For the period ended June 30, 2024
Exploration and evaluation assets or expenditures	\$8,618	\$52,875 ⁽¹⁾	\$12,564
Expensed research and development costs	N/A	N/A	N/A
Intangible assets arising from development	N/A	N/A	N/A
Any material costs, whether expensed or recognized as assets, not referred to above	N/A	\$2,264,554 ⁽²⁾	(\$795,808) ⁽³⁾
TOTAL:	\$8,618	\$2,317,429	(\$783,244)

- (1) Costs incurred in relation to the Argentina geologist and services related to the Company's previous explorations in Argentina.
- (2) Costs incurred in relation to the acquisition of seismic data.
- (3) Costs incurred in relation to geophysical and geological services offset by the receipt of the Licensee Fee, pursuant to the License Agreement.

The following table sets out the general and administrative expenses of the Company during the years ended December 31, 2022 and December 31, 2023 and the six-month period ended June 30, 2024, respectively.

Item	For the year ended December 31, 2022	For the year ended December 31, 2023	For the period ended June 30, 2024
Office Expense	\$64,375	\$59,656	\$38,016

DESCRIPTION OF SECURITIES

No securities are being offered pursuant to this Prospectus.

The Company's authorized share capital consists of an unlimited number of Common Shares without par value, of which as at the date hereof 98,363,000 Common Shares are issued and outstanding. All of the Common Shares rank equally as to voting rights, participation in a distribution of the assets of the Company on a liquidation, dissolution or winding-up of the Company and entitlement to any dividends declared by the Company. The holders of the Common Shares are entitled to receive notice of, and to attend and vote at, all meetings of shareholders, with each Common Share carrying the right to one vote. In the event of the liquidation, dissolution or winding-up of the Company, or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of the Common Shares will be entitled to receive, on a pro rata basis, all of the assets remaining after the payment by the Company of all of its liabilities.

The holders of Common Shares are entitled to receive dividends as and when declared by the Board in respect of the Common Shares on a pro rata basis. The Board is not obligated to declare a dividend. Any future dividends will be subject to the discretion of the Board and will depend upon, among other things, future earnings, the operating and financial condition of the Company, its capital requirements, general business conditions and other pertinent factors. The Company does not anticipate that dividends will be paid in the foreseeable future.

CONSOLIDATED CAPITALIZATION OF THE COMPANY

The following table summarizes the changes in the Company's capitalization since incorporation. The table should be read in conjunction with the financial statements appearing elsewhere in this Prospectus:

Designation of Security	Authorized Amount	Amount Outstanding as of June 30, 2024	Amount Outstanding as of the Date of this Prospectus
Common Shares ⁽¹⁾	Unlimited	98,363,000	98,363,000 ⁽⁶⁾
Stock Options ⁽²⁾	N/A	6,000,000	6,000,000
Warrants ⁽³⁾	N/A	625,000	Nil
Broker Warrants ⁽⁴⁾	N/A	1,239,480	530,400

Designation of Security	Authorized Amount	Amount Outstanding as of June 30, 2024	Amount Outstanding as of the Date of this Prospectus
RSUs ⁽⁵⁾	N/A	4,170,000	4,170,000
Indebtedness	N/A	Nil	Nil

- (1) An aggregate of 7,150,000 Common Shares are expected to be subject to escrow requirements. See "*Escrowed Securities*".
- (2) An aggregate of 2,400,000 Stock Options are expected to be subject to escrow requirements. See "*Escrowed Securities*".
- (3) See "*Options to Purchase Securities - Warrants*".
- (4) See "*Options to Purchase Securities – Broker Warrants*".
- (5) See "*Options to Purchase Securities – RSUs*".
- (6) Excludes 500,000 Common Shares to be issued to RCC in consideration for acting as Sponsor to the Company.

OPTIONS TO PURCHASE SECURITIES

Stock Options

The following table summarizes the options of the Company outstanding as of the date of this Prospectus:

Name and position of optionee	Number of Options/ Rights	Securities Under Options/ Rights	Grant Date	Expiry Date	Exercise Price Per Share of Common Shares (\$)
Executive officers and directors of the Company ⁽¹⁾	3,550,000	Common Shares	November 2, 2022	5 years from the date of issuance	\$0.05
	350,000	Common Shares	June 5, 2023	5 years from the date of issuance	\$0.10
	850,000	Common Shares	October 10, 2023	5 years from the date of issuance	\$0.20
Executive officers and directors of all subsidiaries of the Company ⁽²⁾	400,000	Common Shares	November 2, 2022	5 years from the date of issuance	\$0.05
	100,000	Common Shares	June 5, 2023	5 years from the date of issuance	\$0.10
	100,000	Common Shares	October 10, 2023	5 years from the date of issuance	\$0.20
Consultants of the Company ⁽³⁾	550,000	Common Shares	November 2, 2022	5 years from the date of issuance	\$0.05
	50,000	Common Shares	June 5, 2023	5 years from the date of issuance	\$0.10
	50,000	Common Shares	October 10, 2023	5 years from the date of issuance	\$0.20
TOTAL:	6,000,000				

- (1) An aggregate of four executive officers and four directors (two of whom are also executive officers).
- (2) An aggregate of one director of CanCambria Hungary Kft.
- (3) This category consists of Miguel Palma (oil and gas consultant of the Company), Emily Chan (part-time accountant of the Company) and Matthew McChesney (consultant geophysicist of the Company).

RSUs

The following table summarizes the RSUs of the Company outstanding as of the date of this Prospectus:

Name and position of holder of RSUs	Number of RSUs	Securities Under Options/Rights	Grant Date	Expiry Date	Deemed Price Per Share of Common Shares (\$)
Executive officers and directors of the Company ⁽¹⁾	3,610,000	Common Shares	February 22, 2024 ⁽⁴⁾	N/A	\$0.20
Executive officers and directors of all subsidiaries of the Company ⁽²⁾	500,000	Common Shares	February 22, 2024 ⁽⁴⁾	N/A	\$0.20
Consultants of the Company ⁽³⁾	60,000	Common Shares	February 22, 2024 ⁽⁴⁾	N/A	\$0.20
TOTAL:	4,170,000				

- (1) An aggregate of four executive officers and four directors (two of whom are also an executive officer).
- (2) An aggregate of one director of CanCambria Hungary Kft.
- (3) This category consists of Matthew McChesney (consultant geophysicist of the Company).
- (4) The RSUs vest on February 22, 2025, subject to acceleration in the event of a change of control, take-over bid, reverse take-over or other similar transaction.

The Omnibus Incentive Plan

The Omnibus Incentive Plan was approved by the Company's Board on March 1, 2024. The information below should be read in conjunction with the Omnibus Incentive Plan. Any definitions or capitalized terms used or referenced below have the same meaning attributed to them in the Omnibus Incentive Plan which will be accessible on the Company's SEDAR+ profile at www.sedarplus.ca.

The purpose of the Omnibus Incentive Plan is to give to Eligible Persons (as defined herein) additional compensation, the opportunity to participate in the success of the Company by granting to such individuals Stock Options, RSUs and DSUs, as permitted by the policies of the Exchange and approved by the Board. The general terms and conditions of the Omnibus Incentive Plan are reflected in the disclosure below. As at the date of this Prospectus, there are no DSUs outstanding.

Omnibus Incentive Plan

Key Terms

Summary

Administration

The Board shall, without limitation, have full and final authority in their discretion, but subject to the express provisions of the Omnibus Incentive Plan, to interpret the Omnibus Incentive Plan, to prescribe, amend and rescind rules and regulations relating to the Omnibus Incentive Plan and to make all other determinations deemed necessary or advisable in respect of the Omnibus Incentive Plan. Except as set forth in certain sections of the Omnibus Incentive Plan and subject to any required prior Exchange approval, the interpretation and construction of any provision of the Omnibus Incentive Plan by the Board shall be final and conclusive.

Key Terms	Summary
	<p>Administration of the Omnibus Incentive Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.</p>
<p>Number of Common Shares</p>	<p>The maximum aggregate number of Common Shares that are issuable pursuant to security-based compensation granted or issued under the Omnibus Incentive Plan and all of the Company's other previously established or proposed security-based compensation plans (to which the following limits apply under Exchange policies):</p> <p>(a) to all Eligible Persons granted an Award pursuant to the Omnibus Incentive Plan and their heirs, executors, and administrators ("Optionees") as a group (including for greater certainty Insiders (as a group)) shall not exceed 10% of the total number of issued and outstanding Common Shares on a non-diluted basis at any point in time;</p> <p>(b) to Insiders (as a group) in any 12-month period shall not, at any time, exceed 10% of the total number of issued and outstanding Common Shares on a non-diluted basis on the date specified in an agreement whereby the Company grants an Optionee a Stock Option (an "Option Agreement") as the date on which a Stock Option is granted (the "Grant Date"), unless the Company has obtained the requisite disinterested shareholder approval pursuant to applicable Exchange policies;</p> <p>(c) to any one Optionee (including, where permitted under applicable policies of the Exchanges, any companies that are wholly owned by such Optionee) in any 12-month period shall not exceed 5% of the total number of issued and outstanding Common Shares on a non-diluted basis on the Grant Date, unless the Company has obtained the requisite disinterested shareholder approval pursuant to applicable Exchange policies;</p> <p>(d) to any one Consultant (as defined under the policies of the Exchange) in any 12-month period shall not exceed 2% of the total number of issued and outstanding Common Shares on a non-diluted basis on the Grant Date;</p> <p>(e) to Investor Relations Service Providers (as defined under the policies of the Exchange) (as a group) in any 12-month period shall not exceed 2% of the total number of issued and outstanding Common Shares on a non-diluted basis on the Grant Date, and Investor Relations Service Providers shall not be eligible to receive any security based compensation other than Stock Options if the Common Shares are listed on the Exchange at the time of any issuance or grant; and</p> <p>(f) to Eligible Charitable Organizations (as defined under the policies of the Exchange) (as a group) shall not exceed 1% of the total number of issued and outstanding Common Shares on a non-diluted basis on the Grant Date.</p>
<p>Securities</p>	<p>Each Stock Option entitles the holder thereof to purchase one Common Share (subject to adjustment in certain circumstances) at an exercise price determined by the Board. Each vested RSU entitles the holder to receive one Common Share or to receive the cash equivalent or a combination thereof, subject to such restrictions and conditions as the Board may determine at the time of grant. Each DSU entitles the holder to receive one Common Share or to receive the cash equivalent or a combination thereof, and is payable after the termination of services of the holder.</p>
<p>Participation</p>	<p>Any directors, officers, Employees (as defined under the policies of the Exchange), Management Company Employees (as defined under the policies of the Exchange), Consultants and Eligible Charitable Organizations (as defined under the policies of the Exchange) of the Company and its subsidiaries (collectively "Eligible Persons"), save for Incentive Stock Options (Stock Options to be granted to U.S. participants), which are to be</p>

Key Terms	Summary
	granted only to employees of the Company.
Stock Option Price	The price per Common Share specified in an Option Agreement, adjusted from time to time, (the " Option Price ") under each Stock Option shall be not less than the Market Price on the Grant Date less the applicable discount permitted under the policies of the Exchanges.
Exercise Period	The exercise period of a Stock Option will be the period from and including the Grant Date up to 4:00 p.m. Pacific Time on the expiry date that will be determined by the Board at the time of grant (the " Expiry Date "), provided that the Expiry Date of a Stock Option will be no later than the tenth anniversary of the Grant Date of the Stock Option. In the event that the Expiry Date of a Stock Option falls during, or within ten (10) trading days of, a trading blackout period imposed by the Company (the " Blackout Period "), the Expiry Date of such Stock Option shall automatically be extended to a date which is ten (10) trading days following the end of such Blackout Period (the " Extension Period "), subject to no cease trade order being in place under applicable securities laws; provided that if an additional Blackout Period is subsequently imposed by the Company during the Extension Period, then such Extension Period shall be deemed to commence following the end of such additional Blackout Period to enable the exercise of such Stock Option within ten (10) trading days following the end of the last imposed Blackout Period.
Ceasing to be an Eligible Person	<p data-bbox="406 898 1438 926">Stock Options</p> <p data-bbox="406 959 1438 987">(a) <u>Death or Disability</u></p> <p data-bbox="406 1020 1438 1297">If the Optionee ceases to be an Eligible Person, due to his or her death or disability or, in the case of an Optionee that is a company, the death or disability of the person who provides management or consulting services to the Company or to any entity controlled by the Company, the Stock Option then held by the Optionee shall be exercisable to acquire the number of Common Shares, at a particular time, which have been reserved for issuance upon the exercise of a Stock Option but which have not been issued, as adjusted from time to time ("Unissued Option Shares") that have become exercisable in respect of a number of Option Shares by the Optionee pursuant to the terms of the Option Agreement ("Vested") at any time up to but not after the earlier of:</p> <ul style="list-style-type: none"> <li data-bbox="503 1331 1438 1358">(i) one year after the date of death or disability; and <li data-bbox="503 1360 1438 1388">(ii) the Expiry Date; <p data-bbox="406 1421 1438 1449">(b) <u>Termination For Cause</u></p> <p data-bbox="406 1482 1438 1694">If the Optionee or, in the case of a Management Company Employee or a Consultant Company (as defined under the policies of the Exchange), the Optionee's employer, ceases to be an Eligible Person as a result of termination for cause as that term is interpreted by the courts of the jurisdiction in which the Optionee, or, in the case of a Management Company Employee or a Consultant Company, of the Optionee's employer, is employed or engaged; any outstanding Stock Option held by such Optionee on the date of such termination, whether in respect of Option Shares that are Vested or not, shall be cancelled as of that date.</p> <p data-bbox="406 1728 1438 1755">(c) <u>Early Retirement, Voluntary Resignation or Termination Other than For Cause</u></p> <p data-bbox="406 1789 1438 1942">If the Optionee or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person due to his or her retirement at the request of his or her employer earlier than the normal retirement date under the Company's retirement policy then in force, or due to his or her termination by the Company other than for cause, or due to his or her voluntary resignation, the Stock Option then</p>

Key Terms**Summary**

held by the Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of the Expiry Date and the date which is 90 days after the Optionee or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person.

RSUs**(a) Termination for Cause and Resignation**

Upon a holder of an RSU ceasing to be an Eligible Person for cause or as a result of his or her resignation from the Company or a Subsidiary, the holder's participation in the Omnibus Incentive Plan shall be terminated immediately, all RSUs credited to such holder's account that have not vested shall be forfeited and cancelled, and the holder's rights to Common Shares or cash equivalent or a combination thereof that relate to such holder's unvested RSUs shall be forfeited and cancelled on the date that the holder ceased to be an Eligible Person. The holder shall not receive any payment in lieu of cancelled RSUs that have not vested.

(b) Death or Termination.

Upon a holder ceasing to be an Eligible Person as a result of (i) death, (ii) retirement, (iii) termination for reasons other than for cause, (iv) his or her employment or service relationship with the Company or a Subsidiary being terminated by reason of injury or disability or (v) becoming eligible to receive long-term disability benefits, all unvested RSUs in the holder's account as of such date relating to a Restriction Period in progress shall be terminated, and the holder shall not receive any payment in lieu of cancelled RSUs. Where a holder's employment or service relationship with the Company or a Subsidiary is terminated pursuant to "Termination for Cause and Resignation" or "Death or Termination" following the satisfaction of all vesting conditions in respect of particular RSUs but before receipt of the corresponding distribution or payment in respect of such RSUs, the holder shall remain entitled to such distribution or payment.

Vesting

The Board shall determine the terms upon which each Award shall vest at the time of grant, subject to the policies of the Exchanges. No Award, other than Stock Options, may vest before the date that is one year following the date the Award is granted or issued, provided that this requirement may be accelerated for a Participant who dies or who ceases to be an eligible Participant under the provisions hereof in connection with a Change of Control, take-over bid, reverse take-over or other similar transaction.

Unless otherwise specified by the Board at the time of granting a Stock Option, all Stock Options shall vest and become exercisable in full upon grant, except Stock Options granted to Investor Relations Service Providers, which Stock Options must vest in stages over 12 months with no more than one-quarter of the Stock Options vesting in any three-month period.

The vesting conditions of RSUs may, without limitation, be based on continuing employment (or other service relationship) and/or achievement of certain performance criteria. RSUs that are subject to performance criteria may not become fully vested by the last day of the Restriction Period. All unvested RSUs shall be cancelled no later than the last day of the Restriction Period.

Acceleration Events

If a Change of Control occurs and within 12 months of the Change of Control, (i) a Participant who was also an officer or employee of, or Consultant to, the Company prior to the Change of Control is dismissed or (ii) a director ceases to act in such capacity, then all unvested Stock Options will become vested, whereupon such Stock Option may be exercised in whole or in part by the Optionee, subject to the approval of the Exchanges with respect to Investor

Key Terms	Summary
	Relations Service Providers or if otherwise necessary, and all unvested RSUs shall immediately vest and shall be paid out.
Amendments	The Board may from time to time, subject to applicable law and to the prior approval, if required, of the shareholders (or disinterested shareholders, if required), Exchanges or any other regulatory body having authority over the Company or the Omnibus Incentive Plan, suspend, terminate or discontinue the Omnibus Incentive Plan at any time, or amend or revise the terms of the Omnibus Incentive Plan or of any Award granted under the Omnibus Incentive Plan and the Option Agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any Stock Option previously granted to an Optionee under the Omnibus Incentive Plan without the consent of that Optionee.
Common Shares Not Acquired	Any Option which has been settled in cash, cancelled, terminated, surrendered, forfeited or expired without being exercised may be made the subject of a further Stock Option pursuant to the provisions of the Omnibus Incentive Plan.
Adjustments	The Omnibus Incentive Plan provides for certain standard adjustments to the Option Price and the number of Unissued Option Shares in the event of a share reorganization, special dividend distribution or corporate reorganization. Any adjustment is subject to the prior approval of the Exchange, other than adjustments due to a share subdivision, combination or consolidation.
Previously Granted Stock Options	Stock Options which are outstanding under pre-existing Omnibus Incentive Plan(s) of the Company as of the effective date of the Omnibus Incentive Plan shall continue to be exercisable and shall be deemed to be governed by and be subject to the terms and conditions of the Omnibus Incentive Plan except to the extent that the terms of the Omnibus Incentive Plan are more restrictive than the terms of such pre-existing plan(s) under which such stock options were originally granted, in which case the applicable pre-existing plan(s) shall govern, provided that any stock options granted, issued or amended after November 23, 2021 must comply with TSXV Policy 4.4 - <i>Incentive Stock Options</i> (as at November 24, 2021).

Warrants

As of the date of this Prospectus, there are no Warrants issued and outstanding.

Broker Warrants

As of the date of this Prospectus, there are 530,400 Warrants issued to brokers of the Company (the “**Broker Warrants**”): 488,040 Broker Warrants are exercisable into one Common Share at a price of \$0.25 per Broker Warrant until December 21, 2024; and 42,360 Broker Warrants are exercisable into one Common Share at a price of \$0.25 per Broker Warrant until February 1, 2025.

PRIOR SALES

The following table summarizes the issuances by the Company of Common Shares and securities convertible into Common Shares during the 12-month period prior to the date of this Prospectus:

Date	Type of Security	Price per Security	Number of Securities	Reason for Issuance
May 18, 2023	Common Shares	\$ 0.05	9,975,000	Private Placement
June 5, 2023	Common Shares	\$ 0.05	1,545,000	Private Placement
June 5, 2023	Stock Options	n/a	500,000 ⁽¹⁾	Security-based Compensation
August 30, 2023	Common Shares	\$ 0.20	10,760,000	Private Placement
August 30, 2023	Broker Warrants	n/a	645,600 ⁽²⁾	Broker compensation
September 19, 2023	Common Shares	\$ 0.20	1,058,000	Private Placement
September 19, 2023	Broker Warrants	n/a	63,480 ⁽³⁾	Broker compensation
September 27, 2023	Common Shares	\$ 0.20	685,000	Private Placement
October 10, 2023	Stock Options	n/a	1,000,000 ⁽⁴⁾	Security-based Compensation
December 21, 2023	Common Shares	\$ 0.25	8,134,000	Private Placement
December 21, 2023	Broker Warrants	n/a	488,040 ⁽⁵⁾	Broker compensation
February 1, 2024	Common Shares	\$ 0.25	706,000	Private Placement
February 1, 2024	Broker Warrants	n/a	42,360 ⁽⁶⁾	Broker compensation
February 22, 2024	RSUs	n/a	4,170,000	Security-based Compensation
March 12, 2024	Common Shares	\$ 0.25	500,000	Private Placement
April 26, 2024	Common shares	\$ 0.25	1,000,000	Private Placement

- (1) The Stock Options are each exercisable into one Common Share at a price of \$0.10 per Stock Option and are exercisable until June 5, 2028.
- (2) The Broker Warrants expired unexercised on August 30, 2024.
- (3) The Broker Warrants were each exercisable into one Common Share at a price of \$0.20 per Broker Warrant and expired as of September 19, 2024.
- (4) The Stock Options are each exercisable into one Common Share at a price of \$0.20 per Stock Option and are exercisable until October 10, 2028.
- (5) The Broker Warrants are each exercisable into one Common Share at a price of \$0.25 per Broker Warrant and are exercisable until December 21, 2024.
- (6) The Broker Warrants are each exercisable into one Common Share at a price of \$0.25 per Broker Warrant and are exercisable until February 1, 2025.

For a description of the current and anticipated number of issued and outstanding securities of the Company, see "Consolidated Capitalization of the Company".

ESCROWED SECURITIES

Escrowed Securities

In accordance with NP 46-201, all shares of an issuer owned or controlled by its principals (as defined below) will be escrowed at the time of the issuer's Going Public Transaction. The following securities are subject to escrow in accordance with NP 46-201 if a principal holds them immediately prior to a Going Public Transaction: (a) equity securities that carry the right to participate in earnings and assets remaining on winding-up or liquidation, including common shares, restricted voting shares, subordinate voting shares, multiple voting shares and non-voting shares (collectively, "**Equity Securities**"); and (b) securities that allow the holder to acquire shares or other convertible securities (such as warrants, special warrants qualified under the Going Public Transaction prospectus, convertible shares, convertible debentures, rights and options) (collectively, "**Convertible Securities**"), except for non-transferable incentive stock options issued to principals of the issuer to purchase securities solely for cash at a price equal to or greater than the Going Public Transaction price.

Under NP 46-201, a "**principal**" is: (a) a person who has acted as a promoter of the Company within two years of the date of this Prospectus; (b) a director or senior officer of the Company at the time of this Prospectus; (c) a person that holds securities carrying more than 20% of the voting rights attached to the Company's outstanding securities immediately before and immediately after the Company's Going Public Transaction; and (d) a person that: (i) holds securities carrying more than 10% of the voting rights attached to the Company's outstanding securities immediately before and immediately after the Company's Going Public Transaction; and (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Company. A principal's spouse and their relatives that live at the same address as the principal will be deemed principals and any securities of the Company held by such a person will be subject to the escrow requirements.

Under NP 46-201, a principal that holds securities carrying less than 1% of the voting rights attached to an issuer's outstanding securities immediately after its IPO is not subject to escrow requirements. However, subject to the policies of the Exchange, up to 285,000 additional Common Shares and 2,350,000 additional Stock Options may be deposited into escrow, consisting of the aggregate number of securities of principals who hold securities carrying less than 1% of the voting rights attached to the Company's outstanding securities immediately after listing.

Following the Listing Date, the Company will be classified as an "emerging issuer" under NP 46-201. An "emerging issuer" is one that does not meet the "established issuer" criteria (which includes issuers listed on the Toronto Stock Exchange in its non-exempt category and issuers that meet Tier 1 listing requirements of the Exchange). Based on the Company being an "emerging issuer", the Escrowed Securities will be subject to a three-year escrow.

If the Company achieves "established issuer" status during the term of the Escrow Agreement, it will 'graduate', resulting in a catch-up release and an accelerated release of any securities remaining in escrow under the 18-month schedule applicable to established issuers as if the Company had originally been classified as an established issuer.

Pursuant to the Escrow Agreement to be entered into as of the Listing Date among the Company, the Escrow Agent and the Principals of the Company, as required pursuant to the policies of the Exchange, (also referred to as, the "**Escrow Holders**"), the Escrow Holders agreed to deposit in escrow their Common Shares (the "**Escrowed Securities**") with the Escrow Agent. Under the Escrow Agreement, 10% of the Escrowed Securities will be released from escrow on the Listing Date (the "Initial Release") and an additional 15% will be released on the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

Pursuant to the terms of the Escrow Agreement, the Escrowed Securities may not be transferred or otherwise dealt with during the term of the Escrow agreement unless the transfers or dealings within escrow are:

- (1) transfers to continuing or, upon their appointment, incoming directors and senior officers of the Company or of a material operating subsidiary, with approval of the Company's Board;
- (2) transfers to a person or company that before the proposed transfer holds more than 20% of the Company's outstanding Common Shares, or to a person or company that after the proposed transfer will hold more than 10% of the Company's outstanding Common Shares and has the right to elect or appoint one or more directors or senior officers of the Company or any material operating subsidiary;

- (3) transfers to an RRSP or similar trustee plan provided that the only beneficiaries are the transferor or the transferor's spouse, children or parents;
- (4) transfers upon bankruptcy to the trustee in bankruptcy or another person or company entitled to escrow securities on bankruptcy; and
- (5) pledges to a financial institution as collateral for a *bona fide* loan, provided that upon a realization the securities remain subject to escrow.

Tenders of Escrowed Securities to a take-over bid or business combination are permitted provided that, if the tenderer is a Principal of the successor corporation upon completion of the take-over bid or business combination, securities received in exchange for tendered Escrow securities are substituted in escrow on the basis of the successor corporation's escrow classification.

A total of 7,150,000 Common Shares representing approximately 7.3% of the issued and outstanding Common Shares and 2,400,000 Stock Options representing approximately 40% of the issued and outstanding Stock Options will be deposited into escrow pursuant to the Escrow Agreement.

As of the date of this Prospectus, the securities expected to be subject to escrow pursuant to the Escrow Agreement upon completion of the listing of the Common Shares on the TSXV are shown in the following table:

Designation of Class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of Class ⁽¹⁾
Common Shares	7,150,000 Common Shares	7.3%
Stock Options	2,400,000 Stock Options	40%
RSU's	2,000,000 RSU's	48%

- (1) Based on 98,363,000 Common Shares issued and outstanding as of the date of this Prospectus.

A detailed breakdown of the Escrowed Securities to be escrowed in connection with the Listing is shown in the following table:

Name	Description of Security	Quantity	% of class as of the date of Prospectus ⁽¹⁾⁽²⁾
DESC Holdings Corp.	Common Shares, Stock Options and RSU's	7,150,000 Common Shares 2,400,000 Stock Options 2,000,000 RSU's ⁽³⁾	7.3% 40% 48%

- (1) Based on 98,363,000 Common Shares and 6,000,000 Stock Options issued and outstanding as of the date of this Prospectus
- (2) The Escrowed Securities are anticipated to be held by the Transfer Agent. Such Escrowed Securities are anticipated to be escrowed on or prior to the Listing Date per NP 46-201 and released pro rata to the shareholders as to 10% on the Listing Date and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months.
- (3) These Common Shares and Stock Options are held by Christopher Cornelius through his holding company, DESC Holdings Corp., of which he is the sole shareholder.

Where the Common Shares, which are required to be held in escrow, are held by a non-individual (a "**holding company**"), each holding company pursuant to the Escrow Agreement, has agreed, or will agree, not to carry out any transactions during the currency of the Escrow Agreement which would result in a change of control of the

holding company, without the consent of the Exchange. Any holding company must sign an undertaking to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities could reasonably result in a change of control of the holding company. In addition, the Exchange may require an undertaking from any control person of the holding company not to transfer the shares of that company.

The complete text of the Escrow Agreement is available for inspection at the offices of the Company's legal counsel at Suite 1120, 625 Howe Street, Vancouver, British Columbia, V6C 2T6, during normal business hours during the period of primary distribution of the securities being distributed under this Prospectus and for a period of 30 days thereafter. The Escrow Agreement will also be available under the Company's profile on SEDAR+ at www.sedarplus.com.

Common Shares Subject to Resale Restrictions

Canadian securities legislation generally provides that shares issued by a company during its private stage may not be resold until the expiration of certain hold periods. The legislation which imposes and governs these hold periods is National Instrument 45-102 (“NI 45-102”). Pursuant to NI 45-102, securities of an issuer issued prior to an initial public offering are either subject to a “seasoning period” lasting four months from the date an issuer becomes a reporting issuer, or both a seasoning period and a “restricted period” of four months from the date of distribution of the securities. During either a seasoning period or a restricted period, securities may not be resold except pursuant to an exemption from applicable Prospectus and registration requirements. Where an issuer becomes a reporting issuer in certain Canadian jurisdictions (including British Columbia) by filing a Prospectus in that jurisdiction, however, the 4-month seasoning period is eliminated. Thus, only securities which are subject to a four-month restricted period will be subject to resale restrictions under NI 45-102 after an initial public offering.

Following the issuance of a receipt for a final Prospectus of the Company, none of the Company's Common Shares would be subject to a four-month restricted period under NI 45-102. Currently, all of the issued and outstanding securities of the Company are subject to both the “seasoning period”, as described above, and a “restricted period” of four months from the date of their respective issuance.

Seed Share Resale Restrictions

Seed Share Resale Restrictions (“SSRRs”) (as defined in the policies of the TSXV) are hold periods imposed by the Exchange which apply where securities are issued to non-Principals by private companies prior to an initial public offering at a price which is below the applicable price from the most recent financing of the Company. The SSRRs do not impose any hold periods on the securities of the Company issued prior to the date of this Prospectus, other than as disclosed below. SSRRs will be imposed on the securities of the Company noted below through the placement of restrictive legends on the certificates representing such securities.

As of the date of this Prospectus, the securities expected to be subject to SSRR upon completion of the listing of the Common Shares on the TSXV are shown in the following table:

Designation of class	Number of securities subject to SSRR	Percentage of class
Common Shares	12,700,000	12.9% ⁽¹⁾
Stock Options	Nil	0%
Warrants	Nil	0%

(1) Based on 98,363,000 Common Shares issued and outstanding as of the date of this Prospectus. All 12,700,000 Common Shares have a release schedule of 10% released at the Listing Date and 15% released on the dates which are 6 months, 12 months, 18 months, 24 months, 30 months, and 36 months from the Listing Date.

Seed Shares are subject to hold periods in accordance with SSRR under the policies of the TSXV. The purchase price of such securities, and the time of purchase relative to the date of the receipt for the preliminary prospectus in respect of the Going Public Transaction, determine which TSXV hold periods apply. SSRR will be imposed on the securities by imprinting legends on the applicable certificates representing such securities, and do not apply to persons who are subject to the Escrow Agreement.

PRINCIPAL HOLDERS OF SHARES

To the knowledge of the directors and officers of the Company, as of the date of this Prospectus, there are no persons who beneficially own, directly or indirectly, or exercise control or direction over more than 10% of the Common Shares.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holdings

The following table sets out the name, municipality of residence, position or offices held and term with the Company, principal occupation during the past five years, and number and percentage of voting securities of the Company that each of the directors and executive officers beneficially own, directly or indirectly, or exercise control over as at the date of this Prospectus. The following information relating to the directors and officers is based on information received by the Company from said persons.

Name, Province or State, and Country of Residence; Position held with the Company	Director/ Officer Since	Principal Occupation for the Past Five Years	Common Shares and Stock Options Beneficially Owned Directly or Indirectly (at the date of this Prospectus) ⁽¹⁾
Christopher Cornelius Florida, USA Chairman, President, Chief Executive Officer and Director	May 10, 2017	Energy technology entrepreneur involved in oil and gas exploration and production	7,150,000 Common Shares (7.3%) 2,400,000 Stock Options 2,000,000 RSUs
Anthony Kelly ⁽²⁾ New South Wales, Australia Director	May 10, 2017	Venture capitalist involved in banking, corporate strategy, capital markets, and corporate financing matters in Australia, Europe and North America.	Nil (0.0%) 500,000 Stock Options
Peter Turner ^(2,3) West Midlands, England Director	June 28, 2021	Petroleum industry entrepreneur and a former head of the Petroleum Geosciences Unit at the University of Birmingham.	35,000 Common Shares (0.0%) 500,000 Stock Options
Simon Cheng ⁽²⁾ Vancouver, BC Director	August 31, 2024	Resource and technology entrepreneur and director of several private and public companies in Canada.	Nil (0.0%) Nil

Name, Province or State, and Country of Residence; Position held with the Company	Director/ Officer Since	Principal Occupation for the Past Five Years	Common Shares and Stock Options Beneficially Owned Directly or Indirectly (at the date of this Prospectus) ⁽¹⁾
Konstantin Lichtenwald ⁽²⁾ Vancouver, BC Chief Financial Officer and Director	July 1, 2023	Chartered Professional Accountant specializing in valuation, taxation and financial reporting in Germany, Australia, USA and Canada; director / officer of a number of private and publicly listed companies in Canada.	Nil (0.0%) 250,000 Stock Options
Margo Peters Vancouver, BC Corporate Secretary	May 10, 2017	Self-employed consultant providing corporate secretarial service to private and publicly listed companies in Canada.	100,000 Common Shares (0.1%) 500,000 Stock Options
Paul Clarke Florida, USA VP Exploration	October 31, 2023	Exploration geologist managing large teams throughout North America on major unconventional resource plays, including the Eagleford, Permian Basin and Jonah/Pinedale.	150,000 Common Shares (0.2%) 600,000 Stock Options

- (1) Percentage of Common Shares held is based on 98,363,000 Common Shares issued and outstanding as of the date of this Prospectus.
- (2) Audit Committee member.
- (3) Chair of the Audit Committee.

Biographies

Below is a brief description of each of the directors and executive officers of the Company including: names, ages, positions and responsibilities, relevant educational background, principal occupations or employment during the five years preceding the date of this Prospectus, relevant experience in the oil and gas industry and the amount of time intended to be devoted to the affairs of the Company.

Christopher (Chris) Cornelius, Ph.D. (Age: 62) – Chairman, President, CEO, Founder and a Director

Mr. Cornelius is a prospect generator and resource developer, having held a multitude of positions in land, exploration, engineering, operations, M&A and project finance. He founded the Company with long-time financial partners and has been directly involved in the safe drilling and completion of several thousand wells in many of the world's major hydrocarbon provinces. He was directly responsible for forming Delcuadra Kft in 2010, a private Hungary exploration joint venture between RAG Austria AG, Austria's largest energy storage company, Delta Hydrocarbons and Cuadrilla Resources Ltd. He holds a Bachelor of Science degree from Manchester University and a PhD from Aston University in geology.

Mr. Cornelius is an independent contractor of the Company, has not entered into an employment agreement with the Company. His management service agreement with the Company contains non-disclosure terms. He has not entered into a non-competition agreement with the Company. He will devote approximately 80% of his time to the affairs of the Company. See "*Director and Executive Compensation - Employment, Consulting and Management*"

Agreements”.

Anthony (Tony) Kelly, JD, LLB, MBA (Age: 76) – Director

Mr. Kelly has over 35 years of experience in investment banking, corporate strategy, capital markets, mergers and acquisitions and corporate financing experience in Australia, Europe and North America. Mr. Kelly began his investment banking career at Morgan Stanley in New York and held senior roles with MAST Global, Credit Suisse, First Boston and BZW, where he was head of Global M&A. He is currently a member of the investment committee of AMP Capital Equity Infrastructure Fund, one of Australia’s largest infrastructure funds. Mr. Kelly holds a B. Juris and LLB from the University of New South Wales, and an MBA from Columbia University Graduate School of Business.

Mr. Kelly is an independent contractor of the Company, has not entered into an employment agreement, a non-competition or a non-disclosure agreement with the Company. He will devote approximately 5% of his time to the affairs of the Company.

Peter Turner, PhD, DSc (Age: 75) – Director

Mr. Turner has worked extensively in the petroleum industry for over 40 years. He was a former reader in sedimentology at the University of Birmingham in the United Kingdom and having authored over 150 peer-reviewed publications and books, he is a leading authority on clastic reservoirs of the Rotliegend and the Permian-Trias. More recently, his work has focused on tight-gas petroleum systems throughout Europe and North Africa. He is a director of several private companies and is also a winner of the Wollaston Fund of the Geological Society of London. He holds a Bachelor of Science degree from Cardiff University and PhD in Geology from the University of Leicester located in the United Kingdom. Mr. Turner was also awarded an honorary DSc by the University of Wales.

Mr. Turner is an independent contractor of the Company, has not entered into an employment agreement, a non-competition or a non-disclosure agreement with the Company. He will devote approximately 5% of his time to the affairs of the Company.

Simon Cheng (Age: 44) – Director

Mr. Cheng has over ten years of experience in the resource, technology and finance sector. He specializes in capital finance, business agreement negotiations and corporate development and has previously held positions with professional investment firms providing advisory services to high net worth individuals and institutional investors. He currently serves as CEO and director of Trench Metals Corp. (TSXV: TMC), a mineral exploration company with a focus on uranium; as a director of ALDD Ventures Corp. (TSXVC: ALDD.P.CC) and as CEO and director of Little Fish Acquisition I Corp. (TSXV: LILL.P), both capital pool companies; as CEO and director of BioCure Technology Inc. (CSE: CURE.X), a biopharmaceutical company; and as director of P2P Group Ltd. (formerly, Pure to Pure Beauty Inc.) (CSE: PPB), of which he was both CEO and director until August of 2024, which is engaged in the development and sale of consumer product goods. In recent past, he has also served as a director and/or officer of a number of private companies in resource and health. He holds an associate’s degree in business administration from the University of the People, in California.

Mr. Cheng is an independent contractor of the Company, has not entered into an employment agreement, a non-competition or a non-disclosure agreement with the Company. He will devote approximately 5% of his time to the affairs of the Company.

Konstantin Lichtenwald (Age: 39) – Chief Financial Officer and director

Mr. Lichtenwald is a Canadian CPA and an ACCA in the UK and has over 17 years of corporate finance experience, including experience in accounting, financial management, compliance, M&A, reverse takeovers and initial public offerings. He specializes in valuation, taxation and financial reporting. He has lived and worked in multiple jurisdictions including Germany, Australia, USA and Canada. He is a director of a number of private and publicly-listed companies in Canada. Mr. Lichtenwald holds a Bachelor of Business from Pforzheim University located in Germany.

Mr. Lichtenwald is an independent contractor of the Company, has not entered into an employment agreement, a non-competition or a non-disclosure agreement with the Company. He will devote approximately 35% of his time to the affairs of the Company.

Margo Peters (Age: 68) – Corporate Secretary

Ms. Peters has been the corporate secretary of the Company since its inception. Based in Vancouver, she has over 30 years of experience as a corporate secretary, providing management and administration expertise to a wide variety of private and public companies in the resource sector.

Mr. Peters is an independent contractor of the Company, has not entered into an employment agreement, a non-competition or a non-disclosure agreement with the Company. She will devote approximately 50% of her time to the affairs of the Company.

Paul Clarke (Age: 44) – VP Exploration & Development

Mr. Clarke is an experienced geologist for unconventional plays who has been at the forefront of exploration and development of major US resource plays over the past 20 years. He has held roles of significant responsibility, including as Geoscience Director for all Permian Basin and Eagle Ford operations at Pioneer Natural Resources (PXD:NYSE) and Subsurface Director of PureWest Energy, a natural gas producer in the state of Wyoming, with a focus on the prolific Jonah/Pinedale field. He holds a Bachelor of Science degree and a PhD in Geology from the University of Birmingham located in the United Kingdom.

Mr. Clarke is an independent contractor of the Company, has not entered into an employment agreement, a non-competition or a non-disclosure agreement with the Company. He will devote approximately 50% of his time to the affairs of the Company.

Term of Office of Directors

The term of office of the directors expires annually at the time of the Company’s annual general meeting. The term of office of the executive officers expires at the discretion of the Board.

Security Holding by Directors and Officers

As at the date of this Prospectus, the directors and executive officers of the Company as a group beneficially own, directly or indirectly, or exercise control over 13,435,000 Common Shares collectively, representing 14% of the currently issued and outstanding Common Shares.

Cease Trade Orders and Bankruptcies

To the Company’s knowledge and other than as disclosed herein, no director or executive officer or promoter of the Company is, as at the date of this Prospectus, or was, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any person or company, including the Company, that:

- (a) was subject to (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued while the director or executive officer or promoter was acting in the capacity of a director, the chief executive officer or the chief financial officer thereof; or
- (b) was subject to an order that was issued after the director or executive officer or promoter ceased to be a director, the chief executive officer or the chief financial officer thereof and which resulted from an event that occurred while that person was acting in such capacity.

Mr. Lichtenwald was the CFO of Banxa Holdings Inc. (“**Banxa**”), when a cease trade order was issued against Banxa on November 3, 2022 for failure to file audited financial statements, management’s discussion and analysis

and certifications for the year ended June 30, 2022 within the prescribe filing period (the “**2022 Banxa Financials**”). Banxa subsequently filed the 2022 Banxa Financials and the cease trade order was revoked on July 6, 2023.

On December 11, 2015, the British Columbia Securities Commission issued a permanent cease trade order against PDC Biological Health Group Corporation (“PDC”) in connection with PDC’s failure to file its audited annual financial statements for the year ended July 31, 2015, and its management discussion and analysis relating to such financial statements, within the prescribed time period. Mr. Cheng was the interim chief executive officer of PDC during this time. Mr. Cheng has since resigned from his interim officer position in PDC in July 2016. As of the date of this prospectus, such order has not been revoked.

On December 17, 2015, the Ontario Securities Commission issued a temporary cease trade order against PDC in connection with PDC’s failure to file its audited annual financial statements for the year ended July 31, 2015, and its management discussion and analysis relating to such financial statements, within the prescribed time period, and the certification of the foregoing filings. On December 30, 2015, the Ontario Securities Commission issued a permanent cease trade order against PDC in respect of the foregoing. Mr. Cheng was the interim chief executive officer of PDC during this time. Mr. Cheng has since resigned from his interim officer position in PDC in July 2016. As of the date of this prospectus, such order has not been revoked.

Mr. Cheng is the director and interim chief executive officer of Deserving Health International Corp. (“Deserving Health”) since March 2013 and January 2020, respectively. Deserving Health has been and is subject to certain cease trade orders resulting from the failure to file its financial statements. Deserving Health was subject to a cease trade order issued on May 10, 2016 and revoked on June 10, 2016 by the BCSC. Subsequently, Deserving Health was subject to a cease trade order issued on May 5, 2017 and revoked on December 4, 2017 by the BCSC. Finally, Deserving Health is currently subject to a cease trade issued on May 7, 2021 by the BCSC. Mr. Cheng resigned from his interim officer position in Deserving Health in March 2022. As of the date of this prospectus, such order has not been revoked or rescinded.

To the Company’s knowledge and other than as disclosed herein, no director or executive officer or promoter of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date of this Prospectus, or has been within the 10 years before the date hereof, a director or executive officer of any person or company, including the Company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

To the Company’s knowledge and other than as disclosed herein, no director or executive officer or promoter of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

No director or officer of the Company, nor any shareholder holding sufficient securities of the Company to affect materially the control of the Company, nor any personal holding company of any such person has, within the ten years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Conflicts of Interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter.

There are no known existing or potential conflicts of interest among the Company, directors and officers or other members of management of the Company or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies and, therefore, it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

DIRECTOR AND EXECUTIVE COMPENSATION

Director and Executive Officer Compensation

Upon becoming a reporting issuer, the Company will have two (3) NEOs, being Christopher Cornelius, the Chairman, President, CEO and a director of the Company, Konstantin Lichtenwald, the CFO of the Company, and Paul Clarke, VP Exploration. In the event the Company is in a position to pay a base salary to any officer, such a base salary would be determined by the Board and may be based on performance contributions for the year and sustained performance contributions over a number of years. Officers of the Company will be eligible to receive discretionary bonuses as determined by the Board based on each officer's responsibilities, his achievement of corporate objectives and the Company's financial performance. There is no formal timing for when such an analysis would be performed or when NEOs would be eligible to receive a salary or discretionary bonus. Any salary or bonus would be determined at the absolute discretion of the board and there are presently no performance criteria, goals or peer groups which have been set or identified in relation to NEO compensation.

The Company expects that compensation of the Company's NEOs upon becoming a reporting issuer will be US\$17,500 per month to DESC and \$15,000 each to LPC and Paul Clarke. During the twelve months following Listing, DESC's (Chris Cornelius) fees will be deferred to the extent required for the Company to maintain acceptable levels of unallocated working capital.

Director compensation is determined by the directors, acting as a whole. The Company's Omnibus Incentive Plan and issuance of stock options to the directors is one of the arrangements the Company has pursuant to which directors are compensated by the Company for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as a consultant or expert during the most recently completed financial year or subsequently.

The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the directors of the Company and to closely align the personal interests of such persons to that of the shareholders.

The Company did not pay any compensation to the directors in the period from May 10, 2017 (date of incorporation) to October of 2023. Starting from October of 2023, each of the independent directors of the Company has received US\$2,500 each quarter as compensation for their services in their capacity as directors. The Company has no current intention to make any material changes to the compensation structures as described in this Prospectus.

External Management Companies

The Company has not engaged the services of an external management company to provide executive management services to the Company, directly or indirectly.

Omnibus Incentive Plan

The Company has in effect the Omnibus Incentive Plan in order to provide effective incentives to directors, officers, senior management personnel and employees of the Company and to enable the Company to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for the Company's shareholders.

The Omnibus Incentive Plan was adopted by resolution of the directors of the Company on March 1, 2024, and is not subject to initial shareholder approval under the rules of the Exchange. Upon Listing, the Omnibus Incentive Plan and any amendment thereto is required to be approved by the shareholders of the Company yearly at the annual general meeting of the shareholders of the Company. The Company has no equity incentive plans other than the Omnibus Incentive Plan. Details on the Omnibus Incentive Plan, including material terms, can be found in the section "*Options to Purchase Securities*".

Employment, Consulting and Management Agreements

Other than as disclosed below, the Company has no employment, consulting or management agreements in place.

CEO Agreement

Christopher Cornelius provides his services, as Chairman, President, CEO and director of the Company, on a full-time basis to the Company pursuant to a consulting agreement dated effective October 1, 2023 (the "**CEO Agreement**"), between the Company and DESC. Pursuant to the CEO Agreement, the Company pays DESC US\$17,500 per month, as well as the reasonable out of pocket travel expenses validly incurred by DESC in performing its services. DESC is required to provide its services to the best of its ability and with the standards of care and skill to be reasonably expected of a competent consultancy. DESC has the right to terminate the agreement for any reason by providing the Company with 90 days' written notice. The Company may terminate the CEO Agreement for any reason, by providing 36 months of monthly payments based on the month prior to termination. Where DESC terminates the CEO Agreement within 12 months following a change of control, the Company shall pay DESC a lump sum equal to 36 months of the monthly payment.

CFO Agreement

Konstantin provides his services, as CFO of the Company, on a part-time basis to the Company pursuant to a consulting agreement dated effective July 1, 2023 (the "**CFO Agreement**"), between the Company and LPC. Pursuant to the CFO Agreement, the Company pays LPC CAD \$15,000 per month, as well as the reasonable out of pocket travel expenses validly incurred by LPC in performing its services. LPC is required to provide its services to the best of its ability and with the standards of care and skill to be reasonably expected of a competent consultancy. LPC has the right to terminate the agreement for any reason by providing the Company with 90 days' written notice.

New Reporting Issuer

As of the date of this Prospectus, the Company pays its two independent directors, Anthony Kelly and Peter Turner, each, US \$2,500 per quarter as compensation for their services. The Company intends to continue to pay these amounts to Anthony Kelly and Peter Turner once it becomes a reporting issuer.

Termination and Change of Control Benefits

The Company does not have any contracts, agreements, plans or arrangements in place with any NEO that provides for payment following or in connection with any termination (whether voluntary, involuntary or constructive, resignation, retirement, a change of control of the Company or a change in an NEO's responsibilities).

INDEBTEDNESS OF DIRECTORS AND OFFICERS

Except for: (i) indebtedness that has been entirely repaid on or before the date of this Prospectus, and (ii) “routine indebtedness” (as defined in Form 51-102F5 of the Canadian Securities Administrators), the Company is not aware of any individuals who are, or who at any time since inception were, a director or executive officer of the Company, a proposed nominee for election as a director or an associate of any of those directors, executive officers or proposed nominees who are, or have been since the beginning of the most recently completed financial year indebted to the Company or any of its subsidiaries, or whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

AUDIT COMMITTEE

The charter of the Company’s audit committee and the other information required to be disclosed by Form 52-110F2 is attached to this Prospectus as Appendix "C".

CORPORATE GOVERNANCE

The information required to be disclosed by NI 58-101 is attached to this Prospectus as Appendix "D".

PLAN OF DISTRIBUTION

No securities are offered pursuant to this Prospectus. The Company is filing this Prospectus to allow its previously issued shares to be re-sold in certain jurisdictions without an exemption from the Prospectus and registration requirements of certain securities legislation.

Listing of Common Shares

The Company has applied to list its Common Shares on the Exchange and has received conditional approval for listing from the TSXV. Listing will be subject to the Company fulfilling all the listing requirements of the Exchange.

Research Capital Corporation ("**RCC**") has agreed to act as Sponsor for the Company in connection with the listing of the Common Shares on the Exchange and has been paid a sponsorship fee of \$50,000 (plus all applicable taxes). As additional compensation, the Company will also issue to RCC 500,000 Common Shares, in payment of \$25,000 at a deemed price of \$0.05 per Common Share, plus all applicable taxes thereon in cash based on the fair market value of the Common Shares received, calculated on the date of issuance. As well, the Company will reimburse RCC for all of its reasonable out-of-pocket expenses (plus applicable taxes), including reasonable fees and expenses of its legal counsel (estimated at \$40,000 (excluding expenses and disbursements) in connection with its performance as Sponsor. As at the date hereof, the Company has also paid RCC a retainer of \$20,000.

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities and does not intend to apply to list or quote any of its securities on The Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchanged or the PLUS markets operated by PLUS Markets Group PLC). See "*Risk Factors*".

RISK FACTORS

The following information describes certain significant risks and uncertainties inherent in the Company’s business and the Offering. Prospective investors should take these risks into account in evaluating the Company and in deciding whether to purchase Common Shares. This section does not describe all risks applicable to the Company, its industry or its business, and it is intended only as a summary of certain material risks. Prospective investors should carefully consider such risks and uncertainties together with the other information contained in this Prospectus. If any of such risks or uncertainties actually occur, the Company’s business, financial condition or operating results could be harmed substantially and could differ materially from the plans and other forward-looking

statements discussed under "*Management's Discussion and Analysis*" and "*Business of the Company*" and elsewhere in this Prospectus.

The Company is in the business of exploring and, if warranted, developing oil and gas properties, which is a highly speculative endeavour. A purchase of any securities of the Company involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in securities of the Company should not constitute a significant portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment.

Before making any investment decision, prospective investors should carefully consider all the information contained in this document including, in particular, the risk factors described below. The directors of the Company believe that the following risk factors should be considered. Some risk factors relate principally to the Offering. This list is not exhaustive and there are additional risks and uncertainties which are not currently known to the directors or the directors may currently deem certain risks immaterial. Any of these unknown or immaterial risks may cause the price of the Common Shares to decline and may have an adverse effect on the Company's business, financial condition and the results of the Company's operations.

In the event that any of the risks outlined below materialize, the Company's business, financial condition and results of operations may suffer significantly, the trading price of the Common Shares could decline and a purchaser may lose all or most of his or her investment.

When used in this Prospectus, the words "anticipate", "believe", and "estimate" and similar expressions, as they relate to the Company or management, are intended to identify forward-looking statements. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described herein. Should one or more of these risks or uncertainties materialize, or should such assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed or estimated. There is no assurance that the projected results will occur, that the Company's judgments or assumptions will prove correct, or that unforeseen developments will not occur requiring adjustments to the Company's anticipated future activities.

For additional information on forward-looking information, see "*Caution Regarding Forward-Looking Statements*".

Exploration, Development and Production Risks

The Company's existing working capital will be expended on oil and natural gas exploration, exploitation and development activities, which are high-risk ventures with uncertain prospects for success. Oil and gas exploration involves a high degree of risk and there is no assurance that expenditures made on future exploration activities by the Company will result in new discoveries of oil, condensate or natural gas that are commercially viable or economically producible. Holders of securities of the Company must rely on the ability, expertise, judgment, discretion, integrity and good faith of management of the Company. It is difficult to project the costs of implementing any exploratory or developmental drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over pressured zones and tools lost in the hole and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof. Few properties that are explored are ultimately developed into new reserves. In certain instances, the Company may be precluded from pursuing an exploration program or decide not to continue with an exploration program, and such an occurrence may have a negative effect on the value of the securities of the Company.

Future oil exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include: delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity, or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time,

production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

Stage of Development

An investment in the Company is subject to certain risks related to the nature of the Company's business and its early stage of development. There are numerous factors which may affect the success of the Company's business which are beyond the Company's control including local, national and international economic and political conditions. The Company's business involves a high degree of risk which a combination of experience, knowledge and careful evaluation may not overcome. The Company's operations in Hungary may expose the Company to risks such as political and currency risks which may not exist or may exist in a much different manner for domestic operations. The Company has a limited history of operations and no earnings and there can be no assurance that the Company's business will be successful or profitable or that additional commercial quantities of crude oil and natural gas will be discovered by the Company.

Operating Hazards

There are risks associated with the drilling of oil and natural gas wells, including encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, craterings, sour gas releases, fires and spills. Reduced revenues or losses resulting from the occurrence of any of these risks could have a material adverse effect on the Company and its future results of operations. The Company may become subject to liability for pollution, blow-outs or other hazards. The Company has insurance with respect to these hazards; however, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. The payment of such liabilities could reduce the funds available to the Company or could, in an extreme case, result in a total loss of its properties and assets. Moreover, there can be no assurance that the Company will be able to maintain adequate insurance in the future at rates that are considered reasonable. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including premature decline of reservoirs and the invasion of water into producing formations.

The Company may become responsible for costs associated with complying with new environmental regulations, and abandoning and reclaiming wells, facilities and pipelines which it uses for production of its oil and gas reserves. Abandonment and reclamation of its current facilities and the costs associated therewith is often referred to as "decommissioning". There are no immediate plans to establish a reserve account for these potential costs in respect of any of its current properties or facilities; rather, the costs of decommissioning are expected to be paid from the proceeds of production in accordance with the practice generally employed in onshore oilfield operations. Should decommissioning be required prior to economic depletion of the current properties of the Company or should the estimates of the costs of decommissioning exceed the value of the reserves remaining at any particular time to cover such decommissioning costs, the Company may have to draw on funds from other sources to satisfy such expenses. The use of other funds to satisfy such decommissioning expenses could have a material adverse effect on the financial position and future results of the operations of the Company.

Crude Oil and Natural Gas Development

Exploration, appraisal and development of crude oil and natural gas reserves is speculative and involves a significant degree of risk. Few properties that are explored are ultimately developed into new reserves. If at any stage the Company is precluded from pursuing its exploration or development programmes, or such programmes are otherwise not continued, the Company's business, financial condition and/or results of operations and, accordingly, the trading price of the Common Shares, is likely to be materially adversely affected.

Crude oil and natural gas exploration involves a high degree of risk and there is no assurance that expenditures made on future exploration or development activities by the Company will result in discoveries of crude oil, condensate or natural gas that are commercially or economically feasible. It is difficult to project the costs of implementing any exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof.

The Company's operations are subject to all the risks normally associated with the exploration, development and operation of crude oil and natural gas properties and the drilling of crude oil and natural gas wells, including encountering unexpected formations or pressures, premature declines of reservoirs, potential environmental damage, blow-outs, cratering, fires and spills, all of which could result in personal injuries, loss of life and damage to property of the Company and others. In accordance with customary industry practice the Company does maintain insurance coverage, but is not fully insured against all risks, nor are all such risks insurable. Environmental regulation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing.

No Assurance of Commerciality of Existing Fields or Future Discoveries

There is no assurance that oil or natural gas will be capable of production in sufficient quantities to make existing fields or future discoveries commercially viable or economic for the Company, or that the existing fields will be able to maintain their economic viability as projected. The long-term viability of the Company depends on its ability to find or acquire, develop and commercially produce additional oil, condensate and natural gas reserves. Without the addition of reserves through exploration, acquisition or development activities, the reserves and production of the Company will decline over time as reserves are exploited. The future of the reserves of the Company will depend not only on the ability of the Company to develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects.

Fluctuation of Commodity Prices

Oil and natural gas are commodities whose prices are determined based on world demand, supply and other factors, all of which are beyond the control of the Company. Crude oil is influenced by the world economy and OPEC's ability to adjust supply to world demand. Recently, crude oil prices have been kept high by political events causing disruptions in the supply of oil, and concern over potential supply disruptions triggered by unrest in the Middle East. Political events trigger large fluctuations in oil price levels. Natural gas prices are influenced by factors within North America. The continued tight supply-demand balance for natural gas is causing significant elasticity in pricing. Despite record drilling activity, a strong economy, favorable weather, fuel switching and increased demand for electrical generation, there still exists a tight supply causing prices to remain relatively high.

World prices for oil and natural gas have fluctuated widely in recent years. Future price fluctuations in world prices are expected and will have a significant impact upon the projected revenue of the Company, the projected return from its existing and future reserves and the general financial viability of the Company.

The oil and natural gas prices realized by the Company are affected by factors such as supply and demand, oil quality and transportation adjustments. The Company expects to market its oil and natural gas production in a consistent manner but will still be subject to any changes in regulations of Hungary.

There is no assurance that the price paid for the oil produced by the Company will remain at current levels. A decrease in the price obtained for its oil may have a material adverse effect on the financial condition of the Company and its future results of operations.

Conflicts of Interest

There are potential conflicts of interest to which the directors, officers and principal shareholders of the Company will be subject in connection with the operations of the Company. Some of the directors, officers and principal shareholders are currently and may also in the future become, engaged in other oil and gas interests on their own behalf and on behalf of other companies, and situations may arise where such directors and officers will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies under the British Columbia Business Corporations Act. The directors and officers of the Company may not devote their time on a full-time basis to the affairs of the Company.

Environmental Regulation

Hazards incident to the exploration and development of oil and gas properties such as accidental spills or leakage of petroleum liquids and other unforeseen conditions may be encountered by the Company. The Company may be subject to liability for pollution and other damages due to hazards, which cannot be insured against due to

prohibitive premium costs or for other reasons. Governmental regulations relating to environmental matters could also increase the cost of doing business or require alteration or cessation of operations in certain areas. Existing and possible future environmental legislation, regulations and actions could give rise to additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Regulatory requirements and environmental standards are subject to constant evaluation and may be significantly increased, which could materially and adversely affect the business of the Company or its ability to develop its properties on an economically feasible basis. Before development and production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals will be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or preclude entirely the economic development of a property.

Changes in Hungarian Environmental Legislation could have Adverse Effects on Our Operations

The Company's exploration activities and future oil and gas operations in Hungary are and will be subject to laws and regulations relating to the protection and remediation of the environment. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain oil and gas industry operations, which would result in environmental pollution. These laws, regulations and the governmental policies for implementation of such laws and regulations change from time to time and are generally becoming more restrictive. The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations and changes to existing laws and regulations (including the imposition of higher taxes and oil and gas royalties) could cause additional expenses or capital expenditure, or result in restrictions or delays in the Company's development plans.

Availability of Drilling Equipment and Access

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities.

Title Risks

Title to oil and natural gas interests is often not capable of conclusive determination without incurring substantial expense. Although title reviews will be done according to industry standards prior to the purchase of most oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the claim of the Company. To the extent title defects do exist, it is possible the Company may lose all or a portion of its right, title, estate and interest in and to the properties to which the title relates.

In addition, as all of the current crude oil and natural gas properties and operations of the Company are located in Hungary, the Company's properties are subject to the laws Hungary, including title laws, which may not be easy to navigate. Furthermore, the enforcement by the Company of its legal rights to exploit its properties may not be recognized by the local government or by its court system. These risks may limit or disrupt the Company's operations, restrict the movement of funds or result in the deprivation of contractual rights or the taking of property by nationalization or expropriation without fair compensation. The economy and political systems of Hungary should be considered by investors to be less predictable than those countries in which the majority of investors are likely to be resident. The possibility that the current, or a future, government may adopt substantially different policies, take arbitrary action which might halt production, cancel contracts or exploration rights cannot be ruled out, the happening of any of which could result in a material and adverse effect on the Company's results of operations and financial condition.

The Company does not obtain title insurance with respect to such properties. The possibility exists that title to one or more of the properties, particularly title to undeveloped properties, might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such claims or concessions. The ownership and validity of oil and gas claims and concessions are often uncertain and may be contested. The Company has taken and will continue to take all reasonable steps, in accordance with the laws and regulations of the jurisdictions in which their properties are located, to ensure proper title to the Property and to

properties it may acquire in the future, either at the time of acquisition or prior to any major expenditures thereon. This, however, should not be construed as a guarantee of title. There are no assurances that the Company will obtain title. Both presently owned and after-acquired properties may be subject to prior unregistered agreements, transfers, land claims or other claims or interests. In addition, third parties may dispute the rights of the Company to its respective oil interests. The Company will attempt to clear title and obtain legal opinions commensurate to the intended level of expenditures required on areas that show promise. There can be no assurance, however, that it will be successful in doing so.

Foreign Subsidiaries

The Company currently conducts all of its operations through its subsidiary in Hungary. Therefore, to the extent of these holdings, the Company will be dependent on the cash flows of this subsidiary to meet its obligations. The ability of its subsidiary to make payments to the Company may be constrained by among other things: the level of taxation, particularly corporate profits and withholding taxes, in the jurisdiction in which it operates; and the introduction of exchange controls or repatriation restrictions or the availability of hard currency to be repatriated.

Risks of Foreign Operations

All of the current crude oil and natural gas properties and operations of the Company are located in Hungary. As such, the Company is subject to political, economic, and other uncertainties, including, but not limited to, expropriation of property without fair compensation, changes in energy policies or the personnel administering them, nationalization, currency fluctuations and devaluations, exchange controls and royalty and tax increases and other risks arising out of foreign governmental sovereignty over the areas in which the Company's operations are conducted, as well as risks of loss due to civil strife, acts of war, guerrilla activities and insurrections. The Company's operations may also be adversely affected by laws and policies of Canada affecting foreign trade, taxation and investment. In the event of a dispute arising in connection with the Company's operations in Hungary, or other foreign jurisdictions, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgements in such other jurisdictions. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, the Company's exploration, development and production activities in Hungary could be substantially affected by factors beyond the Company's control, any of which could have a material adverse effect on the Company.

The Company's operations may be adversely affected by changes in government policies and legislation or social instability and other factors which are not within the control of Hungary including, among other things, a change in crude oil or natural gas pricing policy, the actions of national labour unions, the risks of war, terrorism, abduction, expropriation and nationalization, renegotiation or nullification of existing concessions and contracts, changes in taxation policies, economic sanctions and the imposition of specific drilling obligations and the development and abandonment of fields.

The Company's operations and expertise are currently focused almost exclusively on Hungary. The Company may in the future acquire oil and natural gas properties and operations outside of this geographic area, which expansion may present challenges and risks that Hungary has not faced in the past, any of which could adversely affect the results of operations and/or financial condition of the Company.

Hungary may Experience Economic Problems that could Affect the Company's Business, Financial Condition and Result of Operations

The Company's material project is located in Hungary, and it depends upon local economic and social conditions. As a result, the Company's business, financial position and results of operations may be affected by the general conditions of the Hungarian economies, price instability, inflation, interest rates, regulation, taxation, social instability, political unrest and other developments in or affecting Hungary, over which the Company has no control. Economic and political instability that has been caused by many different factors, including the following:

- adverse external economic factors;
- inconsistent fiscal and monetary policies;
- dependence of governments on external financing;

- changes in governmental economic policies;
- high levels of inflation;
- abrupt changes in currency values;
- high interest rates;
- volatility of exchange rates;
- political and social tensions;
- exchange controls;
- wage and price controls;
- the imposition of trade barriers; and
- trade shock.

Any of these factors could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

We Have Operations in a Country Known to Experience High Levels of Corruption and any Violation of Anti-Corruption Laws Could Subject Us to Penalties and Other Adverse Consequences

We are subject to anti-corruption, anti-bribery, anti-money laundering and other international laws and regulations and are required to comply with the applicable laws and regulations of Hungary and Canada. In general, these laws prohibit improper payments or offers of payments to governments and their officials, political parties, state-owned or controlled enterprises, and/or private entities and individuals for the purpose of obtaining or retaining business. In addition, we are subject to economic sanctions regulations that restrict our dealings with certain sanctioned countries, individuals and entities. Our primary operations are located in Hungary, which is perceived as having relatively high levels of corruption. Our activities in this country create the risk of unauthorized payments or offers of payments by one of our employees, contractors, agents, or users that could be in violation of various laws, including anti-bribery laws in these countries. In addition, our ability to secure permits, renewals or other government approvals required to maintain our operations could be negatively impacted by corruption in one or more governmental institutions in Hungary. We have adopted various measures which mandate compliance with these anti-corruption, anti-bribery and anti-money laundering laws, and have implemented training programs, compliance controls and procedures, and reviews and audits to ensure compliance with such laws. However, there can be no assurance that our internal controls, and procedures will be sufficient to prevent or detect all inappropriate practices, fraud or violations of such laws, regulations and requirements by our affiliates, employees, directors, officers, partners, agents and service providers, or that any such persons will not take actions in violation of our policies and procedures, for which we may be ultimately responsible. Any violations by us of anti-bribery and anti-corruption laws or sanctions regulations could have a material adverse effect on our business, reputation, results of operations and financial condition. We cannot predict the nature, scope or effect of future anti-corruption regulatory requirements to which our operations might be subject or the manner in which existing laws might be administered or interpreted.

Insurance

In the course of exploration and development of oil and gas properties, certain risks may occur, including potential liabilities and the accidental damage to or loss of certain of its assets. Although the Company intends to obtain insurance to address certain of these risks, there can be no assurance that the Company will be able to obtain or maintain adequate insurance in the future at rates it considers reasonable. Further, there can be no assurance that available insurance will cover all losses or liabilities that might arise in the conduct of the Company's business. The occurrence of a significant uninsured claim or a claim in excess of the insurance coverage limits maintained by the Company or a claim that falls within a significant self-insured retention could have a material adverse effect on the Company's results of operations and financial position.

The Company does not maintain key person insurance on any of its directors or officers, and as result the Company would bear the full loss and expense of hiring and replacing any director or officer in the event the loss of any such persons by their resignation, retirement, incapacity, or death, as well as any loss of business opportunity or other costs suffered by the Company from such loss of any director or officer.

The involvement of the Company in the exploration for, and development of, oil and natural gas properties may result in the Company becoming subject to liability for pollution, blow outs, property damage, personal injury or

other hazards. Although the Company has obtained insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not in all circumstances be insurable or, in certain circumstances, the Company may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or for other reasons. The payment of such uninsured liabilities would reduce the funds available to the Company. The occurrence of a significant event that the Company is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Company's financial position, results of operations or prospects.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expend, train and manage its employee base. The inability of the Company to deal with this growth could have a material adverse impact on its business, operations and prospects.

Foreign Currency Exchange Rates

Sales of the Company's production if any will be denominated in US dollars. Many of the operational and other expenses incurred by the Company are paid in US dollars, Euros or in local currency of the country where operations are performed. Crude oil sales in Hungary are denominated in Euros, natural gas sales are denominated in Euros and operating and capital costs are generally incurred in Euros and U.S. dollars. The assets and liabilities of the Company are recorded in Canadian dollars. As a result, fluctuations in the US dollar, Euros and other local currencies in foreign jurisdictions in which the Company may operate in the future, or where properties of the Company are located, against the Canadian dollar could result in unanticipated and material fluctuations in the financial results of the Company.

Reserve Replacement

The future oil and natural gas reserves, production, and resultant cash flows of the Company are highly dependent on the Company successfully acquiring or discovering new reserves. Without the continued addition of new reserves, any existing reserves the Company may have at any particular time and the resultant production will decline over time as the existing reserves are exploited. A future increase in the reserves of the Company will depend not only on the ability of the Company to develop any properties it may have from time to time, but also on its ability to select and acquire new suitable producing properties or prospects. There can be no assurance that the future exploration and development efforts of the Company will result in the discovery and development of additional commercial accumulations of oil and natural gas.

Competition

Oil and gas exploration is intensely competitive and involves a high degree of risk. There can be no assurance that commercial production of hydrocarbons can be obtained from any of the Company's properties, nor are there any assurances that production, if obtained, will be in sufficient quantities to be profitable. In its efforts to acquire properties, the Company competes with other companies that have significantly greater resources. Many of these companies not only explore for and produce oil and gas, but also conduct refining and petroleum marketing operations on a worldwide basis. Competition for producing properties will be affected by the amount of funds available to the Company, information available to the Company and any standards established by the Company for the minimum projected return on investment. Competition may also be presented by alternative fuel sources.

Third Party Credit Risk

The Company is or may be exposed to third party credit risk through its contractual arrangements with its current or future joint-venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to the Company, such failures could have a material adverse effect on the Company and its cash flow from operations. In addition, poor credit conditions in the industry and of joint-venture partners may impact a joint-venture partner's willingness to participate in the Company's ongoing

capital program, potentially delaying the program and the results of such program until the Company finds a suitable alternative partner.

Work Discretion and Labour Unrest

Hungary's drilling, completions and workover operations are conducted by drilling operators employing unionized personnel. The Company is thus exposed to union activity including strikes, shut-downs, labour negotiations and other actions outside of the Company's direct control, which may have a material adverse effect on the operations of the Company. The Company employs staff experienced in the area of union relations in order to mitigate these potential risks.

Requirement for Permits and Licenses

The operations of the Company require the Company to obtain licences for operating, permits, and in some cases, renewals of existing licences and permits from the government in Hungary and possibly governmental agencies in other foreign jurisdictions. The Company believes that it currently holds or has applied for all necessary licences and permits to carry on the activities which it is currently conducting under applicable laws and regulations in respect of its properties, and also believes that it is complying in all material respects with the terms of such licences and permits. However, the ability of the Company to obtain, sustain or renew such licences and permits on acceptable terms is subject to changes in regulations and policies and to the discretion of such governmental agencies in foreign jurisdictions.

Legal Systems

The jurisdictions in which the Company operates have differing legal systems that may result in risks such as: (i) lack of effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; or (iv) certain relevant rules of the legal framework applicable to the oil and gas industry may, from time to time, suffer from modifications imposed by the governmental agencies in foreign jurisdictions.

Financial Resources

Management believes that the Company currently has sufficient financial resources to undertake its currently planned acquisition, exploration and development programs for the next 12 months. However, as the business develops, there may be a need for further capital, although the majority of its exploration and development programs are discretionary and can be scaled back or postponed if there is insufficient financing. The development of any reserves found on the exploration properties of the Company may depend upon the ability of the Company to obtain financing through any or all of the following: joint venturing of projects, debt financing, equity financing or other means. There is no assurance that the Company will be successful in obtaining the required financing. The location of the oil and gas properties of the Company may make it more difficult to obtain such financing. Failure to obtain additional financing on a timely basis could cause the Company to forfeit its interest in such properties and reduce or terminate its operations. If the expected revenues of the Company decrease as a result of lower oil and natural gas prices or otherwise, it will affect the ability of the Company to expend the necessary capital to replace its reserves or to maintain production at current levels. If the expected cash flow from the operations of the Company is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements.

Tax Risks

The Company is required to pay tax and royalties on oil and gas production in Hungary. Recently, oil and gas producing provinces have challenged the right of holders of concessions to discount transportation and treatment costs from their market sales price. Going forward, a change in the mix of production between oil and gas or a change in the form of such production could have a significant impact on the tax payable by the Company.

Hedging

From time to time, the Company may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, the Company will not benefit from such increases. Similarly, from time to time, the Company may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar; however, if the Canadian dollar declines in value compared to the United States dollar, the Company will not benefit from the fluctuating exchange rate.

Attraction and Retention of Key Personnel Including Directors

The Company has a small management team and the loss of a key individual or inability to attract suitably qualified staff could have a material adverse impact on the business of the Company. The Company may also encounter difficulties in obtaining and maintaining suitably qualified staff in certain of the jurisdictions in which the Company conducts business. The success of the Company depends on the ability of management to interpret market and geological data correctly and to interpret and respond to economic, market and other conditions in order to locate and adopt appropriate investment opportunities, monitor such investments and ultimately, if required, successfully divest such investments. Further, no assurance can be given that the investment strategies of the Company will be successfully implemented in the future, that individuals with the required skills will continue their association or employment with the Company or that replacement personnel with comparable skills can be found. The Company has sought to and will continue to ensure that directors and any key employees are provided with appropriate incentives; however, their services cannot be guaranteed.

Enforcement of Civil Liabilities

As a substantial amount of the assets of the Company are located outside of Canada, it may be difficult or impossible to enforce judgments granted by a Canadian court against the Company's assets, subsidiaries or directors and officers which are resident outside of Canada.

Market for Securities of the Company

There is currently no market for the Common Shares of the Company. In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It is likely that the quoted market price, if any, for the securities of the Company will be subject to market trends generally, notwithstanding the financial and operational performance of the Company. An active public market for the Common Shares might not develop or be sustained after the Listing Date. If an active public market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited.

Absence of Dividends

The Company has not declared or paid any dividends on its Common Shares since its incorporation under the Dividend in Species. Any decision to pay dividends on its Common Shares will be made by the board of directors of the Company on the basis of the Company's earnings, financial requirements and other conditions existing at such future time.

Limited Operating History

The Company was incorporated on May 10, 2017 and has a limited operating history. There is no known commercial quantities of oil and gas reserves on any properties in which the Company has an interest. There is no certainty that the Company will produce revenue or operate profitably. In the past, the Company has relied on sales of equity securities to meet its cash requirements. There can be no assurance that funding from this or other sources will be sufficient in the future to satisfy operational requirements and cash commitments. Investment in the securities of the Company is highly speculative given the nature of the Company's business and its current early stage of development.

Negative Cash Flows from Operations

For the year ended December 31, 2023 and the year ended December 31, 2022, the Company had negative cash flow from operating activities of \$1,772,657 and \$692,427 respectively. The Company continues to have negative operating cash flow. It is possible the Company may have negative cash flow in any future period and as a result, the Company may need to use available cash, including proceeds from equity and debt financings to fund any such negative cash flow.

Stress in the Global Economy

Reduction in credit, combined with reduced economic activity and the fluctuations in the United States dollar, may adversely affect businesses and industries that purchase commodities, affecting commodity prices in more significant and unpredictable ways than the normal risks associated with commodity prices. The availability of services such as drilling contractors and geological service companies and/or the terms on which these services are provided may be adversely affected by the economic impact on the service providers. The adverse effects on the capital markets generally make the raising of capital by equity or debt financing much more difficult and the Company is dependent upon the capital markets to raise financing. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on the Company's business, operating results, and financing condition.

Current Global Financial Condition

Current global financial conditions have been subject to increased volatility. Access to financing has been negatively impacted by both sub-prime mortgages in the United States and elsewhere and the liquidity crisis affecting the asset-backed commercial paper market. As such, the Company is subject to counterparty risk and liquidity risk. The Company is exposed to various counterparty risks including, but not limited to: (i) through financial institutions that hold the Company's cash; (ii) through companies that have payables to the Company; and (iii) through the Company's insurance providers. The Company is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Common Shares could be adversely affected.

Government Regulation

The oil and natural gas industry is subject to extensive controls and regulations imposed by various levels of government. It is not expected that any of these controls or regulations will affect the operations of the Company in a manner materially different than they would affect other oil and gas companies of similar size. All current legislation is a matter of public record and the Company is unable to predict what additional legislation or amendments may be enacted.

Expiration of Licenses and Leases

The Company's properties will be held in the form of licenses and leases, and working interests in licenses and leases. If the Company or the holder of the license or lease fails to meet the specific requirement of a license or lease, the license or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each license or lease will be met. The termination or expiration of the Company's licenses or leases or the working interests relating to a license or lease may have a material adverse effect on the Company's results of operation and business.

Risk Associated with Oil and Gas Exploration

There can be no assurance that the Company will recover commercial quantities of hydrocarbons in the future. The marketability of any oil and gas acquired or discovered will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, proximity and capacity of oil and gas pipelines and processing equipment and government regulations (including regulations relating to royalties, allowable production,

importing and exporting of oil and gas, and environmental protection). In addition, hazards such as unusual or unexpected formations, pressures or other conditions are involved in drilling and operating wells.

Investing in an Emerging Market Entails Certain Inherent Risks

The Company conducts or participates in oil and gas development, exploration, and other activities in Hungary, which is an emerging market. Investing in emerging markets generally involves risks, which may include:

- expropriation or nationalization of property;
- changes in laws or policies or increasing legal and regulatory requirements of particular countries, including those relating to taxation, royalties, imports, exports, duties, currency, in-country beneficiation or other claims by government entities, including retroactive claims and/or changes in the administration of laws, policies and practices;
- uncertain political and economic environments, war, terrorism, sabotage and civil disturbances;
- lack of certainty with respect to legal systems, corruption and other factors that are inconsistent with the rule of law;
- delays in obtaining or the inability to obtain or maintain necessary governmental permits or to operate in accordance with such permits or regulatory requirements;
- import and export regulations, including restrictions on the export of oil and gas products and resources;
- limitations on the repatriation of earnings;
- underdeveloped industrial or economic infrastructure;
- internal security issues;
- increased financing costs;
- renegotiation, cancellation or forced modification of existing contracts; and
- risk of loss due to disease, and other potential medical endemic or pandemic issues, as a result of the potential related impact to employees, disruption to operations, supply chain delays, trade restrictions and impact on economic activity in affected countries or regions.

Influence of Third-Party Stakeholders

The lands in which the Company holds an interest, or the exploration equipment and road or other means of access which the Company intends to utilize in carrying out its work programs or general business mandates, may be subject to interests or claims by third party individuals, groups or companies. In the event that such third parties assert any claims, the Company's work programs may be delayed even if such claims are not meritorious. Such delays may result in significant financial loss and loss of opportunity for the Company.

Community Groups

There is an ongoing level of public concern relating to the effects of oil and gas extraction on the natural landscape, on communities and on the environment. Certain non-governmental organizations, public interest groups and reporting organizations who oppose resource development can be vocal critics of the oil and gas industry. Any such actions and the resulting media coverage could have an adverse effect on the reputation and financial condition of the Company or its relationships with the communities in which it operates, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Tax Issues

Income tax consequences in relation to the securities offered will vary according to the circumstances of each purchaser. Prospective purchasers should seek independent advice from their own tax and legal advisers prior to subscribing for the securities.

Climate Change

In addition to the seasonality associated with the Company's natural gas distribution business, the average daily temperature in each of the Company's operating areas may gradually increase and thereby cause a corresponding decrease in the consumption of natural gas by the Company's residential customers. As weather-sensitive usage

represents the most significant component of the Company's natural gas deliveries, any prolonged and material increase in temperature would negatively impact the Company's natural gas deliveries.

Climate Change Regulations

The oil and gas industry is subject to environmental regulation pursuant to the local, provincial (or state) and federal legislation, as applicable, within each of the Company's countries of operation. A breach of such legislation may result in the imposition of fines or issuance of clean up orders in respect of the Company or our oil and gas assets, some of which may be material. Furthermore, management of the Company believes the political climate appears to favour new programs for environmental laws and regulation, particularly in relation to the reduction of emissions or emissions intensity, and there is a risk that any such programs, laws or regulations, if proposed and enacted, will contain emission reduction targets which the Company cannot meet, and financial penalties or charges could be incurred as a result of the failure to meet such targets.

Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place. Implementation of strategies by any level of government within the countries in which the Company operates, and whether to meet international agreed limits, or as otherwise determined, for reducing greenhouse gases could have a material impact on the operations and financial condition of the Company. In addition, concerns about climate change have resulted in a number of environmental activists and members of the public opposing the continued exploitation and development of fossil fuels. Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not possible to predict the impact on the Company and its operations and financial condition.

Natural Disasters

A major natural disaster, such as an earthquake, fire or flood, could severely damage the Company's natural gas transmission, distribution and storage systems. In addition, the facilities of the Company could be exposed to the effects of severe weather conditions and other natural events. Although the Company's facilities have been constructed, operated and maintained to withstand severe weather, there is no assurance that they will successfully do so in all circumstances. Furthermore, many of these facilities are located in remote areas which make it more difficult to perform maintenance and repairs if such assets are damaged by weather conditions or other natural events. The Company operates facilities in remote and mountainous terrain with a risk of loss or damage from forest fires, floods, washouts, landslides, avalanches and similar natural events. The Company has insurance against storm damage and other natural disasters. In the event of a large uninsured loss caused by severe weather conditions or other natural disasters, losses resulting from repair costs and lost revenues could substantially exceed insurance coverage and any increased rates. Furthermore, the Company could be subject to claims from its customers for damages caused by the failure to transmit or distribute natural gas to them in accordance with the Company's contractual obligations. Thus, any major damage to the Company's facilities could result in lost revenues, repair costs and customer claims that are substantial in amount, and could, therefore, have a material adverse effect on the Company's results of operations and financial position.

Maintenance, Replacement and Expansion

The Company's regulated assets require on-going maintenance, replacement and expansion. Accordingly, to ensure the continued performance of such physical assets, the Company determines expenditures that should be made to maintain, replace and expand the assets. The Company could experience service disruptions and increased costs if it is unable to maintain, replace or expand its rate base. The inability to recover, through approved rates, the costs of capital expenditures that the Company believes are necessary to maintain, replace, expand and remove its regulated assets, the failure by the Company to properly implement or complete approved capital expenditure programs or the occurrence of significant unforeseen equipment failures could have a material adverse effect on the Company's results of operations and financial position.

The Company continually updates its capital expenditure programs and assesses current and future operating, maintenance, replacement, expansion and removal expenses that will be incurred in the ongoing operation of its business. Management's analysis is based on assumptions as to costs of services and equipment, regulatory requirements, revenue requirement approvals, and other matters, which involve some degree of uncertainty. If actual

costs exceed regulatory-approved capital expenditures, it is uncertain as to whether such additional costs, if found imprudent, will receive regulatory approval for recovery in future rates. The inability to recover these additional costs could have a material adverse effect on the Company's results of operations and financial position.

Restricted Capital and Increased Borrowing Costs

As the Company's future capital expenditures and certain short-term indebtedness repayment obligations will be financed out of cash generated from operations, borrowings and possible future equity and/or debt sales, the Company's ability to finance such expenditures is dependent on, among other factors, the overall state of capital markets and investor demand for investments in the energy infrastructure industry generally and the Company's securities in particular.

To the extent that external sources of capital become unavailable or available on onerous terms or otherwise limited, the Company's ability to make capital investments, maintain existing assets and repay indebtedness may be impaired, and its assets, liabilities, business, financial condition, results of operations and dividends may be materially and adversely affected as a result.

If cash flow from operations is lower than expected or capital costs for these projects exceed current estimates, or if the Company incurs major unanticipated expenses related to construction, development or maintenance of its existing assets, the Company may be required to seek additional capital to maintain its capital expenditures at planned levels. Failure to obtain financing necessary for the Company's capital expenditure and indebtedness repayment plans may result in a delay in the Company's capital program or a decrease in dividends.

General Economic Conditions

Adverse changes in general economic and market conditions could negatively impact demand for electricity, revenue, operating costs, timing and extent of capital expenditures, the net recoverable value of plant, property and equipment, results of financing efforts, credit risk and counterparty risk, which could cause the Company or the CMH Group to suffer a material adverse effect.

Acquisitions and Dispositions

The Company may consider acquisitions and dispositions of assets in the ordinary course of business. Achieving the benefits of acquisitions depends on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner and the Company's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Company. The integration of acquired businesses may require substantial, Management effort, time and resources diverting Management's focus from other strategic opportunities and operational matters. The Company may also enter into other industry related activities or new geographical areas or acquire different utility-related assets that may result in unexpected or significantly increased risk to the Company, which could materially adversely affect the Company's business and financial condition. Additionally, Management will continually assess the value and contribution of the various properties and assets within its portfolio. In this regard, certain assets may be periodically disposed of so the Company can focus its efforts and resources more efficiently. Depending on the state of the market for such assets, certain assets of the Company, if disposed of, may realize less than what the market may expect for such disposition or their carrying value on the financial statements of the Company.

Skilled Workforce

The ability of the Company to deliver service in a cost-effective manner is dependent on the ability of the Company to attract, develop and retain skilled workforces. Like other infrastructure companies across Canada, the Company is faced with demographic challenges relating to such skilled workforces. The inability to attract, develop and retain skilled workforces could have a material adverse effect on the Company. The Company also competes with other utilities for a limited pool of personnel with requisite industry knowledge and experience.

Legal Proceedings

In the normal course of the Company's operations, it may become involved in, be named as a party to or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, relating to actual or alleged violations of law, common law damages claims, personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Company, which could have a material adverse effect on the Company. Even if the Company prevails in any such legal proceeding, the proceedings could be costly and time-consuming and would divert the attention of Management and key personnel from the Company's business operations, which could adversely affect the Company.

Decommissioning, Abandonment and Reclamation

The Company is responsible for compliance with all applicable laws and regulations regarding the decommissioning, abandonment and reclamation of our oil and gas assets at the end of their economic life, the costs of which may be substantial. It is not possible to predict these costs with certainty since they will be a function of regulatory requirements at the time of decommissioning, abandonment and reclamation. The Company may, in the future, determine it prudent or be required by applicable laws or regulations to establish and fund a reclamation reserve fund to provide for payment of future decommissioning, abandonment and reclamation costs, which could decrease funds available to service debt obligations in the future or for payment of dividends on the Common Shares. In addition, such reserve, if established, may not be sufficient to satisfy such future decommissioning, abandonment and reclamation costs. If decommissioning, abandonment and reclamation is required before economic depletion of our oil and gas assets, or if the estimates of the costs of decommissioning exceed the value of the reserves remaining at any particular time, it may have to draw on funds from other sources to satisfy such costs. The use of other funds to satisfy such decommissioning costs could impair the Company's ability to focus capital in other areas of its business.

Business Through Other Entities

The Company conducts its business through its ownership of its subsidiary and partnerships and a substantial portion of its assets will be the shares of and other interests in its subsidiary. As a result, the Company is subject to the risks attributable to the Company's subsidiaries. The Company conducts substantially all of its business through its subsidiary. Consequently, the Company's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to the Company. The ability of these entities to pay dividends and other distributions depends on their operating results and is subject to applicable laws and regulations which require that solvency and capital standard be maintained by such entities and contractual restrictions contained in the instruments governing their debts. In the event of a bankruptcy, liquidation or reorganization of the Company's subsidiary, holders of indebtedness and other creditors will generally be entitled to payment of their claims from the assets of such subsidiaries before any assets are made available for distribution to the Company.

Volatile Market

The market price for Common Shares of the Company may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following: (a) actual or anticipated fluctuations in the Company's results of operations; (b) recommendations by securities research analysts; (c) changes in the economic performance or market valuations of other companies that investors deem comparable to the Company; (d) the loss or resignation of executive officers and other key personnel of the Company; (e) sales or perceived sales of additional Common Shares; (f) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors which prove to be ill considered; and (g) trends, concerns, technological or competitive developments, regulatory changes and other related issues in the industries in which the Company operates or the Company's target markets.

Financial markets have experienced significant price and volume fluctuations in recent years that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not

changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values which may result in impairment losses. Certain institutional investors may base their investment decisions on consideration of the Company's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in limited or no investment in the Common Shares by those institutions, which could adversely affect the trading price of the Common Shares.

Common Share Price

The Board may issue an unlimited number of Common Shares without any vote or action by the Shareholders, subject to the rules of any stock exchange on which the Company's securities may be listed from time to time. The Company may make future acquisitions or enter into financings or other transactions involving the issuance of securities. If the Company issues any additional equity, the percentage ownership of existing Shareholders will be reduced and diluted and the price of the Common Shares could decline.

PROMOTERS

Chris Cornelius, the Chairman, CEO, President and a director of the Company is a Promoter of the Company. As at the date of this Prospectus, Mr. Cornelius beneficially owns, controls or directs, directly or indirectly, 7,150,000 Common Shares representing approximately 7.3% of the current issued and outstanding Common Shares on a non-diluted basis. On the Listing Date, it is anticipated that Mr. Cornelius will own an aggregate of 2,400,000 Stock Options, exercisable at (i) \$0.05 until November 2, 2027 as to 2,000,000 Stock Options; (ii) at 0.10 until June 5, 2028 as to 50,000 Stock Options; and (iii) \$0.20 until October 10 2028 as to 350,000 Stock Options. With respect to compensation details relating to Mr. Cornelius, see also "*Executive Compensation*".

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than as described herein, to the Company's knowledge, there are no legal proceedings or regulatory actions material to the Company to which it is a party, or has been a party to, or of which any of its property is the subject matter of, or was the subject matter of, since the date of incorporation, and no such proceedings or actions are known by the Company to be contemplated.

There have been no penalties or sanctions imposed against the Company by a court or regulatory authority, and the Company has not entered into any settlement agreements before any court relating to provincial or territorial securities legislation or with any securities regulatory authority, since its incorporation.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or shareholder that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the issued Common Shares, or any of their respective associates or affiliates, has any material interest, direct or indirect, in any transaction within the three years before the date of this Prospectus which has materially affected or is reasonably expected to materially affect the Company or a subsidiary of the Company.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The Company's auditors are Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, having an address at 1500 – 1140 West Pender St., Vancouver, British Columbia, V6E 4G1. The Company's transfer agent and registrar is Odyssey Trust Company, having an address at Suite 350, 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Company since its incorporation, which are currently in effect and considered to be currently material:

1. Delcuadra Kft Agreement;

2. Cooperation Agreement With Commission Share, among Olvisz 98 Kft, Delta Hydrocarbons Kft, CanCambria Hungary Kft and Delcuadra Kft, executed on January 14, 2023 (see “*Business of the Company – Material acquisitions and dispositions*”);
3. License Agreement;
4. the Escrow Agreement; and
5. the Transfer Agent and Registrar Agreement between the Company and Odyssey Trust Company dated February 23, 2024. Under this agreement, the Company appointed Odyssey Trust Company as its transfer agent and registrar.

A copy of any material contract and the Report may be inspected for a period of 30 days after the receipt for the Prospectus during normal business hours at the offices of the Company’s legal counsel at Suite 1120, 625 Howe Street, Vancouver, British Columbia, V6C 2T6.

EXPERTS

Certain legal matters relating to the Offering under Canadian law will be passed upon by Vantage Law Corporation on behalf of the Company.

Chapman Hydrogen and Petroleum Engineering Ltd. is the Author of the Report on the Project and is independent from the Company within the meaning of NI 51-101.

Dale Matheson Carr-Hilton LaBonte LLP, auditor to the Company, have advised they are independent with respect to the Company within the meaning of the Chartered Professional Accountants of British Columbia Code of Professional Conduct.

No person or Company whose profession or business gives authority to a report, valuation, statement or opinion made by such person or Company and who is named in this Prospectus as having prepared or certified a part of this Prospectus, or a report, valuation, statement or opinion described in this Prospectus, has received or shall receive a direct or indirect interest in any securities or other property of the Company or any associate or affiliate of the Company.

APPENDIX "A"

**AUDITED FINANCIAL STATEMENTS AND
MANAGEMENT DISCUSSION AND ANALYSIS**

FOR THE YEARS ENDED DECEMBER 31, 2023 AND DECEMBER 31, 2022

CanCambria Energy Corp.
Consolidated Financial Statements
For the years ended December 31, 2023 and 2022

Expressed in Canadian Dollars (CAD)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Directors and Shareholders of CanCambria Energy Corp.

Opinion

We have audited the consolidated financial statements of CanCambria Energy Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company incurred a net loss of \$1,666,278 during the year ended December 31, 2023 and as at December 31, 2023, the Company has an accumulated deficit of \$4,902,370. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Vancouver

1500 - 1140 West Pender St.
Vancouver, BC V6E 4G1
604.687.4747

Surrey

200 - 1688 152 St.
Surrey, BC V4A 4N2
604.531.1154

Tri-Cities

700 - 2755 Lougheed Hwy
Port Coquitlam, BC V3B 5Y9
604.941.8266

Victoria

320 - 730 View St.
Victoria, BC V8W 3Y7
250.800.4694

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink, consisting of the letters 'DMCL.' with a period at the end. The 'D' is large and stylized, with a small '1' inside it.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

September 27, 2024

CanCambria Energy Corp.
Consolidated Statements of Financial Position
As at December 31, 2023 and 2022
(Expressed in Canadian dollars)

	Notes	December 31, 2023	December 31, 2022
		\$	\$
ASSETS			
Current			
Cash		1,326,903	751,944
Receivables		341,811	1,077
Prepaid expenses		111,213	30,970
		1,779,927	783,991
Non-current			
Exploration and evaluation assets	8	2,264,554	-
Restricted cash	6	66,854	-
Project prepaid	9	303,037	-
Equipment		-	53
Advance	4	-	92,531
TOTAL ASSETS		4,414,372	876,575
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		276,200	87,216
		276,200	87,216
Shareholders' equity			
Share capital	10	8,603,460	3,987,953
Reserves		437,082	37,498
Deficit		(4,902,370)	(3,236,092)
Total shareholders' equity		4,138,172	789,359
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,414,372	876,575

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
SUBSEQUENT EVENTS (Note 14)

Approved on behalf of the Board on September 27, 2024:

"Konstantin Lichtenwald"
Konstantin Lichtenwald – Director

"Chris Cornelius"
Chris Cornelius – Director

CanCambria Energy Corp.
Consolidated Statements of Comprehensive Loss
For the years ended December 31, 2023 and 2022
(Expressed in Canadian dollars)

	Notes	2023	2022
		\$	\$
Expenses			
Bank charges		13,789	2,371
Consulting fees	11	887,398	397,667
Depreciation		52	63
Exploration expenses		52,875	8,618
General and administrative		59,656	64,375
Meals and entertainment		18,726	6,187
Professional fees	11	353,979	168,190
Stock based compensation	10,11	205,855	37,498
Travel expenses		29,294	69,001
		(1,621,624)	(753,970)
Other Items			
Foreign exchange loss		(51,594)	(13,267)
Gain on investments	7	20,593	52,629
Loss in disposal of subsidiary	5	(13,678)	-
Interest income		25	1,379
		(44,654)	40,741
Net loss and comprehensive loss for the year		(1,666,278)	(713,229)
Basic and Diluted Loss per Share	10	\$ (0.02)	\$ (0.02)
Weighted Average Shares Outstanding – Basic and Diluted	10	75,413,970	47,487,877

CanCambria Energy Corp.
Consolidated Statement of Changes in Shareholders' Equity
For the years ended December 31, 2023 and 2022
(Expressed in Canadian dollars)

	Number of Common Shares	Share Capital	Reserves	Deficit	Total Shareholders' Equity
		\$	\$	\$	\$
Balance, January 1, 2022	37,725,000	2,767,306	-	(2,522,863)	244,443
Shares issued for private placements	26,275,000	1,313,750	-	-	1,313,750
Share issuance costs	-	(93,103)	-	-	(93,103)
Stock based compensation	-	-	37,498	-	37,498
Loss and comprehensive loss for the year	-	-	-	(713,229)	(713,229)
Balance, December 31, 2022	64,000,000	3,987,953	37,498	(3,236,092)	789,359
Shares issued for private placements	32,157,000	5,110,100	-	-	5,110,100
Share issuance costs	-	(300,864)	-	-	(300,864)
Fair value of agents warrants	-	(193,729)	193,729	-	-
Stock based compensation	-	-	205,855	-	205,855
Loss and comprehensive loss for the year	-	-	-	(1,666,278)	(1,666,278)
Balance, December 31, 2023	96,157,000	8,603,460	437,082	(4,902,370)	4,138,172

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

CanCambria Energy Corp.
Consolidated Statement of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed as Canadian Dollars)

	2023	2022
	\$	\$
Operating Activities		
Net Loss for the Year	(1,666,278)	(713,229)
Non-Cash Items:		
Depreciation	52	63
Gain on investments	(20,593)	(52,629)
Stock based compensation	205,855	37,498
Loss on disposal of subsidiary	13,678	-
Changes in Non-Cash Working Capital Items:		
Receivables	(338,306)	(807)
Prepaid expenses	(108,771)	(3,943)
Accounts payable and accrued Liabilities	141,706	40,620
Net Cash Used in Operating Activities	(1,772,657)	(692,427)
Investing Activities		
Acquisition of subsidiary	(126,049)	-
Cash held by acquired subsidiary	291	-
Cash held by subsidiary disposed of	(29,582)	-
Exploration and evaluation expenditures	(2,021,554)	-
Project prepaid	(303,037)	-
Purchase of Investments	(19,097)	(43,230)
Sale of Investments	39,690	115,274
Advance	-	(92,531)
Net Cash Flow Used in Investing Activities	(2,459,338)	(20,487)
Financing Activities		
Issuance of common shares, net of costs	4,809,236	1,220,647
Net Cash Flow Provided by Financing Activities	4,809,236	1,220,647
Effect of Foreign Currency Translation on Cash	(2,283)	-
Net Change in Cash	574,959	507,733
Cash, Beginning of the Year	751,944	244,211
Cash, End of the Year	1,326,903	751,944
Supplemental cash flow information and non-cash transactions		
Exploration and evaluation assets included in accounts payable and accrued liabilities	\$ 91,730	\$ Nil

1. NATURE OF OPERATIONS AND GOING CONCERN

CanCambria Energy Corp. (the “Company” or “CanCambria”) was incorporated in British Columbia and is governed by the Business Corporation Act of the Province of British Columbia. CanCambria is strategically focused on developing and optimizing oil and gas projects in Europe. The Company’s registered address and head office is 1120 – 625 Howe Street, Vancouver, British Columbia, Canada, V6C 2T6.

These consolidated financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since its inception and the ability of the Company to continue as a going concern depends upon its ability to raise adequate financing and to commence profitable operations in the future. During the year ended December 31, 2023, the Company incurred a net loss of \$1,666,278. As at December 31, 2023, the Company has an accumulated deficit of \$4,902,370.

While the Company has been successful in obtaining its required financing in the past, mainly through the issuance of equity capital, there is no assurance that such financing will be available or be available on favorable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. These adjustments could be material. As at December 31, 2023, the Company has a positive working capital position of \$1,503,727. Management may require to seek additional sources of financing in the form of equity or debt financing in the future to maintain its operations and its exploration activities for the next fiscal year. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were authorized for issue by the Board of Directors on September 27, 2024.

(b) Basis of measurement

These Financial Statements have been prepared on an accruals basis and are based on historical costs, except for certain financial instruments classified as financial instruments at fair value through profit or loss. These Financial Statements are presented in Canadian dollars unless otherwise noted.

2. BASIS OF PREPARATION (Continued)

(c) Basis of Consolidation

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

Entity	Province/ Country of incorporation	Functional currency	Percentage owned	
			December 31, 2023	December 31, 2022
Cancambria Energy Corp. Sucursal Bolivia	Bolivia	Canadian dollar	100%	100%
Cancambria Hungary kft	Hungary	Canadian dollar	100%	100%
Delcuadra kft	Hungary	Canadian dollar	100% owned by Cancambria Hungary Kft	-

On January 9, 2023, Cancambria Hungary kft acquired 100% ownership of Delcuadra kft, a private company which owns the mining right of an exploration and evaluation stage oil and natural gas asset.

The following subsidiary was disposed of on June 30, 2023 and accordingly has not been consolidated subsequent to June 30, 2023. The operating results of this subsidiary are included in the consolidated statement of comprehensive loss up until the date of disposal.

Cancambria Exploraciones S.A.	Argentina	Canadian dollar	-	100%
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Inter-company balances and transactions, including income and expenses arising from inter-company transactions, are eliminated on consolidation.

(d) Functional and presentation currency

The functional and presentation currency of Company and its subsidiaries is the Canadian dollar ("CAD").

(e) Use of judgments and estimates

The preparation of these Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously 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. Actual outcomes may differ from these estimates.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and for any future years affected.

2. BASIS OF PREPARATION (Continued)

Critical judgments and key sources of estimation uncertainty in applying accounting policies

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Stock-based compensation

Share-based compensation expense is measured by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumption about them. The value of the share-based compensation expense for the year along with the assumptions and model used for estimating fair value for share-based compensation transactions are disclosed in Note 10.

Deferred taxes:

Management is required to make estimations regarding the tax basis of assets and liabilities and related deferred income tax assets and liabilities, the measurement of income tax expense, and indirect taxes. A number of these estimates require management to make estimates of future taxable profit, and if actual results are significantly different than estimates, the ability to realize the deferred tax assets recorded on the statements of financial position could be impacted. The Company is subject to assessments by tax authorities who may interpret tax law differently. These factors may affect the final amount or the timing of tax payments.

Contingencies:

Due to the nature of the Company's operations, various legal and tax matters are outstanding from time to time. In the event that management's estimate of the probability of a financial impact of these matters changes, the Company will recognize the effects of the changes in its consolidated financial statements on the date such changes occur.

Impairment indicators:

The assessment of impairment indicators as required by IFRS 6 – Exploration for and evaluation of mineral resources and International Accounting Standard ("IAS") 36 – Impairment of assets requires management to make judgements in estimates for costs, future commodity prices or recoverable reserves underlying its exploration and evaluation assets.

Other significant judgments in applying the Company's accounting policies relate to the assessment of the Company's ability to continue as a going concern (Note 1), and the classification of its financial instruments.

3. MATERIAL ACCOUNTING POLICY INFORMATION

New and amended IFRS standards that are effective for the current year:

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the IASB that were effective for annual periods that begin on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments— Disclosure of Accounting Policies.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term “significant accounting policies” with “material accounting policy information.” Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The International Accounting Standards Board (“IASB”) has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

The amendments were applied effective January 1, 2023 and did not have a material impact on the Company’s condensed consolidated financial statements.

Foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Cash

Cash includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Exploration and evaluation expenditures

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred. Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

Although the Company has taken steps that it considers adequate to verify title to exploration and evaluation assets which it has an interest, these procedures do not guarantee the Company's title. Title to exploration and evaluation assets in foreign jurisdictions is subject to uncertainty and consequently, such properties may be subject to prior undetected agreements or transfers and title may be affected by such instances.

Impairment of assets

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial Instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive loss (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition.

The following table shows the classification under IFRS 9:

Financial assets/liabilities	Classification under IFRS 9
Cash	FVTPL
Investment	FVTPL
Receivables	Amortized cost
Restricted cash	Amortized cost
Advance	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Measurement

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company’s own credit risk will be recognized in other comprehensive loss.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of comprehensive loss.

Financial liabilities

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Stock-Based Compensation

The Company measures and recognizes compensation expense for all stock-based payment awards based on the estimated fair values of the awards as of the grant date. Stock option awards are accounted for based on the grant-date fair value estimated using the Black-Scholes option pricing model. The fair value is measured at grant date at each tranche is recognized over the period during which the options vest.

The stock option plan allows consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as a consultant when the individual provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the option is reclassified from share-based payment reserve to share capital.

In situations where equity instruments are issued to consultants and some or all of the services received by the entity as consideration cannot be specifically identified, they are all measured at the fair value of the share-based payment, otherwise, share-based payments are measured at the fair value of the services received.

The fair value is measured at grant date at each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

Share issuance costs

Professional, consulting, regulatory fees and other costs that are directly attributable to the issuance of shares are recognized as a deduction from equity.

Loss per common share

The Company computes the dilutive effect of options, warrants and similar instruments whereby the dilutive effect on loss per share is recognized by the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. The Company assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive. Basic and diluted loss per share is calculated using the weighted average number of common shares outstanding during the year.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Income taxes

Current income tax:

Income tax expense consisting of current tax expense is recognized in profit or loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable regarding previous years.

Deferred income tax:

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

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

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

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

New and amended standards not yet adopted

Accounting standards and amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

4. ACQUISITION

On January 9, 2023, the Company closed a sales purchase agreement to acquire a 100% interest in a private company (the "Acquisition"), Delcuadra kft., which holds 100% of the mining right of an exploration and evaluation stage oil and natural gas asset, for a cash payment of \$218,580 (150,000 Euros), of which \$92,531 (64,000 Euros) had been advanced as at December 31, 2022.

At acquisition date, the Company determined that the Acquisition of Delcuadra kft. did not constitute a business as defined under IFRS 3, "Business Combinations", and the transaction was accounted for as an asset acquisition. The financial assets and liabilities were measured at their fair values at the acquisition date and the excess of the consideration paid over the fair value of net financial assets was attributed to the exploration and evaluation asset. No transaction costs were incurred.

The acquisition was recorded as follows:

Cash paid to acquire Delcuadra	\$	218,580
Total consideration	\$	218,580
Allocated to:		
Cash	\$	291
Restricted Cash		64,571
Receivables		2,448
Exploration and evaluation asset		151,270
	\$	218,580

5. DISPOSAL OF SUBSIDIARY

On June 30, 2023, the Company completed the sale of its subsidiary, CanCambria Exploracions S.A. to Argentina Potash Corp ("APC"). This transaction is a related party transaction due to the Company's mutual directors and officers with APC.

The subsidiary was sold for aggregated consideration of 7,000,000 shares of APC, which had a nominal value. The Company declared a dividend and distributed the APC shares to its shareholders (Note 10).

As at June 30, 2023, CanCambria Exploracions S.A. had net asset of \$13,678 resulting in a loss on disposal of \$13,678.

6. RESTRICTED CASH

Restricted cash is cash the Company had reserved as a collateral for the bank's guarantee for potential reclamation work relating to Delcuadra's mining plot. As at December 31, 2023, the Company hold \$66,854 (2022 - \$Nil) as restricted cash.

7. INVESTMENT

The continuity of the Company's investment in Argentina bonds is as follows:

	December 31, 2023	December 31, 2022
	\$	\$
Securities, beginning of year	-	19,415
Purchases	19,097	43,230
Disposition	(39,690)	(115,274)
Fair value gain	20,593	52,629
Securities, end of year	-	-

7. INVESTMENT (Continued)

During the year ended December 31, 2023, the Company disposed of certain Argentina peso denominated bonds held as investments. The proceeds of disposition were \$39,690 (2022 - \$115,274). In addition, the Company recognized a gain of \$20,593 (2022- \$52,629) in connection to the disposition of the bonds and adjustments to fair market value.

8. EXPLORATION AND EVALUATION ASSETS

On January 9, 2023, pursuant to the acquisition of Delcuadra kft,(Note 4) the Company was awarded 100% ownership of the Ba-IX Mining Licence situated in Kiskunhalas basin (the “Kiskunhalas Tight Gas Sand Project”).

The following summarizes the cumulative costs capitalized:

	December 31, 2023	December 31, 2022
	\$	\$
Balance, beginning of the year	-	-
Acquisitions (Note 4)	151,270	-
Geophysical costs	2,113,284	-
Balance, end of the year	2,264,554	-

9. PROJECT PREPAID

During the year ended December 31, 2023, the Company entered into a geophysical services agreement in connection with the Kiskunhalas Tight Gas Sand Project, and a rental agreement for geophysical software to facilitate geophysical services. Minimum contractual commitments resulting for geophysical services agreement is USD \$1,116,600, and from the rental agreement is \$45,563. As at December 31, 2023, \$973,792 (USD\$725,790) of the consulting agreement and all of the rental agreement had been paid, of which \$303,037 was included in project prepaid.

10. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Share issuances

At December 31, 2023, the Company had 96,157,000 common shares issued and outstanding.

During the year ended December 31, 2023, the Company had the following share transactions:

- On May 18, 2023 and June 5, 2023, the Company issued a total of 11,520,000 common shares at \$0.05 per share related to private placements for total proceeds of \$576,000. The Company recorded \$34,912 as share issuance cost in connection to the private placements.
- On August 30, 2023, September 19, 2023, and September 27, 2023 the Company issued a total of 12,503,000 common shares at \$0.20 per share related to private placements for total proceeds of \$2,500,600. The Company recorded \$141,817 and issued 709,080 agents warrants valued at fair value of \$104,566 as share issuance costs in connection to the private placements.
- On December 21, 2023, the Company issued a total of 8,134,000 common shares at \$0.25 per share related to private placements for total proceeds of \$2,033,500. The Company recorded \$124,135 and issued 488,040 agents warrants valued at fair value of \$89,163 as share issuance cost in connection to the private placement.

10. SHARE CAPITAL (Continued)

Share issuances (continued)

During the year ended December 31, 2022, the Company had the following share transactions:

- On July 12, 2022, the Company issued 16,150,000 shares at \$0.05 per share related to a private placement for total proceeds of \$807,500. The Company recorded \$56,965 as share issuance costs in connection to the private placement.
- On October 17, 2022, the Company issued 10,125,000 shares at \$0.05 per share related to a private placement for total proceeds of \$506,250. The Company recorded \$36,138 as share issuance costs in connection to the private placement.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the years ended December 31, 2023 and 2022 were based on the loss attributable to common shareholders and the weighted average number of common shares outstanding. During the year ended December 31, 2023, the Company had a loss per share of \$0.02 (December 31, 2022 - loss per share of \$0.02).

Stock options

In 2022, the Company's board of directors and shareholders approved the Stock Option Plan (the "2022 Plan") under which 10% of outstanding common shares are reserved for the granting of incentive stock options, to employees, officers, directors, and consultants. Recipients of stock options are eligible to purchase shares of the Company's common shares at an exercise price equal to no less than the estimated fair market value of such stock on the date of grant. The maximum term of options granted under the Plan is ten years and vesting is determined by the board of directors. Stock option grants are generally not exercisable prior to the applicable vesting date, unless otherwise accelerated under the terms of the applicable stock option agreement. Options that are granted and either have not vested, expired, or are otherwise lawfully cancelled prior to being exercised, will be returned to the Plan and therefore eligible for re-issuance.

The following table summarizes stock option transactions under the 2022 Plan:

	Number of Options	Weighted average exercise price
Outstanding, December 31, 2021	-	-
Granted	4,500,000	0.05
Outstanding, December 31, 2022	4,500,000	0.05
Granted	1,500,000	0.16
Outstanding, December 31, 2023	6,000,000	\$ 0.08

10. SHARE CAPITAL (Continued)

Stock options (continued)

At December 31, 2023, the Company had outstanding and exercisable stock options as follows:

Date of Expiry	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Weighted Average Remaining Life (years)
November 2, 2027	4,500,000	2,250,000	\$ 0.05	3.84
June 5, 2028	500,000	125,000	\$ 0.10	4.43
October 10, 2028	1,000,000	-	\$ 0.20	4.78
Total:	6,000,000	2,375,000	\$ 0.08	4.08

During the year ended December 31, 2023, 1,500,000 stock options were granted to consultants (2022 – 4,500,000) with a weighted average grant date fair value of \$0.14 per option (2022 - \$0.05 per option).

The Company determined the fair value of options using Black-Scholes option valuation model with the following weighted average assumptions:

	December 31, 2023	December 31, 2022
Fair value of common stock	\$0.05-\$0.19	\$0.05
Expected term (years)	5	5
Risk-free interest rate	3.52-4.17%	3.84%
Expected volatility	171.96 – 181.24%	206 %
Dividend yield	0.00%	0.00%
Estimated forfeitures	0.00%	0.00%

During the year ended December 31, 2023, the total stock-based compensation recognized in consolidated statements of comprehensive loss for vesting portion of aggregated stock options granted was \$205,855 (2022 - \$37,498).

Volatility is determined based on the historical share price volatility of a sample of public companies in the oil and gas industry. Expected forfeitures were estimated to be Nil at the time of grant and adjusted, if necessary, in subsequent periods if actual forfeitures occur.

Warrants

The following table summarizes the changes in share purchase warrants during the years ended December 31, 2023 and 2022:

	Number of Share purchase warrants	Weighted average exercise price
Outstanding, December 31, 2021, 2022 and 2023	625,000	\$ 0.40

10. SHARE CAPITAL (Continued)

Warrants (continued)

The following table summarizes the information about warrants as at December 31, 2023:

Expiry date	Warrants outstanding	Exercise Price	Weighted average remaining contractual life, in years
		\$	
September 18, 2024	625,000	0.40	0.72
Total:	625,000	0.40	0.72

During the year ended December 31, 2023, the Company issued 1,197,120 agents warrants in connection to private placements and recorded a fair value of \$193,729 (2022 - \$Nil) as share issuance cost.

	Number of agents warrants	Weighted average exercise price
Outstanding, December 31, 2021 and 2022	-	-
Granted	1,197,120	0.22
Outstanding, December 31, 2023	1,197,120	\$ 0.22

The following table summarizes the information about agent warrants as at December 31, 2023:

Expiry date	Warrants outstanding	Exercise Price	Weighted average remaining contractual life, in years
		\$	
August 30, 2024	645,600	0.20	0.67
September 19, 2024	63,480	0.20	0.72
December 21, 2024	488,040	0.25	0.98
Total:	1,197,120	0.22	0.79

Dividends

During the year ended December 31, 2023, pursuant to the disposition of Cancambria Exploraciones S.A, (Note 5) the Company declared dividends on the proceeds received from the sale and paid out shares of APC to all shareholders. Each shareholder received 0.092691 APC shares per common share. The fair value of the APC shares was estimated to be nominal.

During the year ended December 31, 2022, no dividends were declared or paid.

11. RELATED PARTY TRANSACTIONS

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Key management personnel comprise of the directors of the Company, executive and non-executive, and officers of the Company.

11. RELATED PARTY TRANSACTIONS (Continued)

The remuneration of the key management personnel during the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
	\$	\$
Consulting fees	415,839	263,171
Professional fees	138,000	12,000
Directors' fees	6,613	-
Stock based compensation	163,840	29,623
Total	724,292	304,794

Included in accounts payable and accrued liabilities are amounts due to related parties of \$30,238 (December 31, 2022 - \$28,588). These amounts are unsecured, non-interest bearing, and have no fixed repayment terms.

During the year ended December 31, 2023, the directors and officers of the Company participated in various private placements for an aggregate total of \$613,000 and the Company issued 5,652,023 common shares to the directors and officers of the Company in connection to the private placements.

During the year ended December 31, 2023, the Company issued 1,197,120 agents warrants to a company which had a mutual director with the Company. The Company recorded a fair value of \$193,729 (2022 - \$Nil) as share issuance cost in connection to the agents warrants.

During the year ended December 31, 2023, the Company paid \$298,739 of finders' fee in connection to private placements to a company which had a mutual director with the Company.

12. FINANCIAL INSTRUMENTS

Categories of financial instruments

December 31, 2023	Total
	\$
Fair value through profit or loss	
Cash	1,326,903
Amortized cost	
Restricted cash	66,854
Receivable	341,811
Accounts payable and accrued liabilities	(276,200)
	1,459,368

December 31, 2022	Total
	\$
Fair value through profit or loss	
Cash	751,944
Amortized cost	
Receivable	1,077
Advance	92,531
Accounts payable and accrued liabilities	(87,216)
	758,336

12. FINANCIAL INSTRUMENTS (Continued)

Fair value

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amounts of all its financial assets and financial liabilities recognized at amortized cost in these consolidated financial statements approximate their fair values due to the demand nature or short-term maturity of these instruments. Cash and cash equivalents are classified as Level 1 fair value. There were no transfers between Level 1 and Level 2 during the year ended December 31, 2023.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at December 31, 2023, the Company does not have any Level 3 financial instruments.

The Company's financial instruments are exposed to the following risks:

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency.

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable, and accounts payable and accrued liabilities that are denominated in Argentinian Peso and Hungarian Forint.

The Company's reported results will be affected by fluctuations in the Hungarian Forint to Canadian dollar exchange rate. As at December 31, 2023, A 10% appreciation of the Hungarian Forint relative to Canadian dollar would have increased net assets by approximately \$47,735 (December 31, 2022 - \$18,274). A 10% depreciation of the Canadian dollar relative to the Hungarian Forint would have had equal but opposite effect. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in Canada, while the remainder is deposited in bank accounts held with major banks in Argentina and Hungary. As all of the Company's cash is held by five banks, there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to credit risk is on its other receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

12. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

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

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash as these instruments have original maturities of three-month periods or less and are therefore exposed to interest rate fluctuations on renewal. A 1% change in market interest rates would not have a material impact on the Company's net loss.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of working and share capital. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

13. INCOME TAX EXPENSE AND DEFERRED TAX ASSETS AND LIABILITIES

A reconciliation of the expected income tax recovery to the actual income tax expense is as follows:

	2023	2022
Net loss	\$ (1,666,278)	\$ (713,229)
Statutory tax rate	27%	27%
Expected income tax recovery	(450,000)	(193,000)
Permanent differences	49,000	26,000
Share issuance cost	(25,000)	(25,000)
Unrecognized deferred tax asset	626,000	192,000
Actual income tax recovery	\$ -	\$ -

The Company's tax-effected deferred income tax assets and liabilities are estimated as follows:

	2023	2022
Deferred income tax assets		
Non-capital losses	\$ 1,186,000	\$ 779,000
Share issuance costs	99,000	20,000
Investments	-	-
Unrecognized deferred tax assets	(1,445,000)	(799,000)
Net deferred income tax assets	\$ -	\$ -

As at December 31, 2023, the Company has Canadian income tax loss carry forwards of approximately \$4,510,000 to reduce future taxable income which expire between 2038 and 2043.

14. SUBSEQUENT EVENTS

Subsequent to December 31, 2023, the Company:

- Issued 706,000 common shares at \$0.25 per share related to the first tranche of a private placement for total proceeds of \$176,500. The Company recorded \$10,590 as finders' fees and issued 42,360 agents warrants with an exercise price of \$0.25 per warrant and expires in 1 year in connection to the private placement;
- Issued 500,000 common shares at \$0.25 per share related to the second tranche of a private placement for total proceeds of \$125,000;
- Issued 4,170,000 Restricted Share Units with a redemption date a year after grant date;
- Issued 1,000,000 common shares at \$0.25 per share for gross proceeds of \$250,000 pursuant to completing a private placement;
- Effective May 30, 2024, the Company entered into a Seismic License Agreement (the "License Agreement"). Pursuant to the License Agreement, the Company will provide to a third party a non-exclusive license to geophysical information relating to the Company's Kiskunhalas Tight Gas Sand Project (Note 8). The License Agreement provides the third party with a six-month exclusivity period to negotiate an interest in the Kiskunhalas Tight Sand Project. The license shall end one year from the effective date. As consideration for providing the license, the Company received a payment from the third party of USD \$1,200,000;
- 709,080 agents' warrant with an exercise price of \$0.20 per warrant expired unexercised; and
- 625,000 warrants with a price of \$0.40 per warrant expired unexercised.

Management's Discussion and Analysis

CanCambria Energy Corp.

For the years ended December 31, 2023 and 2022

CanCambria Energy Corp.
Management’s Discussion and Analysis of Financial Results
For the years ended December 31, 2023 and 2022

The following management discussion and analysis (“MD&A”) should be read in conjunction with the audited consolidated financial statements and accompanying notes (“Financial Statements”) of CanCambria Energy Corp. (the “Company”) for years ended December 31, 2023 and 2022. Results have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All monetary amounts are reported in Canadian dollars unless otherwise indicated. This MD&A is dated September 27, 2024.

This MD&A contains forward-looking information. See “Forward-Looking Information” and “Risks and Uncertainties” for a discussion of the risks, uncertainties and assumptions relating to such information.

For further information on the Company reference should be made to the Company’s public filings which are available on SEDAR+ website (www.sedarplus.ca).

SELECTED ANNUAL AND QUARTERLY FINANCIAL INFORMATION

Selected Annual Financial Information

Unless otherwise noted, all currency amounts are stated in Canadian dollars. The following table summarizes selected financial data for CanCambria for each of the two most recently completed financial years. This information set forth below should be read in conjunction with the audited consolidated financial statements, prepared in accordance with IFRS, and related notes.

	Years Ended December 31,		
	2023	2022	2021
	\$	\$	\$
Total revenues	Nil	Nil	Nil
Operating expenses	1,621,624	753,970	399,860
Net loss	1,666,278	713,229	360,114
Net loss per share – Basic & fully diluted	(0.02)	(0.02)	(0.01)
Total assets	4,414,372	876,575	291,039
Long-term financial liabilities	Nil	Nil	Nil
Cash dividends declared per share	Nil	Nil	Nil
Weighted average number of common shares outstanding	75,413,970	47,487,877	37,725,000

During the year ended December 31, 2023, the Company engaged additional consulting services due to the Company’s preparation for direct listing by Non-Offering Prospectus (“NOP”) and incurred additional expenses in connection to the preparation. Additionally, the Company granted stock options during the year ended December 31, 2023, which increased the operating expenses for the year.

During the year ended December 31, 2022, the Company engaged additional consulting service in connection to the newly incorporated subsidiary and exploration activities in Hungary, which increased operating expense, and closed several private placements successfully, which raised additional funds that increased the total asset compared to the prior year.

OVERVIEW

The Company was incorporated under the laws of the Province of British Columbia on May 10, 2017. The Company’s principal business is the exploration of and for oil and natural gas in Hungary. The Company’s future performance is subject to several categories of risk associated with the exploration of oil and gas. Oil and gas exploration and production is a speculative business and involves a high degree of risk. Among the factors that have a direct bearing on the Company’s prospects are uncertainties inherent in estimating oil and gas reserves, future hydrocarbon production, and cash flows, particularly with respect to wells that have not been fully tested and with wells having limited production histories; access to additional capital; change in the price of oil and gas; availability and cost of services and equipment; and the presence of competitors with greater financial resources and capacity.

CanCambria Energy Corp.
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The oil and gas industry is subject, by its nature, to environmental hazards and clean-up costs. At this time, management knows of no substantial costs from environmental accidents or events for which the Company may be currently liable. In addition, the Company’s oil and gas business makes it vulnerable to changes in prices of crude oil and natural gas. Such prices have been volatile in the past and can be expected to be volatile in the future.

On July 18, 2018, the Company incorporated a new subsidiary in Bolivia, named CanCambria Energy Corp. Sucursal Bolivia (“CanCambria Bolivia”), with a view for CanCambria Bolivia to facilitate the exploration activities in Bolivia. CanCambria Bolivia is currently inactive.

On June 8, 2021, the Company incorporated a new subsidiary in Argentina, named CanCambria Exploraciones S.A. with a view for CanCambria Exploraciones S.A. to facilitate the exploration activities in Argentina. CanCambria Exploraciones S.A. has since been sold, as described below.

On August 16, 2022, the Company incorporated a new subsidiary in Hungary, named CanCambria Hungary Korlátolt Felelősségű Társaság (aka CanCambria Hungary Kft). CanCambria Hungary will facilitate the exploration activities in Hungary.

On January 9, 2023, the Company acquired a new subsidiary, Delcuadra kft, in Hungary thru CanCambria Hungary. As a result, the Company through Delcuadra kft owns an 100% interest in the Ba-IX Mining Licence situated in Kiskunhalas basin (the “Kiskunhalas Basin Project”), comprising 32,590.7 acres of contiguous land, located in south-central Hungary, between the Danube and Tisza rivers, north of the border with Serbia. The Company has since acquired 3D seismic data on the property. Over the next 12 months, the Company intends to complete a 6-month period of data processing and interpretation thereof. The Company’s long-term objectives include the drilling of a vertical exploration well, the location of which will be contingent on the interpretation of the 3D seismic data acquired, and thereafter see the Company’s first commercial production.

On June 30, 2023, the Company sold its Argentina subsidiary CanCambria Exploraciones S.A. to Argentina Potash Corp. (“APC”) and received 7,000,000 shares of APC. The Company declared a dividend on the proceeds of 7,000,000 APC shares, which had a fair value of \$Nil, and distributed the APC shares to its shareholders. This transaction is a related party transaction due to the Company’s mutual directors and officers with APC.

The following summarizes the cumulative costs capitalized:

	December 31, 2023	December 31, 2022
	\$	\$
Balance, beginning of the year	-	-
Acquisitions	151,270	-
Geophysical costs	2,113,284	-
Balance, end of the year	2,264,554	-

The Company has incurred losses since its inception and the ability of the Company to continue as a going concern depends upon its ability to raise adequate financing and to commence profitable operations in the future. During the year ended December 31, 2023, the Company incurred a net loss of \$1,666,278. As at December 31, 2023, the Company has an accumulated deficit of \$4,902,370.

While the Company has been successful in obtaining its required financing in the past, mainly through the issuance of equity capital, there is no assurance that such financing will be available or be available on favorable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. These adjustments could be material. As at December 31, 2023, the Company has a positive working capital position of \$1,503,727. Management may be required to seek additional sources of financing in the form of equity or debt financing in the future to maintain its operations and its exploration activities for the next fiscal year. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

CanCambria Energy Corp.
Management's Discussion and Analysis of Financial Results
For the years ended December 31, 2023 and 2022

RESULTS OF OPERATIONS

	Three Months Ended December 31		Years Ended December 31	
	2023	2022	2023	2022
EXPENSES				
Bank charges	7,650	1,022	13,789	2,371
Consulting fees	253,060	174,949	887,398	397,667
Depreciation	-	15	52	63
Exploration expenses	167	(442)	52,875	8,618
General and administrative	17,363	15,845	59,656	64,375
Meals and entertainment	8,683	2,098	18,726	6,187
Professional fees	154,037	61,040	353,979	168,190
Stock based compensation	71,551	37,498	205,855	37,498
Travel expenses	7,087	7,306	29,294	69,001
	(519,597)	(299,331)	(1,621,624)	(753,970)
OTHER ITEMS				
Foreign exchange loss	(23,034)	(5,628)	(51,594)	(13,267)
Gain on investments	-	23,116	20,593	52,629
Loss in disposal of subsidiary	-	-	(13,678)	-
Interest income	(25)	(82)	25	1,379
	(23,059)	28,662	(44,654)	40,741
Comprehensive loss for the year	(542,656)	(270,669)	(1,666,278)	(713,229)

For the year ended December 31, 2023 compared to December 31, 2022.

Comprehensive loss for year ended December 31, 2023, for continuing operations was \$1,666,278 as compared to \$713,229 for the same period in 2022. The increase in comprehensive loss of \$953,049 was mainly attributable to the net effect of:

- Increase of \$489,731 in consulting fees, from \$397,667 in 2022 to \$887,398 in 2023 is due to additional consultants engaged in assisting with the strategic planning of potential oil and gas assets in Hungary and the NOP of the Company.
- Increase of \$44,257 in exploration expenses, from \$8,618 in 2022 to \$52,875 in 2023 due to exploration work done to assess potential oil and gas asset in Hungary.
- Decrease of \$4,719 in general and administrative expenses, from \$64,375 in 2022 to \$59,656 in 2023 due to no general and administrative expenses incurred after June 30, 2023 due to the disposal of the Argentinian subsidiary.
- Increase of \$12,539 in meals and entertainment expenses, from \$6,187 in 2022 to \$18,726 in 2023 due to segregating meals and entertainment expenses from travel expenses and recognizing in meals and entertainment expense for 2023.
- Increase of \$185,789 in professional fees, from \$168,190 in 2022 to \$353,979 in 2023 due to additional consultants engaged to ensure compliance of public company requirements and additional accounting review fees as the Company is preparing for its NOP. The nature of the professional fees primarily relates to the newly hired CFO and audit and review fees.
- Increase of \$168,357 in stock-based compensation, from \$37,498 in 2022 to \$205,855 in 2023 as no stock options were granted or vesting until the fourth quarter of 2022.
- Decrease of \$39,707 in travel expenses, from \$69,001 in 2022 to \$29,294 in 2023 due to decreased travel activity since the sale of the Company's Argentina subsidiary.
- Increase of \$11,418 in bank charges, from \$2,371 in 2022 to \$13,789 in 2023 due to increased number of bank accounts since the acquisition of Delcuadra kft.

CanCambria Energy Corp.
Management's Discussion and Analysis of Financial Results
For the years ended December 31, 2023 and 2022

Other Items

During the year ended December 31, 2023, the Company:

- Recognized a gain in investment of \$20,593 compared to a gain of \$52,629 in 2022. The decrease in gain is primarily due to the fluctuations in the market and the Company have ceased to hold any investments since it sold its Argentina subsidiary.
- Recognized a loss for disposal of subsidiary as the Company have received APC shares valued at \$Nil in consideration for its sale of its subsidiary.

For the three months ended December 31, 2023 compared to the three months ended December 31, 2022.

Comprehensive loss for three months ended December 31, 2023, was \$542,656 as compared to \$270,669 for the same period in 2022. The increase in comprehensive loss of \$271,987 was mainly attributable to the net effect of:

- Increase of \$78,111 in consulting fees, from \$174,949 in 2022 to \$253,060 in 2023 is due to additional consultants engaged in assisting with the strategic planning of potential oil and gas assets in Hungary.
- Increase of \$6,585 in meals and entertainment expenses, from \$2,098 in 2022 to \$8,683 in 2023 due to segregating meals and entertainment expenses from travel expenses and recognizing in meals and entertainment expenses.
- Increase of \$92,997 in professional fees, from \$61,040 in 2022 to \$154,037 in 2023 due to additional consultants engaged to ensure compliance of public company requirements and additional accounting review fees as the Company is preparing for its NOP. The nature of the professional fees primarily relates to the newly hired CFO and audit and review fees.
- Increase of \$34,053 in stock-based compensation, from \$37,498 in 2022 to \$71,551 in 2023 as no stock options were granted or vesting prior to Q4 of 2022.
- Increase of \$6,628 in bank charges, from \$1,022 in 2022 to \$7,650 in 2023 due to increased number of bank accounts since the acquisition of Delcuadra kft.
- There were no significant changes in other operating expenses.

Other Items

During the three months ended December 31, 2023, the Company:

- Recognized no investment gain or loss compared to a gain of \$23,116 in 2022. The decrease in gain is primarily due to the Company have ceased to hold any investments since it sold its Argentina subsidiary.
- Foreign exchange losses arise as the Company has financial assets and liabilities outstanding in currencies other than the CAD dollar, the Company's functional currency. Items included in foreign exchange losses are measured in CAD dollars and foreign currency transactions are translated into CAD dollars using the exchange rates prevailing at the date of the transactions or when items are remeasured with resulting gains and losses subsequently recognized.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2023, the Company reported working capital of \$1,503,727 compared to \$696,775 at December 31, 2022. The increase in working capital is primarily due to closing of private placements during the year ended December 31, 2023.

As at December 31, 2023 the Company had \$1,326,903 in cash compared to \$751,944 as at December 31, 2022.

During the year ended December 31, 2023, the net cash used by the Company for operating activities was \$1,772,657 compared to \$692,427 in the year ended December 31, 2022.

During the year ended December 31, 2023, the net cash used by the Company for investing activities was \$2,459,338 compared to provided \$20,487 during the year ended December 31, 2022. The increase of usage is primarily due to the

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increased cash used on Kiskunhalas basin project since the acquisition of Delcuadra kft, and the Company ceased to hold any investments since it sold its Argentina subsidiary.

During the year ended December 31, 2023, the Company generated \$4,809,236 for financing activities compared to \$1,220,647 during the year ended December 31, 2022. The increase in cash provided in the current year was due to closing aggregated private placements with gross proceeds of \$4,809,236 compared to \$1,220,647 during the same period last year.

During the year ended December 31, 2023, the Company entered into a geophysical services agreement in connection with the Kiskunhalas Basis Project, and a rental agreement for geophysical software to facilitate geophysical services. Minimum contractual commitments resulting for geophysical services agreement is USD \$1,116,600, and from the rental agreement is \$45,563. As at December 31, 2023, \$973,792 (USD\$725,790) of the consulting agreement and all of the rental agreement had been paid, of which \$303,037 was included in project prepaid.

From time to time the Company works to raise additional capital through private placements and other forms of equity financing. Its ability to fund exploration projects is dependent upon its ability to obtain sufficient funding for operations and is ultimately dependent on the recoverability of the amounts capitalized to exploration properties. The Company has not yet determined whether its oil and gas properties contain any reserves and accordingly, the success of any further exploration or development prospects cannot be assured. Because the Company is not yet a producer, the primary source of future funds is through the sale of additional equity capital and optioning of resource properties. There is no assurance that the Company will be successful in raising sufficient capital to meet its obligations. If it is not successful in raising sufficient capital, it may have to curtail or otherwise limit operations. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company is exposed in varying degrees to a variety of financial instrument-related risks.

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency.

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable, and accounts payable and accrued liabilities that are denominated in Argentinian Peso and Hungarian Forint.

The Company's reported results will be affected by fluctuations Hungarian Forint to Canadian dollar exchange rate. As at December 31, 2023, a 10% appreciation of the Hungarian Forint relative to Canadian dollar would have increased net assets by approximately \$47,735 (December 31, 2022 - \$18,274). A 10% depreciation of the Canadian dollar relative to the Hungarian Forint would have had equal but opposite effect. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in Canada, while the remainder is deposited in bank accounts held with major banks in Argentina and Hungary. As all of the Company's cash is held by five banks, there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to credit risk is on its other receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal

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operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company’s sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company’s access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash as these instruments have original maturities of three-month periods or less and are therefore exposed to interest rate fluctuations on renewal. A 1% change in market interest rates would not have a material impact on the Company’s net loss.

Capital management

The Company’s policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of working and share capital. There were no changes in the Company’s approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not currently have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Key management personnel comprise of the directors of the Company, executive and non-executive, and officers of the Company.

The remuneration of the key management personnel during the years ended December 31, 2023 and 2022 were as follows:

	Three Months ended December 31, 2023	Three months ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 30, 2022
	\$	\$	\$	\$
Consulting fees	132,492	95,280	415,839	263,171
Director’s fees	6,613	-	6,613	-
Professional fees	67,500	4,500	138,000	12,000
Stock based compensation	58,577	-	163,840	29,623
	265,182	99,780	724,292	304,794

The list of key management personnels is as follows:

- Anthony Kelly – Director of the Company and APC
- Peter Turner – Director of the Company and APC
- Christopher Cornelius – Director, President and CEO of the Company and APC, and principal of DESC Resource Corp. (“DESC”)
- Margo Peters – Corporate Secretary
- Piet Van Assche – Managing director of the Hungary subsidiary, and principal of ICP Consultants Limited (“ICP”)

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- Konstantin Lichtenwald – CFO, and principal of Lichtenwald Professional Services (“LPC”) - effective July 1, 2023 and Director effective February 13, 2024.
- David Elliott – Director, and Director of Haywood Securities (“Haywood”) – effective April 21, 2023 and resigned February 13, 2024.

Consulting fees consist of technical and management fees incurred by the Company from DESC and ICP.

Professional fees consist of corporate secretary services incurred by the Company from Margo Peters and LPC.

Director fees consist of fees incurred by the Company from Anthony Kelly and Peter Turner.

Stock based compensation consist of the vesting portion of fair value of stock options granted. During the year ended December 31, 2023, the Company granted Christopher Cornelius, Peter Turner, Anthony Kelly, Piet Van Assche, LPC, and Margo Peters an aggregated total of 1,200,000 (2022 – 3,550,000) stock options and recorded \$163,840 of stock-based compensation expense in connection to the vesting portion of the options granted.

Included in accounts payable and accrued liabilities are amounts due to Margo Peters, LPC, Anthony Kelly, and Peter Turner for a total of \$30,238 (December 31, 2022 - \$28,588) in connection to professional fees and director fees. These amounts are unsecured, non-interest bearing, and have no fixed repayment terms.

The Company’s related party transactions primarily consisted of compensation payable to its directors and officers. Other than compensation in the form of consulting and professional fees and share-based payments, there were agents warrants issued and finders’ fee paid to a Company which had a mutual director with the Company.

During the year ended December 31, 2023, the Company issued 709,080 agent’s warrants to Haywood which had a mutual director with the Company. The Company recorded a fair value of \$104,566 (2022 - \$Nil) as share issuance cost in connection to the agents warrants.

During the year ended December 31, 2023, the Company paid \$176,730 of finders’ fee in connection to private placements to Haywood which had a mutual director with the Company.

On June 30, 2023, the Company sold its Argentina subsidiary CanCambria Exploraciones S.A. to Argentina Potash Corp. (“APC”) and received 7,000,000 shares of APC. The Company declared a dividend on the proceeds of 7,000,000 APC shares, which had a fair value of \$Nil, and distributed the APC shares to its shareholders. This transaction is a related party transaction due to the Company’s mutual directors and officers with APC.

PROPOSED TRANSACTION

The Company is in the process of listing its shares on TSXV for its NOP.

The financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards. Our material accounting policy information is set out in Note 3 of the audited consolidated financial statements of the Company for the years ended December 31, 2023 and 2022.

FINANCIAL INSTRUMENTS

The Company’s financial instruments as at December 31, 2023 and December 31, 2022 were as follows:

December 31, 2023	Total
	\$
Fair value through profit or loss	
Cash	1,326,903

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Amortized cost	
Restricted cash	66,854
Receivable	341,811
Accounts payable and accrued liabilities	(276,200)
	<u>1,459,368</u>

December 31, 2022	Total
	\$
Fair value through profit or loss	
Cash	751,944
Amortized cost	
Receivable	1,077
Advance	92,531
Accounts payable and accrued liabilities	(87,216)
	<u>758,336</u>

Unless otherwise disclosed their carry values approximate their fair values due to the short-term nature of these instruments.

Fair value

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amounts of all its financial assets and financial liabilities recognized at amortized cost in these consolidated financial statements approximate their fair values due to the demand nature or short-term maturity of these instruments. Cash and cash equivalents are classified as Level 1 fair value. There were no transfers between Level 1 and Level 2 during the year ended December 31, 2023.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at December 31, 2023, the Company does not have any Level 3 financial instruments.

SUMMARY OF OUTSTANDING SHARES DATA AS AT THE DATE OF THE REPORT

The Company’s authorized capital consists of an unlimited number of common shares without par value.

	<u>Number of shares</u>	<u>Exercise Price</u>	<u>Weighted Average Remaining Life</u>
Common shares	98,363,000	NA	NA
Stock options	6,000,000	\$0.05-\$0.20	3.31
Agents’ warrants	530,400	\$0.25	0.24
RSU	4,170,000	NA	0.41

During the year ended December 31, 2023, the Company had the following share transactions:

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For the years ended December 31, 2023 and 2022

- On May 18, 2023 and June 5, 2023, the Company issued a total of 11,520,000 common shares at \$0.05 per share related to private placements for total proceeds of \$576,000. The Company recorded \$34,912 as share issuance cost in connection to the private placements.
- On August 30, 2023, September 19, 2023, and September 27, 2023 the Company issued a total of 12,503,000 common shares at \$0.20 per share related to private placements for total proceeds of \$2,500,600. The Company recorded \$141,817 and issued 709,080 agents warrants valued at fair value of \$104,566 as share issuance costs in connection to the private placements.
- On December 21, 2023, the Company issued a total of 8,134,000 common shares at \$0.25 per share related to private placements for total proceeds of \$2,033,500. The Company recorded \$124,135 and issued 488,040 agents warrants valued at fair value of \$89,163 as share issuance cost in connection to the private placement.

During the year ended December 31, 2022, the Company had the following share transactions:

- On July 12, 2022, the Company issued 16,150,000 shares at \$0.05 per share related to a private placement for total proceeds of \$807,500. The Company recorded \$56,965 as share issuance costs in connection to the private placement.
- On October 17, 2022, the Company issued 10,125,000 shares at \$0.05 per share related to a private placement for total proceeds of \$506,250. The Company recorded \$36,138 as share issuance costs in connection to the private placement.

CONTROLS AND PROCEDURES

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company’s consolidated financial statements for external purposes in accordance with IFRS. The design of the Company’s internal control over financial reporting was assessed as of the date of this MD&A.

Based on this assessment, it was determined that certain weaknesses may exist in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where potential weaknesses existed. The Company intends to address the existence of these potential weaknesses by way of senior management monitoring. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue may also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten the Company’s financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial reports.

In particular, the certifying officers filing a Venture Issuer Basic Certificate do not make any representations relating to establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP ("IFRS").

The Company’s certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of CanCambria Energy Corp.’s certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result

CanCambria Energy Corp.
Management's Discussion and Analysis of Financial Results
For the years ended December 31, 2023 and 2022

in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided securities legislation.

SUBSEQUENT EVENTS

Subsequent to December 31, 2023, the Company:

- Issued 706,000 common shares at \$0.25 per share related to the first tranche of a private placement for total proceeds of \$176,500. The Company recorded \$10,590 as finders' fees and issued 42,360 agents warrants with an exercise price of \$0.25 per warrant and expires in 1 year in connection to the private placement;
- Issued 500,000 common shares at \$0.25 per share related to the second tranche of a private placement for total proceeds of \$125,000. The Company recorded \$7,500 as finders' fees in connection to the private placement
- Issued 4,170,000 Restricted Share Units with a redemption date a year after grant date;
- Issued 1,000,000 common shares at \$0.25 per share related to the third tranche of a private placement for total proceeds of \$250,000;
- Effective May 30, 2024, the Company entered into a Seismic License Agreement (the "License Agreement"). Pursuant to the License Agreement, the Company will provide to a third party a non-exclusive license to geophysical information relating to the Company's Kiskunhalas Tight Gas Sand Project (Note 8). The License Agreement provides the third party with a six-month exclusivity period to negotiate an interest in the Kiskunhalas Tight Sand Project. The license shall end one year from the effective date. As consideration for providing the license, the Company received a payment from the third party of USD \$1,200,000;
- 709,080 agents' warrant with an exercise price of \$0.20 per warrant expired unexercised; and
- 625,000 warrants with a price of \$0.40 per warrant expired unexercised.

APPENDIX “B”

**UNAUDITED FINANCIAL STATEMENTS AND
MANAGEMENT’S DISCUSSION AND ANALYSIS**

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

CANCAMBRIA ENERGY CORP.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 and 2023
(Unaudited)
Expressed in Canadian Dollars (CAD)

CanCambria Energy Corp.

Condensed Consolidated Interim Statements of Financial Position

As at June 30, 2024 and December 31, 2023

(Expressed in Canadian Dollars) (Unaudited)

	Notes	June 30, 2024	December 31, 2023
		\$	\$
ASSETS			
Current			
Cash		2,350,657	1,326,903
Receivables		13,393	341,811
Prepaid expenses		288,291	111,213
		2,652,341	1,779,927
Non-current			
Exploration and evaluation assets	6	1,468,746	2,264,554
Restricted cash	5	64,940	66,854
Project prepaid	7	98,269	303,037
Equipment		4,297	-
TOTAL ASSETS		4,288,593	4,414,372
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		67,044	276,200
		67,044	276,200
Shareholders' equity			
Share capital	8	9,121,654	8,603,460
Reserves		923,702	437,082
Deficit		(5,823,807)	(4,902,370)
Total shareholders' equity		4,221,549	4,138,172
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,288,593	4,414,372

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

SUBSEQUENT EVENTS (Note 11)

Approved on behalf of the Board on September 27, 2024:*"Konstantin Lichtenwald"*

Konstantin Lichtenwald – Director

"Chris Cornelius"

Chris Cornelius – Director

CanCambria Energy Corp.

Condensed Consolidated Interim Statements of Comprehensive Loss

For the three and six months ended June 30, 2024 and 2023

(Unaudited)

(Expressed in Canadian Dollars)

	Notes	Three months ended June 30,		Six months ended June 30,	
		2024	2023	2024	2023
		\$	\$	\$	\$
Expenses					
Amortization		148	45	148	52
Bank charges and interest		1,320	2,313	4,977	3,969
Consulting fees	9	96,959	181,219	221,225	363,383
Exploration expenses		11,422	46,476	12,564	52,708
Office and miscellaneous		5,451	38,408	38,016	60,771
Professional fees	9	43,562	32,941	154,938	86,304
Stock-based compensation	8,9	301,325	41,201	478,904	98,095
		(460,187)	(342,603)	(910,772)	(665,282)
Other Items					
Foreign exchange gain (loss)		4,143	(22,693)	(10,707)	(19,073)
Gain on investments		-	13,807	-	20,593
Loss in disposal of subsidiary	4	-	(13,678)	-	(13,678)
Interest income		42	17	42	33
		4,185	(22,547)	(10,665)	(12,124)
Net loss and comprehensive loss for the period					
		(456,002)	(365,150)	(921,437)	(677,406)
Basic and Diluted Loss per Share					
Weighted Average Shares	8	(0.00)	(0.01)	(0.01)	(0.01)
Outstanding – Basic and Diluted	8	98,077,286	69,137,912	97,722,116	66,597,600

CanCambria Energy Corp.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the six months ended June 30, 2024 and 2023

(Unaudited)

(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Reserves	Deficit	Total Shareholders' Equity
		\$	\$	\$	\$
Balance, December 31, 2022	64,000,000	3,987,953	37,498	(3,236,092)	789,359
Shares issued for private placements	11,520,000	576,000	-	-	576,000
Share issuance costs	-	(34,913)	-	-	(34,913)
Stock based compensation	-	-	98,095	-	98,095
Loss and comprehensive loss for the period	-	-	-	(677,406)	(677,406)
Balance, June 30, 2023	75,520,000	4,529,040	135,593	(3,913,498)	751,135
Balance, December 31, 2023	96,157,000	8,603,460	437,082	(4,902,370)	4,138,172
Shares issued for private placements	2,206,000	551,500	-	-	551,500
Share issuance costs	-	(25,590)	-	-	(25,590)
Fair value of agents warrants	-	(7,716)	7,716	-	-
Stock based compensation	-	-	478,904	-	478,904
Loss and comprehensive loss for the period	-	-	-	(921,437)	(921,437)
Balance, June 30, 2024	98,363,000	9,121,654	923,702	(5,823,807)	4,221,549

The accompanying notes are an integral part of the condensed consolidated interim financial statements

CanCambria Energy Corp.

Condensed Consolidated Interim Statements of Cash Flows

For the six months ended June 30, 2024 and 2023

(Unaudited)

(Expressed in Canadian Dollars)

Six months ended June 30,	2024	2023
	\$	\$
Operating Activities		
Net Loss for the period	(921,437)	(677,406)
Non-Cash Items:		
Amortization	148	53
Stock based compensation	478,904	98,095
Gain on investments	-	(20,593)
Loss on disposal of subsidiary	-	13,678
Changes in Non-Cash Working Capital Items:		
Receivables	328,418	(1,639)
Prepaid expenses	(177,078)	(25,208)
Accounts payable and accrued Liabilities	(127,784)	7,428
Net Cash Used in Operating Activities	(418,829)	(605,592)
Investing Activities		
Acquisition of subsidiary	-	(126,049)
Cash held by acquired subsidiary	-	291
Cash held by subsidiary disposed of	-	(29,582)
Exploration and evaluation expenditures	(722,156)	(108,626)
Proceeds from Investments	-	39,690
Proceeds on license of geophysical data	1,641,360	-
Purchase of Equipment	(4,445)	-
Purchase of investment	-	(19,097)
Net Cash Flow Provided by (Used in) Investing Activities	914,759	(243,373)
Financing Activities		
Issuance of common shares, net of costs	525,910	541,087
Net Cash Flow Provided by Financing Activities	525,910	541,087
Effect of Foreign Currency Translation on Cash	1,914	(3,261)
Net Change in Cash	1,023,754	(311,139)
Cash, Beginning of the period	1,326,903	751,944
Cash, End of the period	2,350,657	440,805
Supplemental cash flow information and non-cash transactions		
Exploration and evaluation assets included in accounts payable and accrued liabilities	\$ 10,358	\$ 91,730

CanCambria Energy Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2024 and 2023

(Unaudited)

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

CanCambria Energy Corp. (the “Company” or “CanCambria”) was incorporated in British Columbia and is governed by the Business Corporation Act of the Province of British Columbia. CanCambria is strategically focused on developing and optimizing oil and gas projects in Europe. The Company’s registered address and head office is 1120 – 625 Howe Street, Vancouver, British Columbia, Canada, V6C 2T6.

These consolidated financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since its inception and the ability of the Company to continue as a going concern depends upon its ability to raise adequate financing and to commence profitable operations in the future. During the six months ended June 30, 2024, the Company incurred a net loss of \$921,437. As at June 30, 2024, the Company has an accumulated deficit of \$5,823,807.

While the Company has been successful in obtaining its required financing in the past, mainly through the issuance of equity capital, there is no assurance that such financing will be available or be available on favorable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. These adjustments could be material. As at June 30, 2024, the Company has a positive working capital position of \$2,585,297. Management may require to seek additional sources of financing in the form of equity or debt financing in the future to maintain its operations and its exploration activities for the next fiscal year. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

2. BASIS OF PREPARATION**(a) Statement of Compliance**

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) and follow the same accounting policies and methods of application as the Company’s most recent annual financial statements. The condensed consolidated interim financial statements have been prepared in conformity with IAS 34 Interim Financial Reporting and do not include all the information required for full annual consolidated financial statements in accordance with IFRS and should be read in conjunction with the annual consolidated financials for the year ended December 31, 2023.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on September 27, 2024.

(b) Basis of measurement

These condensed consolidated interim financial statements have been prepared on an accruals basis and are based on historical costs, except for certain financial instruments classified as financial instruments at fair value through profit or loss. These Financial Statements are presented in Canadian dollars unless otherwise noted

CanCambria Energy Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2024 and 2023

(Unaudited)

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (Continued)

(c) Basis of Consolidation

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

Entity	Province/ Country of incorporation	Functional currency	Percentage owned	
			June 30, 2024	December 31, 2023
Cancambria Energy Corp. Sucursal Bolivia	Bolivia	Canadian dollar	100%	100%
Cancambria Hungary kft	Hungary	Canadian dollar	100%	100%
Delcuadra kft	Hungary	Canadian dollar	100% owned by Cancambria Hungary Kft	100% owned by Cancambria Hungary Kft

On January 9, 2023, Cancambria Hungary kft acquired 100% ownership of Delcuadra kft, a private company which owns the mining right of an exploration and evaluation stage oil and natural gas asset.

The following subsidiary was disposed of on June 30, 2023 and accordingly has not been consolidated subsequent to June 30, 2023. The operating results of this subsidiary are included in the consolidated statement of comprehensive loss up until the date of disposal.

Entity	Province/ Country of incorporation	Functional currency	Percentage owned	
Cancambria Exploraciones S.A.	Argentina	Canadian dollar	-	100%

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

(d) Functional and presentation currency

The functional and presentation currency of Company and its subsidiaries is the Canadian dollar ("CAD").

(e) Use of judgments and estimates

The preparation of these condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously 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. Actual outcomes may differ from these estimates:

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and for any future years affected.

CanCambria Energy Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2024 and 2023

(Unaudited)

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (Continued)

Critical judgments and key sources of estimation uncertainty in applying accounting policies

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Stock-based compensation

Share-based compensation expense is measured by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumption about them. The value of the share-based compensation expense for the year along with the assumptions and model used for estimating fair value for share-based compensation transactions are disclosed in Note 8.

Deferred taxes:

Management is required to make estimations regarding the tax basis of assets and liabilities and related deferred income tax assets and liabilities, the measurement of income tax expense, and indirect taxes. A number of these estimates require management to make estimates of future taxable profit, and if actual results are significantly different than estimates, the ability to realize the deferred tax assets recorded on the statements of financial position could be impacted. The Company is subject to assessments by tax authorities who may interpret tax law differently. These factors may affect the final amount or the timing of tax payments.

Contingencies:

Due to the nature of the Company's operations, various legal and tax matters are outstanding from time to time. In the event that management's estimate of the probability of a financial impact of these matters changes, the Company will recognize the effects of the changes in its consolidated financial statements on the date such changes occur.

Impairment indicators:

The assessment of impairment indicators as required by IFRS 6 – Exploration for and evaluation of mineral resources and International Accounting Standard ("IAS") 36 – Impairment of assets requires management to make judgements in estimates for costs, future commodity prices or recoverable reserves underlying its exploration and evaluation assets.

Other significant judgments in applying the Company's accounting policies relate to the assessment of the Company's ability to continue as a going concern (Note 1), and the classification of its financial instruments.

3. ACQUISITION

On January 9, 2023, the Company closed a sales purchase agreement to acquire a 100% interest in a private company (the "Acquisition"), Delcuadra kft., which holds 100% of the mining right of an exploration and evaluation stage oil and natural gas asset, for a cash payment of \$218,580 (150,000 Euros), of which \$92,531 (64,000 Euros) had been advanced as at December 31, 2022.

At acquisition date, the Company determined that the Acquisition of Delcuadra kft. did not constitute a business as defined under IFRS 3, "Business Combinations", and the transaction was accounted for as an asset acquisition. The financial assets and liabilities were measured at their fair values at the acquisition date and the excess of the consideration paid over the fair value of net financial assets was attributed to the exploration and evaluation asset. No transaction costs were incurred.

CanCambria Energy Corp.

Notes to the Condensed Consolidated Interim Financial Statements

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3. ACQUISITION (Continued)

The acquisition was recorded as follows:

Cash paid to acquire Delcuadra	\$	218,580
Total consideration	\$	218,580
Allocated to:		
Cash	\$	291
Restricted Cash		64,571
Receivables		2,448
Exploration and evaluation asset		151,270
	\$	218,580

4. DISPOSAL OF SUBSIDIARY

On June 30, 2023, the Company completed the sale of its subsidiary, CanCambria Exploracions S.A. to Argentina Potash Corp (“APC”). This transaction is a related party transaction due to the Company’s mutual directors and officers with APC.

The subsidiary was sold for aggregated consideration of 7,000,000 shares of APC, which had a nominal value. The Company declared a dividend and distributed the APC shares to its shareholders (Note 8).

As at June 30, 2023, CanCambria Exploracions S.A. had net asset of \$13,678 resulting in a loss on disposal of \$13,678.

5. RESTRICTED CASH

Restricted cash is cash the Company had reserved as a collateral for the bank’s guarantee for potential reclamation work relating to Delcuadra’s mining plot. As at June 30, 2024, the Company hold \$64,940 (2023 - \$66,854) as restricted cash.

6. EXPLORATION AND EVALUATION ASSETS

On January 9, 2023, pursuant to the acquisition of Delcuadra kft,(Note 3) the Company was awarded 100% ownership of the Ba-IX Mining Licence situated in Kiskunhalas basin (the “Kiskunhalas Tight Gas Sand Project”).

The following summarizes the cumulative costs capitalized:

	June 30, 2024	December 31, 2023
	\$	\$
Balance, beginning of the year	2,264,554	-
Acquisitions (Note 3)	-	151,270
Geophysical costs	724,106	2,113,284
Recovery on license of geophysical data	(1,641,360)	
Geological costs	121,446	-
Balance, end of the year	1,468,746	2,264,554

Effective May 30, 2024, the Company entered into a geophysical data license agreement (the “License Agreement”). Pursuant to the License Agreement, the Company grants a third party the right to use certain geophysical data. The License Agreement also provides the third party with a six-month exclusivity period to negotiate an investment in the Kiskunhalas Tight Gas Sand Project.

CanCambria Energy Corp.

Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited)

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7. PROJECT PREPAID

During the year ended December 31, 2023, the Company entered into a geophysical services agreement in connection with the Kiskunhalas Tight Gas Sand Project, and a rental agreement for geophysical software to facilitate geophysical services. Minimum contractual commitments resulting for geophysical services agreement is USD \$1,116,600, and from the rental agreement is \$45,563. As at June 30, 2024, \$1,273,613 (USD\$943,770) of the consulting agreement and all of the rental agreement had been paid, of which \$90,676 was included in project prepaid.

8. SHARE CAPITAL***Authorized share capital***

Unlimited number of common shares without par value.

Share issuances

At June 30, 2024, the Company had 98,363,000 common shares issued and outstanding.

During the six months ended June 30, 2024 the Company had the following share transactions:

- During April 2024, the Company issued a total of 1,000,000 common shares at \$0.25 per share related to a private placement for gross proceeds of \$250,000. The Company recorded \$15,000 as share issuance costs in connection to the private placement.
- During February and March 2024, the Company issued an aggregate total of 1,206,000 common shares at \$0.25 per share related to private placements for gross proceeds of \$301,500. The Company recorded \$10,590 and issued 42,360 agents warrants valued at fair value of \$7,716 as share issuance costs in connection to the private placements.

During the year ended December 31, 2023, the Company had the following share transactions:

- On May 18, 2023 and June 5, 2023, the Company issued a total of 11,520,000 common shares at \$0.05 per share related to private placements for total proceeds of \$576,000. The Company recorded \$34,913 as share issuance cost in connection to the private placements.
- On August 30, 2023, September 19, 2023, and September 27, 2023, the Company issued a total of 12,503,000 common shares at \$0.20 per share related to private placements for total proceeds of \$2,500,600. The Company recorded \$141,817 and issued 709,080 agents warrants valued at fair value of \$104,566 as share issuance costs in connection to the private placements.
- On December 21, 2023, the Company issued a total of 8,134,000 common shares at \$0.25 per share related to private placements for total proceeds of \$2,033,500. The Company recorded \$124,135 and issued 488,040 agents warrants valued at fair value of \$89,163 as share issuance cost in connection to the private placement.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the years ended June 30, 2024 and 2023 were based on the loss attributable to common shareholders and the weighted average number of common shares outstanding. During the six months ended June 30, 2024 the Company had a loss per share of \$0.01 (June 30, 2023 - loss per share of \$0.01).

CanCambria Energy Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2024 and 2023

(Unaudited)

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8. SHARE CAPITAL (Continued)***Stock options***

In March 28, 2024, the Company's board of directors and shareholders approved the Stock Option Plan (the "Omnibus Incentive Plan") under which 10% of outstanding common shares are reserved for the granting of incentive stock options, to employees, officers, directors, and consultants. Recipients of stock options are eligible to purchase shares of the Company's common shares at an exercise price equal to no less than the estimated fair market value of such stock on the date of grant. The maximum term of options granted under the Plan is ten years and vesting is determined by the board of directors. Stock option grants are generally not exercisable prior to the applicable vesting date, unless otherwise accelerated under the terms of the applicable stock option agreement. Options that are granted and either have not vested, expired, or are otherwise lawfully cancelled prior to being exercised, will be returned to the Plan and therefore eligible for re-issuance.

The following table summarizes stock option transactions under the Omnibus Plan:

	Number of Options	Weighted average exercise price
Outstanding, December 31, 2021	-	-
Granted	4,500,000	0.05
Outstanding, December 31, 2022	4,500,000	0.05
Granted	1,500,000	0.16
Outstanding, December 31, 2023 and June 30, 2024	6,000,000	\$ 0.08

At June 30, 2024, the Company had outstanding and exercisable stock options as follows:

Date of Expiry	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Weighted Average Remaining Life (years)
November 2, 2027	4,500,000	3,375,000	\$ 0.05	3.34
June 5, 2028	500,000	250,000	\$ 0.10	3.93
October 10, 2028	1,000,000	250,000	\$ 0.20	4.28
Total:	6,000,000	3,875,000	\$ 0.08	3.55

During the six months ended June 30, 2024, no stock options were granted.

During the year ended December 31, 2023, 1,500,000 stock options were granted to consultants with a weighted average grant date fair value of \$0.14 per option.

During the six months ended June 30, 2024, the stock-based compensation recognized in consolidated statements of comprehensive loss for vesting portion of aggregated stock options granted was \$110,460 (2023 - \$98,095).

Volatility is determined based on the historical share price volatility of a sample of public companies in the oil and gas industry.

CanCambria Energy Corp.

Notes to the Condensed Consolidated Interim Financial Statements

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8. SHARE CAPITAL (Continued)***Stock options (continued)***

Expected forfeitures were estimated to be \$Nil at the time of grant and adjusted, if necessary, in subsequent periods if actual forfeitures occur.

The Company determined the fair value of options using Black-Scholes option valuation model with the following weighted average assumptions:

	June 30, 2024	December 31, 2023
Fair value of common stock	-	\$0.05-\$0.19
Expected term (years)	-	5
Risk-free interest rate	-	3.52-4.17%
Expected volatility	-	171.96 – 181.24%
Dividend yield	-	0.00%
Estimated forfeitures	-	0.00%

Warrants

The following table summarizes the changes in share purchase warrants during the period ended June 30, 2024 and 2023:

	Number of Share purchase warrants	Weighted average exercise price
Outstanding, December 31, 2022, 2023 and June 30, 2024	625,000	\$ 0.40

The following table summarizes the information about warrants as at June 30, 2024:

Expiry date	Warrants outstanding	Exercise Price	Weighted average remaining contractual life, in years
		\$	
September 18, 2024	625,000	0.40	0.22
Total:	625,000	0.40	0.22

During the six-month period ended June 30, 2024, the Company issued 42,360 agents' warrants in connection to private placements and recorded a fair value of \$7,716 as share issuance cost.

During the year ended December 31, 2023, the Company issued 1,197,120 agents' warrants in connection to private placements and recorded a fair value of \$193,729 as share issuance cost.

CanCambria Energy Corp.

Notes to the Condensed Consolidated Interim Financial Statements

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8. SHARE CAPITAL (Continued)**Warrants (continued)**

	Number of agents warrants	Weighted average exercise price
Outstanding, December 31, 2022	-	-
Granted	1,197,120	0.22
Outstanding, December 31, 2023	1,197,120	0.22
Granted	42,360	0.25
Outstanding, June 30, 2024	1,239,480	\$ 0.21

The following table summarizes the information about agent warrants as at June 30, 2024:

Expiry date	Warrants outstanding	Exercise Price	Weighted average remaining contractual life, in years
		\$	
August 30, 2024	645,600	0.20	0.17
September 19, 2024	63,480	0.20	0.22
December 21, 2024	488,040	0.25	0.48
February 1, 2025	42,360	0.25	0.59
Total:	1,239,480	0.21	0.31

Restricted share units ("RSU")

On February 22, 2024, the Company granted 4,170,000 RSUs to certain directors and consultants of the company. The RSUs were granted in accordance with the omnibus incentive plan adopted by the company and will vest and convert into common shares on February 22, 2025. The Company determined the fair value of the share price at date of grant was \$0.25.

During six-month period ended June 30, 2024, the stock-based compensation recognized the consolidated statements of comprehensive loss for vesting portion aggregated RSU granted was \$368,445 (2023 - \$Nil).

Dividends

During the six-month period ended June 30, 2024, no dividends were declared or paid.

During the year ended December 31, 2023, pursuant to the disposition of Cancambria Exploraciones S.A, (Note 4) the Company declared dividends on the proceeds received from the sale and paid out shares of APC to all shareholders. Each shareholder received 0.092691 APC shares per common share. The fair value of the APC shares was estimated to be nominal.

CanCambria Energy Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2024 and 2023

(Unaudited)

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9. RELATED PARTY TRANSACTIONS

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Key management personnel comprise of the directors of the Company, executive and non-executive, and officers of the Company.

The remuneration of the key management personnel during the years ended June 30, 2024 and 2023 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Consulting fees	102,845	94,236	173,833	189,091
Professional fees	67,500	5,465	135,000	10,500
Project Consulting	30,998	-	91,811	-
Directors' fees	6,843	-	13,619	-
Stock based compensation - options	34,169	717,085	91,401	761,968
Stock based compensation - RSU	225,006	-	318,966	-
Total	467,361	816,786	824,630	961,559

Included in accounts payable and accrued liabilities are amounts due to related parties of \$36,574 (December 31, 2023 - \$30,238). These amounts are unsecured, non-interest bearing, and have no fixed repayment terms.

During the six-month period ended June 30, 2024, the Company granted 3,610,000 RSUs to directors and officers of the Company and will convert to common shares on February 22, 2025. The stock-based compensation recognized for vesting portion of aggregated RSU granted was \$318,966 (2023 - \$Nil).

On June 30, 2023, the Company sold its Argentina subsidiary CanCambria Exploraciones S.A. to Argentina Potash Corp. ("APC") and received 7,000,000 shares of APC. The Company declared a dividend on the proceeds of 7,000,000 APC shares, which had a fair value of \$Nil, and distributed the APC shares to its shareholders. This transaction is a related party transaction due to the Company's mutual directors and officers with APC.

During the six-month period ended June 30, 2023, the Company granted 350,000 options with an exercise price of \$0.10 per share and vesting 25% every six months with an expiry date in five years to directors and officers of the Company. The stock-based compensation recognized for vesting portion of aggregated options granted to related parties was \$163,840 (2023 - \$761,968).

During the six-month period end June 30, 2023, a director and officer of the Company participated in a private placement for an aggregate total of \$7,500 and the Company issued 150,00 common shares to the director and officer of the Company in connection to the private placement.

CanCambria Energy Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2024 and 2023

(Unaudited)

(Expressed in Canadian Dollars)

10. FINANCIAL INSTRUMENTS*Categories of financial instruments*

June 30, 2024	Total
	\$
Fair value through profit or loss	
Cash	2,350,657
Amortized cost	
Restricted cash	64,940
Receivable	13,393
Accounts payable and accrued liabilities	(67,044)
	<u>2,361,946</u>

December 31, 2023	Total
	\$
Fair value through profit or loss	
Cash	1,326,903
Amortized cost	
Receivable	66,854
Advance	341,811
Accounts payable and accrued liabilities	(276,200)
	<u>1,459,368</u>

Fair value

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amounts of all its financial assets and financial liabilities recognized at amortized cost in these consolidated financial statements approximate their fair values due to the demand nature or short-term maturity of these instruments. Cash and cash equivalents are classified as Level 1 fair value. There were no transfers between Level 1 and Level 2 during the period ended June 30, 2024.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at June 30, 2024, the Company does not have any Level 3 financial instruments.

CanCambria Energy Corp.

Notes to the Condensed Consolidated Interim Financial Statements

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10. FINANCIAL INSTRUMENTS (Continued)

The Company's financial instruments are exposed to the following risks:

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency.

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable, and accounts payable and accrued liabilities that are denominated in Argentinian Peso and Hungarian Forint.

The Company's reported results will be affected by fluctuations in the Hungarian Forint to Canadian dollar exchange rate. As at June 30, 2024, A 10% appreciation of the Hungarian Forint relative to Canadian dollar would have increased net assets by approximately \$69,764 (December 31, 2023 - \$47,735). A 10% depreciation of the Canadian dollar relative to the Hungarian Forint would have had equal but opposite effect. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in Canada, while the remainder is deposited in bank accounts held with major banks in Hungary. As all of the Company's cash is held by five banks, there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to credit risk is on its other receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

Liquidity risk

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

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash as these instruments have original maturities of three-month periods or less and are therefore exposed to interest rate fluctuations on renewal. A 1% change in market interest rates would not have a material impact on the Company's net loss.

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10. FINANCIAL INSTRUMENTS (Continued)

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of working and share capital. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

11. SUBSEQUENT EVENTS

Subsequent to June 30, 2024, the Company:

- 709,080 agents' warrant with an exercise price of \$0.20 per warrant expired unexercised; and
- 625,000 warrants with price of \$0.40 per warrants expired unexercised.

Management's Discussion and Analysis

CanCambria Energy Corp.

For the three and six months ended June 30, 2024 and 2023

CanCambria Energy Corp.
Management's Discussion and Analysis of Financial Results
For the three and six months ended June 30, 2024 and 2023

The Quarterly Highlights of CanCambria Energy Corp. (the "Company") provide a summary of the activities, results of operations and financial condition of the Company as at and for the three and six months June 30, 2024. The following management discussion and analysis ("MD&A") should be read in conjunction with the condensed consolidated interim financial statements and related notes thereto of the Company for the six months ended June 30, 2024 and 2023, the audited consolidated financial statements and accompanying notes ("Financial Statements") of the Company for years ended December 31, 2023 and 2022. Results have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, ("IASB"). All monetary amounts are reported in Canadian dollars unless otherwise indicated. This MD&A is dated September 27, 2024.

This MD&A contains forward-looking information. See "Forward-Looking Information" and "Risks and Uncertainties" for a discussion of the risks, uncertainties and assumptions relating to such information.

For further information on the Company reference should be made to the Company's public filings which are available on SEDAR+ website (www.sedarplus.ca).

OVERVIEW

The Company was incorporated under the laws of the Province of British Columbia on May 10, 2017. The Company's principal business is the exploration of and for oil and natural gas in Hungary. The Company's future performance is subject to several categories of risk associated with the exploration of oil and gas. Oil and gas exploration and production is a speculative business and involves a high degree of risk. Among the factors that have a direct bearing on the Company's prospects are uncertainties inherent in estimating oil and gas reserves, future hydrocarbon production, and cash flows, particularly with respect to wells that have not been fully tested and with wells having limited production histories; access to additional capital; change in the price of oil and gas; availability and cost of services and equipment; and the presence of competitors with greater financial resources and capacity.

The oil and gas industry is subject, by its nature, to environmental hazards and clean-up costs. At this time, management knows of no substantial costs from environmental accidents or events for which the Company may be currently liable. In addition, the Company's oil and gas business makes it vulnerable to changes in prices of crude oil and natural gas. Such prices have been volatile in the past and can be expected to be volatile in the future.

On July 18, 2018, the Company incorporated a new subsidiary in Bolivia, named CanCambria Energy Corp. Sucursal Bolivia ("CanCambria Bolivia"). CanCambria Bolivia will facilitate the exploration activities in Bolivia.

On June 8, 2021, the Company incorporated a new subsidiary in Argentina, named CanCambria Exploraciones S.A. CanCambria Exploraciones S.A. will facilitate the exploration activities in Argentina.

On August 16, 2022, the Company incorporated a new subsidiary in Hungary, named CanCambria Hungary Korlátolt Felelősségű Társaság (aka CanCambria Hungary Kft). CanCambria Hungary will facilitate the exploration activities in Hungary.

On January 9, 2023, the Company acquired a new subsidiary, Delcuadra kft, in Hungary through CanCambria Hungary. Delcuadra kft owns an interest in the Ba-IX Mining License, comprising 32,590.7 acres of contiguous land, located in south-central Hungary, between the Danube and Tisza rivers, north of the border with Serbia. Over the next 12 months, the Company intends to acquire 3D seismic data on the property, followed by a 6-month period of data processing and interpretation thereof. The Company's long-term objectives include the drilling of a vertical exploration well, the location of which will be contingent on the interpretation of the 3D seismic data acquired, and thereafter see the Company's first commercial production.

On June 30, 2023, the Company sold its Argentina subsidiary CanCambria Exploraciones S.A. to Argentina Potash Corp. ("APC") and received 7,000,00 shares of APC. The Company declared a dividend on the proceeds of 7,000,000 APC shares, which had a fair value of \$Nil, and distributed the APC shares to its shareholders.

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For the three and six months ended June 30, 2024 and 2023

On January 9, 2023, pursuant to the acquisition of Delcuadra kft, the Company was awarded 100% ownership of the Ba-IX Mining License situated in Kiskunhalas basin (the “Kiskunhalas Tight Gas Sand Project”).

On May 30, 2024, the Company entered into a Seismic License Agreement (the “License Agreement”). Pursuant to the License Agreement, the Company will provide to a third party a non-exclusive license to geophysical information relating to the Company’s Kiskunhalas Tight Gas Sand Project. The license shall end one year from the effective date. As consideration for providing the license, the Company received a payment from the third party of USD \$1,200,000.

The following summarizes the cumulative costs capitalized:

	June 30, 2024	December 31, 2023
	\$	\$
Balance, beginning	2,264,554	-
Acquisitions	-	151,270
Geophysical costs	724,106	2,113,284
Recovery on license of geophysical data	(1,641,360)	-
Geological costs	121,446	-
Balance, ending	1,468,746	2,264,554

Effective May 30, 2024, the Company entered into a geophysical data license agreement (the “License Agreement”). Pursuant to the License Agreement, the Company grants a third party the right to use certain geophysical data. The License Agreement also provides the third party with a six-month exclusivity period to negotiate an investment in the Kiskunhalas Tight Gas Sand Project.

The Company has incurred losses since its inception and the ability of the Company to continue as a going concern depends upon its ability to raise adequate financing and to commence profitable operations in the future. During the six months ended June 30, 2024, the Company incurred a net loss of \$921,437. As at June 30, 2024, the Company has an accumulated deficit of \$5,823,807.

While the Company has been successful in obtaining its required financing in the past, mainly through the issuance of equity capital, there is no assurance that such financing will be available or be available on favorable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. These adjustments could be material. As at June 30, 2024, the Company has a positive working capital position of \$2,585,297. Management may require seeking additional sources of financing in the form of equity or debt financing in the future to maintain its operations and its exploration activities for the next fiscal year. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

RESULTS OF OPERATIONS

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Expenses				
Amortization	148	45	148	52
Bank charges and interest	1,320	2,313	4,977	3,969
Consulting fees	96,959	181,219	221,255	363,383
Exploration expenses	11,422	46,476	12,564	52,708
Office and miscellaneous	5,451	38,408	38,015	60,771
Professional fees	43,562	32,941	154,938	86,304
Share based compensation	301,325	41,201	478,905	98,095
	(460,187)	(342,603)	(910,772)	(665,282)

CanCambria Energy Corp.
Management’s Discussion and Analysis of Financial Results
For the three and six months ended June 30, 2024 and 2023

Other Items				
Foreign exchange gain (loss)	4,143	(22,693)	(10,707)	(19,073)
Gain on investments	-	13,807	-	20,593
Loss in disposal of subsidiary	-	(13,678)	-	(13,678)
Interest income	42	17	42	33
	4,185	(22,547)	(10,665)	(12,124)
Net loss and comprehensive loss for the period	(456,002)	(365,150)	(921,437)	(677,406)
Basic and Diluted Loss per Share	(0.01)	(0.01)	(0.00)	(0.01)
Weighted Average Shares Outstanding – Basic and Diluted	98,077,286	69,137,912	97,722,116	66,597,600

For the three months ended June 30, 2024 compared to the three months ended June 30, 2023.

Comprehensive loss for three months ended June 30, 2024, was \$456,002 as compared to \$365,150 for the same period in 2023. The decrease in comprehensive loss of \$90,851 was mainly attributable to the net effect of:

- Decrease of \$84,260 in consulting fees, from \$181,219 in 2023 to \$96,959 in 2024 due to consulting work on the Kiskunhalas Tight Gas Sand Project which was capitalized instead of being recognized in the condensed consolidated interim statement of comprehensive loss.
- Decrease of \$35,054 in exploration expenses, from \$46,476 in 2023 to \$11,422 in 2024 due to the Company sold its Argentina subsidiary and ceased to have exploration plans in Argentina.
- Decrease of \$32,957 in office and miscellaneous expenses, from \$38,408 in 2023 to \$5,451 in 2024 due to majority of the office and miscellaneous expenses were incurred by the Company’s former Argentina subsidiary.
- Increase of \$10,621 in professional fees, from \$32,941 in 2023 to \$43,562 in 2024 due to additional consultants engaged to ensure compliance of public company requirements and additional accounting review fees as the Company is preparing for its non-offering prospectus (“NOP”). The nature of the professional fees primarily relates to the newly hired CFO and audit and review fees.
- Increase of \$260,124 in stock-based compensation, from \$41,201 in 2023 to \$301,325 in 2024 due to increase number of stock options vesting in 2024 compared to the prior period, and RSUs were granted in the current period whereas there was no such event in the comparative period.

Other Items

During the three months ended June 30, 2024, the Company:

- Had no change in gain or loss in investment compared to a gain of \$13,807 in 2023. The decrease in gain is primarily due to the Company ceased to hold any investments since it sold its Argentina subsidiary.

For the six months ended June 30, 2024 compared to the six months ended June 30, 2023.

Comprehensive loss for six months ended June 30, 2024, was \$921,437 as compared to \$677,406 for the same period in 2023. The increase in comprehensive loss of \$244,030 was mainly attributable to the net effect of:

- Decrease of \$142,158 in consulting fees, from \$363,383 in 2023 to \$221,225 in 2024 due to consulting work on the Kiskunhalas Tight Gas Sand Project which was capitalized instead of recognizing in the condensed consolidated interim statement of comprehensive loss.

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- Decrease of \$40,144 in exploration expenses, from \$52,708 in 2023 to \$12,564 in 2024 due the Company sold its Argentina subsidiary and ceased to have exploration plans in Argentina.
- Decrease of \$22,756 in office and miscellaneous expenses, from \$60,771 in 2023 to \$38,015 in 2024 due to majority of the office and miscellaneous expenses were incurred by the Company's former Argentina subsidiary.
- Increase of \$68,634 in professional fees, from \$86,304 in 2023 to \$154,938 in 2024 due to additional consultants engaged to ensure compliance of public company requirements and additional accounting review fees as the Company is preparing for its non-offering prospectus ("NOP"). The nature of the professional fees primarily relates to the newly hired CFO and audit and review fees.
- Increase of \$380,810 in stock-based compensation, from \$98,095 in 2023 to \$478,905 in 2024 due to increase number of stock options vesting in 2024 compared to the prior period, and RSUs were granted in the current period whereas there was no such event in the comparative period.

Other Items

During the six months ended June 30, 2024, the Company:

- Had no change in gain or loss in investment compared to a gain of \$20,593 in 2023. The decrease in gain is primarily due to the Company ceased to hold any investments since it sold its Argentina subsidiary.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2024, the Company reported working capital of \$2,585,297 compared to \$1,503,727 at December 31, 2023. The decrease in working capital is primarily due to operational costs on the Kiskunhalas Tight Gas Sand Project during the six months ended June 30, 2024.

As at June 30, 2024 the Company had \$2,350,657 in cash compared to \$1,326,903 as at December 31, 2023. The increase is primary due to the license provided to a third party in connection to the Kiskunhalas Tight Gas Sand Project.

During the six months ended June 30, 2024, the net cash used by the Company for operating activities was \$418,829 compared to \$605,592 used during the six months ended June 30, 2023.

During the six months ended June 30, 2024, the net cash provided by the Company for investing activities was \$914,759 compared to used \$243,373 during the six months ended June 30, 2023. The increase in usage is primarily due to the increased cash the license provided to a third party in connection to the Kiskunhalas Tight Gas Sand Project.

During the six months ended June 30, 2024, the Company generated \$525,910 for financing activities compared to \$541,087 during the six months ended June 30, 2023. There was no significant change in financing activities in the comparative period.

From time to time the Company works to raise additional capital through private placements and other forms of equity financing. Its ability to fund exploration projects is dependent upon its ability to obtain sufficient funding for operations and is ultimately dependent on the recoverability of the amounts capitalized to exploration properties. The Company has not yet determined whether its oil and gas properties contain any reserves and accordingly, the success of any further exploration or development prospects cannot be assured. Because the Company is not yet a producer, the primary source of future funds is through the sale of additional equity capital and optioning of resource properties. There is no assurance that the Company will be successful in raising sufficient capital to meet its obligations. If it is not successful in raising sufficient capital, it may have to curtail or otherwise limit operations. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company is exposed in varying degrees to a variety of financial instrument-related risks.

During the six months ended June 30, 2024 the Company had the following share transactions:

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- During April 2024, the Company issued a total of 1,000,000 common shares at \$0.25 per share related to a private placement for gross proceeds of \$250,000. The Company recorded \$15,000 as share issuance costs in connection to the private placement.
- During February and March 2024, the Company issued an aggregate total of 1,206,000 common shares at \$0.25 per share related to private placements for gross proceeds of \$301,500. The Company recorded \$10,590 and issued 42,360 agents warrants valued at fair value of \$7,716 as share issuance costs in connection to the private placements.

During the year ended December 31, 2023, the Company had the following share transactions:

- On May 18, 2023 and June 5, 2023, the Company issued a total of 11,520,000 common shares at \$0.05 per share related to private placements for total proceeds of \$576,000. The Company recorded \$34,912 as share issuance cost in connection to the private placements.
- On August 30, 2023, September 19, 2023, and September 27, 2023, the Company issued a total of 12,503,000 common shares at \$0.20 per share related to private placements for total proceeds of \$2,500,600. The Company recorded \$141,817 and issued 709,080 agents warrants valued at fair value of \$104,566 as share issuance costs in connection to the private placements.
- On December 21, 2023, the Company issued a total of 8,134,000 common shares at \$0.25 per share related to private placements for total proceeds of \$2,033,500. The Company recorded \$124,135 and issued 488,040 agents warrants valued at fair value of \$89,163 as share issuance cost in connection to the private placement.

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency.

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable, and accounts payable and accrued liabilities that are denominated in Hungarian Forint.

The Company's reported results will be affected by fluctuations Hungarian Forint to Canadian dollar exchange rate. As at June 30, 2024, a 10% appreciation of the Hungarian Forint relative to Canadian dollar would have increased net assets by approximately \$69,764 (December 31, 2023 - \$47,735). A 10% depreciation of the Canadian dollar relative to the Hungarian Forint would have had equal but opposite effect. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in Canada, while the remainder is deposited in bank accounts held with major banks in Argentina and Hungary. As all of the Company's cash is held by five banks, there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to credit risk is on its other receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

Liquidity risk

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

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. The Company believes it has adequate cash at June 30, 2024 to reduce its risk.

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Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash as these instruments have original maturities of three-month periods or less and are therefore exposed to interest rate fluctuations on renewal. A 1% change in market interest rates would not have a material impact on the Company’s net loss.

Capital management

The Company’s policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of working and share capital. There were no changes in the Company’s approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not currently have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Key management personnel comprise of the directors of the Company, executive and non-executive, and officers of the Company.

The remuneration of the key management personnel during the three months ended June 30, 2024 and 2023 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Consulting fees	102,844	94,237	173,834	189,091
Professional fees	67,500	5,465	135,000	10,500
Project Consulting	30,998	-	91,811	-
Directors’ fees	6,843	-	13,619	-
Stock based compensation - options	34,169	717,085	91,401	761,968
Stock based compensation - RSU	225,006	-	318,966	-
Total	467,361	816,786	824,630	961,559

The list of key management personnels is as follows:

- Anthony Kelly – Director of the Company and APC
- Peter Turner – Director of the Company and APC
- Christopher Cornelius – Director, President and CEO of the Company and APC, and principal of DESC Resource Corp. (“DESC”)
- Margo Peters – Corporate Secretary
- Piet Van Assche – Managing director of the Hungary subsidiary, and principal of ICP Consultants Limited (“ICP”) and Sophomed Kft (“Sophomed”).
- Konstantin Lichtenwald – CFO, and principal of Lichtenwald Professional Services (“LPC”) - effective July 1, 2023 and Director effective February 13, 2024.
- David Elliott – Director, and Director of Haywood Securities (“Haywood”) – effective April 21, 2023 and resigned February 13, 2024.

Consulting fees consist of technical and management fees incurred by the Company from DESC and ICP.

Professional fees consist of corporate secretary services incurred by the Company from Margo Peters and LPC.

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Director fees consist of fees incurred by the Company from Anthony Kelly and Peter Turner.

During six months ended June 30, 2024, the Company granted 3,610,000 RSUs to DESC Holdings Inc, Peter Turner, Anthony Kelly, Piet Van Assche, Margo Peters, and LPC.

Stock based compensation consist of the vesting portion of fair value of stock options granted and RSU granted. During three and six months ended June 30, 2024, the Company recorded \$34,169 and \$91,401 of stock-based compensation expense in connection to the vesting portion of the options granted (2023 - \$717,085 and \$761,968) respectively, and \$225,006 for the three months and \$318,966 for the six months of stock-based compensation in connection to the vesting portion of the RSU granted (2023 - \$Nil).

Included in accounts payable and accrued liabilities are due to related parties of \$36,574 (December 31, 2023 - \$30,238) in connection to management fees. These amounts are unsecured, non-interest bearing, and have no fixed repayment terms.

The Company’s related party transactions primarily consisted of compensation payable to its directors and officers in the form of consulting and professional fees and share-based payments.

On June 30, 2023, the Company sold its Argentina subsidiary CanCambria Exploraciones S.A. to Argentina Potash Corp. (“APC”) and received 7,000,000 shares of APC. The Company declared a dividend on the proceeds of 7,000,000 APC shares, which had a fair value of \$Nil, and distributed the APC shares to its shareholders. This transaction is a related party transaction due to the Company’s mutual directors and officers with APC.

During the six-month period ended June 30, 2023, the Company granted 350,000 options with an exercise price of \$0.10 per share and vesting 25% every six months with an expiry date in five years to directors and officers of the Company. The stock-based compensation recognized for vesting portion of aggregated options granted to related parties was \$163,840 (2023 - \$761,968).

During the six-month period end June 30, 2023, a director and officer of the Company participated in a private placement for an aggregate total of \$7,500 and the Company issued 150,00 common shares to the director and officer of the Company in connection to the private placement.

PROPOSED TRANSACTION

The Company is in the process of listing its shares on TSXV for its NOP.

The financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards. Our material accounting policy information are set out in Note 3 of consolidated financial statements and related notes thereto of the Company for the years ended December 31, 2023 and 2022

FINANCIAL INSTRUMENTS

The Company’s financial instruments as at June 30, 2024 and December 31, 2023 were as follows:

June 30, 2024	Total
	\$
Fair value through profit or loss	
Cash	2,350,657
Amortized cost	
Restricted cash	64,940
Receivable	13,393
Accounts payable and accrued liabilities	(67,044)

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	2,361,946
<hr/>	
December 31, 2023	Total
	\$
Fair value through profit or loss	
Cash	1,326,903
Amortized cost	
Restricted cash	66,854
Receivable	341,811
Accounts payable and accrued liabilities	(276,200)
	<hr/> 1,459,368 <hr/>

Unless otherwise disclosed their carry values approximate their fair values due to the short-term nature of these instruments.

Fair value

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amounts of all its financial assets and financial liabilities recognized at amortized cost in these consolidated financial statements approximate their fair values due to the demand nature or short-term maturity of these instruments. Cash and cash equivalents are classified as Level 1 fair value. There were no transfers between Level 1 and Level 2 during the period ended June 30, 2024.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at June 30, 2024, the Company does not have any Level 3 financial instruments.

SUMMARY OF OUTSTANDING SHARES DATA AS AT THE DATE OF THE REPORT

The Company’s authorized capital consists of an unlimited number of common shares without par value.

	<u>Number of shares</u>	<u>Exercise Price</u>	<u>Weighted Average Remaining Life</u>
Common shares	98,363,000	NA	NA
Stock options	6,000,000	\$0.05-\$0.20	3.31
RSU	4,170,000	NA	0.41
Agents’ warrants	530,400	\$0.25	0.24

CONTROLS AND PROCEDURES

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company’s consolidated financial statements for external purposes in accordance with IFRS. The design of the Company’s internal control over financial reporting was assessed as of the date of this MD&A.

Based on this assessment, it was determined that certain weaknesses may exist in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as

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areas where potential weaknesses existed. The Company intends to address the existence of these potential weaknesses by way of senior management monitoring. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue may also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten the Company's financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial reports.

In particular, the certifying officers filing a Venture Issuer Basic Certificate do not make any representations relating to establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP ("IFRS").

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of CanCambria Energy Corp.'s certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided securities legislation.

SUBSEQUENT EVENTS

Subsequent to June 30, 2024, the Company:

- 709,080 agents' warrant with a price of \$0.20 per warrants expired unexercised; and
- 625,000 warrants with a price of \$0.40 per warrants expired unexercised.

APPENDIX "C"

AUDIT COMMITTEE DISCLOSURE

Pursuant to NI 52-110 the Company is required to and hereby discloses the following information.

Audit Committee Charter

Purpose

The overall purpose of the Audit Committee (the "**Committee**") of CanCambria Energy Corp. (the "**Company**") is to ensure that the Company's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the financial statements and related financial disclosure of the Company, and to review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information. It is the intention of the Company's board of directors (the "**Board**") that through the involvement of the Committee, the external audit will be conducted independently of the Company's Management to ensure that the independent auditors serve the interests of Shareholders rather than the interests of Management of the Company. The Committee will act as a liaison to provide better communication between the Board and the external auditors. The Committee will monitor the independence and performance of the Company's independent auditors.

Composition, Procedures and Organization

- (1) The Committee shall consist of at least three members of the Board of Directors (the "Board").
- (2) At least two (2) members of the Committee shall be independent¹ and the Committee shall endeavour to appoint a majority of independent directors to the Committee, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Committee members' independent judgment. At least one (1) member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Company. For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.
- (3) All of the members of the Committee shall be "financially literate"².
- (4) The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
- (5) Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
- (6) The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.

¹ "Independent" member of an audit committee means a member who has no direct or indirect material relationship with the Company. A "material relationship" means a relationship which could, in the view of the Company's Board of Directors, reasonably interfere with the exercise of a member's independent judgment.

² "Financially literate" individual is an individual who has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

- (7) The Committee shall have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
- (8) Meetings of the Committee shall be conducted as follows:
 - (A) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
 - (B) the external auditors shall receive notice of and have the right to attend all meetings of the Committee;
 - (C) management representatives may be invited to attend all meetings except private sessions with the external auditors; and
 - (D) the proceedings of all meetings will be minuted.
- (9) The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Company as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.
- (10) Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee on ceasing to be a director. The Board may fill vacancies on the Committee by election from among its number. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains in office. Subject to the above, each member of the Committee shall hold office as such until the next Annual General Meeting of the Shareholders after his/her election.
- (11) The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

Roles and Responsibilities

- (1) The overall duties and responsibilities of the Committee shall be as follows:
 - (A) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly consolidated financial statements and related financial disclosure;
 - (B) to establish and maintain a direct line of communication with the Company's internal and external auditors and assess their performance;
 - (C) to ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal financial controls; and
 - (D) to report regularly to the Board on the fulfillment of its duties and responsibilities.
- (2) The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
 - (A) to recommend to the Board a firm of external auditors to be engaged by the Company, and to verify the independence of such external auditors;
 - (B) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;

- (C) review the audit plan of the external auditors prior to the commencement of the audit;
 - (D) to review with the external auditors, upon completion of their audit:
 - (i) contents of their report;
 - (ii) scope and quality of the audit work performed;
 - (iii) adequacy of the Company's financial and auditing personnel;
 - (iv) cooperation received from the Company's personnel during the audit;
 - (v) internal resources used;
 - (vi) significant transactions outside of the normal business of the Company;
 - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
 - (viii) the non-audit services provided by the external auditors;
 - (E) to discuss with the external auditors the quality and not just the acceptability of the Company's accounting principles;
 - (F) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management; and
 - (G) review any significant disagreements between management and the external auditor regarding financial reporting.
- (3) The duties and responsibilities of the Committee as they relate to the Company's internal auditors are to:
- (A) periodically review the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department;
 - (B) review and approve the internal audit plan; and
 - (C) review significant internal audit findings and recommendations, and management's response thereto.
- (4) The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:
- (A) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
 - (B) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and
 - (C) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
- (5) The Committee is also charged with the responsibility to:

- (A) review the Company's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
 - (B) review and approve the financial sections of:
 - (i) the annual report to Shareholders;
 - (ii) the annual information form, if required;
 - (iii) annual and interim MD&A;
 - (iv) Prospectuses;
 - (v) news releases discussing financial results of the Company; and
 - (vi) other public reports of a financial nature requiring approval by the Board,
 and report to the Board with respect thereto;
 - (C) review regulatory filings and decisions as they relate to the Company's consolidated financial statements;
 - (D) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
 - (E) review and report on the integrity of the Company's consolidated financial statements;
 - (F) establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
 - (G) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;
 - (H) review and recommend updates to the charter and receive approval of changes from the Board;
 - (I) review the minutes of any audit committee meeting of subsidiary companies;
 - (J) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
 - (K) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and
 - (L) perform other functions as requested by the full Board.
- (6) The Committee shall have the authority:
- (A) to engage independent counsel and other advisors as it determines necessary to carry out its duties,

- (B) to set and pay the compensation for any advisors employed by the Committee; and
- (C) to communicate directly with the internal and external auditors.

Composition of Audit Committee

The current members of the Audit Committee are Simon Cheng, Anthony Kelly, Peter Turner and Konstantin Lichtenwald. All of the members are financially literate. Simon Cheng, Anthony Kelly and Peter Turner are independent of the Company. "Independent" and "financially literate" have the meaning used in section 1.6 of NI 52-110. Peter Turner is the chair of the Audit Committee.

Relevant Education and Experience

Each member of the Audit Committee has adequate education and experience that is relevant to his performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements or experience actively supervising individuals engaged in such activities; and
- (d) an understanding of internal controls and procedures for financial reporting.

Audit Committee Member	Relevant Education and Experience
Anthony Kelly	Mr. Kelly has over 35 years of experience in investment banking, corporate strategy, capital markets, mergers and acquisitions, and corporate financing experience. He is a member of the investment committee at one of Australia's largest infrastructure funds and holds an MBA from Columbia University Graduate School of Business.
Simon Cheng	Mr. Cheng has over ten years of experience in the resource, technology and finance sector. He specializes in capital finance, business agreement negotiations and corporate development and has previously held positions with professional investment firms providing advisory services to high net worth individuals and institutional investors. He serves as an officer and/or director of several public companies, including as CEO and director of Trench Metals Corp. (TSXV: TMC); as a director of ALDD Ventures Corp. (TSXVC: ALDD.P.CC); as CEO and director of Little Fish Acquisition I Corp. (TSXV: LILL.P), both capital pool companies; as CEO and director of BioCure Technology Inc. (CSE: CURE.X), a biopharmaceutical company; as director of P2P Group

	Ltd. (formerly, Pure to Pure Beauty Inc.) (CSE: PPB), of which he was both CEO and director until August of 2024. He holds an associate's degree in business administration from the University of the People, in California.
Peter Turner (Chair)	Mr. Turner has worked extensively in the petroleum industry for over 40 years. As a former reader in sedimentology at the University of Birmingham, having authored over 150 peer-reviewed publications and books, he is an expert in the industry of the Company. He is a director of several private companies.
Konstantin Lichtenwald	Mr. Lichtenwald is a Canadian CPA and an ACCA in the UK and has over 17 years of corporate finance experience, including in accounting, financial management, compliance, M&A, reverse takeovers, and initial public offerings. He has served as a director of numerous private and publicly-listed companies in Canada and specializes in financial reporting, valuation, and taxation.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor (currently, Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants) not adopted by the Board.

Reliance on Certain Exemptions

Since the effective date of NI 52-110, the Company has not relied on the exemptions contained in sections 2.4, 6.1.1(4), (5) and (6), or Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted. Subject to the requirements of the NI 52-110, the engagement of non-audit services is considered by the Board and, where applicable by the Audit Committee, on a case-by-case basis.

External Auditor Service Fees

The aggregate fees charged to the Company by the external auditor the last two fiscal years is as follows:

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2022
Audit Fees	\$42,000	\$18,750
Audit-Related Fees	\$12,000 ⁽¹⁾	\$8,500 ⁽¹⁾
Tax Fees	\$2,000 ⁽²⁾	\$2,500 ⁽²⁾
All other fees (non-tax)	Nil	Nil
Total Fees:	\$56,000	\$29,750

- (1) Relates to review engagements with respect to the Company's interim financial statements.
- (2) Relates to tax returns filed on behalf of the Company.

Exemption

In respect of the most recently completed financial year, the Company is relying on the exemption set out in section 6.1 of NI 52-110 with respect to compliance with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

APPENDIX "D"**CORPORATE GOVERNANCE DISCLOSURE**

Pursuant to NI 58-101, the Company is required to and hereby discloses its corporate governance practices as follows.

Board of Directors

The board of directors (the "**Board**") of the Company facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board. The Board reviews its procedures on an ongoing basis to ensure it is functioning independently of management. As circumstances require, the Board meets without management present and convenes meetings, as deemed necessary, of the independent directors, at which meetings non-independent directors and members of management are not in attendance. When conflicts arise, interested parties are precluded from voting on matters in which they may have an interest.

Christopher Cornelius is the Chairman, CEO, President and a director of the Company and is therefore not independent. Konstantin Lichtenwald is the CFO of the Company and is therefore not independent. Anthony Kelly, Simon Cheng, and Peter Turner, directors of the Company, are "independent" in that they are all independent and free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with the best interests of the Company, other than the interests and relationships arising from shareholdings.

Directorships

Konstantin Lichtenwald is currently also a director of the following companies:

Name of Reporting issuer	Exchange	Period
Biocure Technology Inc.	CSE	March 1, 2018 to Current
Alabs Corp II	TSXV	December 19, 2019 to Current
Little Fish Acquisition I Corp	TSXV	April 15, 2021 to Current
AMG Acquisition Corp.	TSXV	June 1, 2021 to Current
Blockmate Ventures Inc.	TSXV	April 12, 2022 to Current

Simon Cheng is currently also a director of the following companies:

Name of Reporting issuer	Exchange	Period
Trench Metals Corp.	TSXV	June 1, 2019 to Current
Little Fish Acquisition I Corp.	TSXV	April 1, 2021 to Current
P2P Group Ltd.	CSE	April 1, 2021 to Current
ALDD Ventures Corp.	TSXV	August 1, 2022 to Current
Biocure Technology Inc	CSE	September 1, 2023 to Current

Orientation and Continuing Education

The Board briefs all new directors with the policies of the Board and other relevant corporate and business information.

New members of the Board are provided with: (i) information respecting the functioning of the Board and its committees and a copy of the Company's corporate governance documents; (ii) access to all documents of the Company, including those that are confidential; and (iii) access to management.

Board members are encouraged to: (i) communicate with management and auditors; (ii) keep themselves current with industry trends and developments and changes in legislation with management's assistance; (iii) attend related industry seminars; and (iv) visit the Company's operations.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Corporate Governance

Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction must be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

Governance Practices

The following are the practices adopted by the Board relating to governance:

1. Board Structure
 - (a) Regular board meetings will be held, with agendas circulated in advance.
 - (b) Appropriate committees will be established as necessary.
 - (c) Director independence will be assessed annually.

2. Director Responsibilities
 - (a) Directors will act in the best interests of the company and its shareholders.
 - (b) Regular attendance at meetings is expected.

3. Risk Oversight
 - (a) The Board will oversee risk management processes.
 - (b) Regular risk assessments will be conducted.
4. Shareholder Engagement
 - (a) Encourage shareholder participation at annual meetings.
 - (b) Proxy voting guidelines will be transparent.
5. Disclosure and Reporting
 - (a) Timely financial reporting and disclosure will be maintained.
 - (b) Annual disclosure of corporate governance practices (Form 58-101F1) will be submitted.

Nomination of Directors

The Board is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting the shareholders. The Board recognizes the importance of diversity and will actively seek to broaden our board composition.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives and a willingness to serve.

Compensation

The Board conducts reviews with regard to directors' compensation once a year. To make its recommendation on directors' compensation, the Board takes into account the types of compensation and the amounts paid to directors of comparable publicly traded Canadian companies.

Other Board Committees

The Board has no other committees other than the Audit Committee.

Assessments

On an ongoing basis, the Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees. On an ongoing annual basis, the Board assesses the performance of the Board as a whole, each of the individual directors and each committee of the Board in order to satisfy itself that each is functioning effectively.

APPENDIX "E"

OMNIBUS INCENTIVE PLAN

[Attached as the following pages.]

**CANCAMBRIA ENERGY CORP.
OMNIBUS INCENTIVE PLAN**

CanCambria Energy Corp. (the "**Company**") hereby establishes an omnibus incentive plan for certain qualified directors, executive officers, employees or consultants of the Company or any of its subsidiaries.

**ARTICLE 1
INTERPRETATION**

SECTION 1.1 DEFINITIONS.

Where used herein or in any amendments hereto or in any communication required or permitted to be given hereunder, the following terms shall have the following meanings, respectively, unless the context otherwise requires:

"**Account**" means an account maintained for each Participant on the books of the Company which will be credited with Awards in accordance with the terms of this Plan;

"**Affiliates**" has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus Exemptions*;

"**Annual Base Compensation**" means an annual compensation amount payable to directors and executive officers, as established from time to time by the Board.

"**Award**" means any of an Option, DSU, or RSU granted to a Participant pursuant to the terms of the Plan;

"**Blackout Period**" means a period of time when pursuant to any policies of the Company (including the Company's insider trading policy), any securities of the Company may not be traded by certain Persons designated by the Company;

"**Board**" has the meaning ascribed thereto in Section 2.2(1) hereof;

"**Business Day**" means a day other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in Vancouver, British Columbia for the transaction of banking business;

"**Cash Equivalent**" means the amount of money equal to the Market Value multiplied by the number of vested RSUs or DSUs, as applicable, in the Participant's Account, net of any applicable taxes in accordance with Section 8.2, on the RSU Settlement Date or the Filing Date, as applicable;

"**Cashless Exercise Right**" has the meaning ascribed thereto in Section 3.6(3) hereof;

"**Cause**" has the meaning ascribed thereto in Section 6.2(1) hereof;

"**Change of Control**" means, unless the Board determines otherwise, the happening, in a single transaction or in a series of related transactions, of any of the following events:

- (i) any transaction (other than a transaction described in clause (iii) below) pursuant to which any Person or group of Persons acting jointly or in concert acquires for the first time the direct or indirect beneficial ownership of securities of the Company representing 50% or more of the aggregate voting power of all of the Company's then issued and outstanding securities entitled to vote in the election of directors of the Company, other than any such acquisition that occurs upon the exercise or settlement of options or other securities granted by the Company under any of the Company's equity incentive plans;
- (ii) there is consummated an arrangement, amalgamation, merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such

arrangement, amalgamation, merger, consolidation or similar transaction, the shareholders of the Company immediately prior thereto do not beneficially own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving or resulting entity in such amalgamation, merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving or resulting entity in such arrangement, amalgamation merger, consolidation or similar transaction, in each case in substantially the same proportions as their beneficial ownership of the outstanding voting securities of the Company immediately prior to such transaction;

- (iii) the sale, lease, exchange, license or other disposition, in a single transaction or a series of related transactions, of assets, rights or properties of the Company or any of its Subsidiaries which have an aggregate book value greater than 50% of the book value of the assets, rights and properties of the Company and its Subsidiaries on a consolidated basis to any other person or entity, other than a disposition to a wholly-owned Subsidiary of the Company in the course of a reorganization of the assets of the Company and its wholly-owned Subsidiaries;
- (iv) the passing of a resolution by the Board or shareholders of the Company to substantially liquidate the assets of the Company or wind up the Company's business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Company in circumstances where the business of the Company is continued and the shareholdings remain substantially the same following the re-arrangement);
- (v) individuals who, on the Effective Date, are members of the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Plan, be considered as a member of the Incumbent Board; or
- (vi) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

"**Company**" means CanCambria Energy Corp., a corporation existing under the *Business Corporations Act* of British Columbia, as amended from time to time;

"**Consultant**" means, in relation to the Company, an individual (other than a Director, Officer or Employee of the issuer or of any of its subsidiaries) or company that:

- (a) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or to any of its subsidiaries, other than services provided in relation to a distribution;
- (b) provides the services under a written contract between the Company or any of its subsidiaries and the individual or the company, as the case may be; and
- (c) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or of any of its subsidiaries;

"**Consulting Agreement**" means, with respect to any Participant, any written consulting agreement between the Company or a Subsidiary and such Participant;

"**Dividend Equivalent**" means a cash credit equivalent in value to a dividend paid on a Share credited to a Participant's Account;

"DSU" or **"Deferred Share Unit"** means a right awarded to a Participant to receive a payment in the form of Shares, Cash Equivalent or a combination thereof upon Termination of Service, as provided in Article 5 and subject to the terms and conditions of this Plan;

"DSU Agreement" means a document evidencing the grant of DSUs and the terms and conditions thereof;

"DSU Settlement Amount" means the amount of Shares, Cash Equivalent, or combination thereof, calculated in accordance with Section 5.6, to be paid to settle a DSU Award after the Filing Date;

"Eligibility Date" the effective date on which a Participant becomes eligible to receive long-term disability benefits (provided that, for greater certainty, such effective date shall be confirmed in writing to the Company by the insurance company providing such long-term disability benefits);

"Eligible Participants" means any director, executive officer, employee, Management Company Employees (as defined under the policies of the Exchange), Consultants and Eligible Charitable Organizations (as defined under the policies of the Exchange) of the Company or any of its Subsidiaries, but for the purposes of Article 5, this definition shall be limited to directors and executive officers of the Company or any of its Subsidiaries;

"Employment Agreement" means, with respect to any Participant, any written employment agreement between the Company or a Subsidiary and such Participant;

"Exercise Notice" means a notice in writing signed by a Participant and stating the Participant's intention to exercise a particular Award, if applicable;

"Expiry Date" has the meaning ascribed thereto in Section 3.4 hereof;

"Extension Period" has the meaning ascribed thereto in Section 3.4 hereof;

"Filing Date" has the meaning set out in Section 5.1 or Section 5.3(3), as applicable; **"Full Value Award"** means a DSU or an RSU;

"Grant Date" has the meaning ascribed thereto in Section 3.4 hereof;

"Grant Agreement" means an agreement evidencing the grant to a Participant of an Award, including an Option Agreement, a DSU Agreement, an RSU Agreement, an Employment Agreement or a Consulting Agreement;

"Incentive Stock Option" or **"ISO"** means an Option that is granted to a U.S. Participant, as described in Section 3.8;

"Insider" if used in relation to the Company means:

- (a) a director or an officer of the Company,
- (b) a director or an officer of a company that is itself an Insider or a subsidiary of the Company;
- (c) a Person that has
 - a. Beneficial ownership of, or control or direction over, directly or indirectly, or
 - b. A combination of beneficial ownership of, and control or direction over, directly or indirectly

securities of the Company carrying more than 10% of the voting rights attached to all the Company's outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the Person as underwriter in the course of a distribution; or

(d) the Company if it has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security;

"Market Price" means the last closing price of the Company's Shares before either the issuance of the news release or the filing of the Form 4A – *Price Reservation Form* required to fix the price at which the securities are to be issued or deemed to be issued (the **"Notice of the Transaction"**), except under the circumstances, set out in Section 1.2 of Policy 1.1 of the TSX Venture Exchange;

"Market Value" means at any date when the market value of Shares is to be determined, (i) if the Shares are listed on a Stock Exchange, the volume weighted average trading price of the Shares on such Stock Exchange for the five trading days immediately preceding the relevant time as it relates to an Award; or (ii) if the Shares are not listed on any stock exchange, the value as is determined solely by the Board, acting reasonably and in good faith and such determination shall be conclusive and binding on all Persons;

"Option" means an option granted by the Company to a Participant entitling such Participant to acquire a designated number of Shares from treasury at the Option Price, but subject to the provisions hereof, and includes an ISO;

"Option Agreement" means a document evidencing the grant of Options and the terms and conditions thereof;

"Option Price" has the meaning ascribed thereto in Section 3.2 hereof;

"Option Term" has the meaning ascribed thereto in Section 3.4 hereof;

"Outstanding Issue" means the number of Shares that are issued and outstanding, on a non-diluted basis;

"Participants" means Eligible Participants that are granted Awards under the Plan;

"Performance Criteria" means specified criteria, other than the mere continuation of employment or the mere passage of time, the satisfaction of which is a condition for the grant, exercisability, vesting or full enjoyment of an Award;

"Performance Period" means the period determined by the Board at the time any Award is granted or at any time thereafter during which any Performance Criteria and any other vesting conditions specified by the Board with respect to such Award are to be measured;

"Person" means an individual, corporation, company, cooperative, partnership, trust, unincorporated association, entity with juridical personality or governmental authority or body, and pronouns which refer to a Person shall have a similarly extended meaning;

"Plan" means this CanCambria Energy Corp. Omnibus Incentive Plan, including any amendments or supplements hereto made after the effective date hereof;

"Restriction Period" means the period determined by the Board pursuant to Section 4.3 hereof;

"RSU" means a right awarded to a Participant to receive a payment in the form of Shares, Cash Equivalent or a combination thereof as provided in Article 4 hereof and subject to the terms and conditions of this Plan;

"RSU Agreement" means a document evidencing the grant of RSUs and the terms and conditions thereof;

"RSU Settlement Date" has the meaning determined in Section 4.5(1);

"RSU Vesting Determination Date" has the meaning described thereto in Section 4.4 hereof;

"Shares" means the common shares in the share capital of the Company;

"Share Compensation Arrangement" includes any DSU, RSU, Option, any security purchase from treasury by a Participant which is financially assisted by the Company by any means whatsoever, and any other compensation or incentive mechanism involving the issuance or potential issuance of securities of the Company from treasury to the Participant, including securities issued under Part 6 of Policy 4.4 of the TSX Venture Exchange, and for greater certainty, does not include:

- (a) arrangements which do not involve the issuance from treasury or potential issuance from treasury of securities of the Company;
- (b) arrangements under which Share Compensation Arrangement is settled solely in cash and/or securities purchased on the secondary market; and
- (c) Shares for Services and Shares for Debt arrangements under Policy 4.3 – *Shares for Debt* that have been conditionally accepted by the TSX Venture Exchange prior to November 24, 2021.

"Stock Exchange" means the stock exchange on which the majority of the trading volume and value of the Shares occurs, at the applicable time;

"Subsidiary" means a corporation, company or partnership that is controlled, directly or indirectly, by the Company;

"Tax Act" means the *Income Tax Act* (Canada) and its regulations thereunder, as amended from time to time;

"Termination" means that a Participant has ceased to be an Eligible Participant, including for greater certainty, the earliest date on which both of the following conditions are met: (i) the Participant has ceased to be employed by, or otherwise have a service relationship with, the Company or any Subsidiary thereof for any reason whatsoever; and (ii) the Participant is not a member of the Board nor a director of the Company or any of its Subsidiaries;

"Termination Date" means (i) in the event of a Participant's resignation, the date on which such Participant ceases to be a director, executive officer, employee or Consultant of the Company or one of its Subsidiaries and (ii) in the event of the termination of the Participant's employment, or position as director, executive or officer of the Company or a Subsidiary, or Consultant, the effective date of the termination as specified in the notice of termination provided to the Participant by the Company or the Subsidiary, as the case may be, and, for greater certainty, without regard to any period of notice, pay in lieu of notice, or severance that may follow the Termination Date pursuant to the terms of the Participant's employment or services agreement (if any), the applicable employment standards legislation or the common law (if applicable), and regardless of whether the Termination was lawful or unlawful, except as may otherwise be required to meet minimum standards prescribed by the applicable standards legislation;

"Termination of Service" means that a Participant has ceased to be an Eligible Participant, including for greater certainty, the earliest date on which both of the following conditions are met:

- (i) the Participant has ceased to be employed by the Company or has ceased providing ongoing services as a Consultant to the Company or any Subsidiary thereof for any reason whatsoever; and
- (ii) the Participant is not a member of the Board nor a director of the Company or any of its Subsidiaries;

"Trading Session" means a trading session on a day which the applicable Stock Exchange is open for trading;

"TSXV Share Limits" means: (i) the maximum number of Shares issuable to any one Participant under Awards in a 12-month period shall not exceed 5% of the Outstanding Issue (unless requisite disinterested shareholder approval has been obtained to exceed); (ii) the maximum number of Shares issuable to any one Consultant in a 12-month period shall not exceed 2% of the Outstanding Issue; (iii) Investor Relations Services Providers (within the meaning of the policies of the TSX Venture Exchange) may only be granted Options under an Award and the maximum number of Shares issuable to all Investor Relations Services Providers under any Options awarded shall

not exceed 2% of the Outstanding Issue in any 12-month period, in each case measured as of the date of grant of an Award; and (iv) the maximum number of Shares issuable to any Eligible Charitable Organization (within the meaning of the policies of the TSX Venture Exchange) in a 12-month period shall not exceed 1% of the Outstanding Issue;

"**United States**" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

"**U.S. Participant**" means any Participant who, at any time during the period from the date an Award is granted to the date such award is exercised, redeemed, or otherwise paid to the Participant, is subject to income taxation in the United States on the income received for services provided to the Company or a Subsidiary and who is not otherwise exempt from United States income taxation under the relevant provisions of the U.S. Tax Code or the Canada-U.S. Income Tax Convention, as amended;

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended; and

"**U.S. Tax Code**" means the United States Internal Revenue Code of 1986, as amended; and "Vested Awards" has the meaning described thereto in Section 6.2(5) hereof.

SECTION 1.2 INTERPRETATION.

(1) Whenever the Board is to exercise discretion or authority in the administration of the terms and conditions of this Plan, the term "discretion" or "authority" means the sole and absolute discretion of the Board, acting in accordance with applicable laws or Stock Exchange rules.

(2) The provision of a table of contents, the division of this Plan into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect the interpretation of this Plan.

(3) In this Plan, words importing the singular shall include the plural, and vice versa and words importing any gender include any other gender.

(4) The words "including", "includes" and "include" and any derivatives of such words mean "including (or includes or include) without limitation". As used herein, the expressions "Article", "Section" and other subdivision followed by a number, mean and refer to the specified Article, Section or other subdivision of this Plan, respectively.

(5) Unless otherwise specified in the Participant's Grant Agreement, all references to money amounts are to Canadian currency.

(6) For purposes of this Plan, the legal representatives of a Participant shall only include the administrator, the executor or the liquidator of the Participant's estate or will.

(7) If any action may be taken within, or any right or obligation is to expire at the end of, a period of days under this Plan, then the first day of the period is not counted, but the day of its expiry is counted.

ARTICLE 2 PURPOSE AND ADMINISTRATION OF THE PLAN; GRANTING OF AWARDS

SECTION 2.1 PURPOSE OF THE PLAN.

The purpose of the Plan is to permit the Company to grant Awards to Eligible Participants, subject to certain conditions as hereinafter set forth, for the following purposes:

(a) to increase the interest in the Company's welfare of those Eligible Participants, who share responsibility for the management, growth and protection of the business of the Company or a Subsidiary;

- (b) to provide an incentive to such Eligible Participants to continue their services for the Company or a Subsidiary and to encourage such Eligible Participants whose skills, performance and loyalty to the objectives and interests of the Company or a Subsidiary are necessary or essential to its success, image, reputation or activities;
- (c) to reward Participants for their performance of services while working for the Company or a Subsidiary; and
- (d) to provide a means through which the Company or a Subsidiary may attract and retain able Persons to enter its employment or service.

SECTION 2.2 IMPLEMENTATION AND ADMINISTRATION OF THE PLAN.

(1) The Plan shall be administered and interpreted by the board of directors of the Company (the "**Board**") or, if the Board by resolution so decides, by a committee or plan administrator appointed by the Board. If such committee or plan administrator is appointed for this purpose, all references to the Board herein will be deemed references to such committee or plan administrator. Nothing contained herein shall prevent the Board from adopting other or additional Share Compensation Arrangements or other compensation arrangements, subject to the approval of the TSX Venture Exchange and/or any other required approval.

(2) Subject to Article 7 and any applicable rules of a Stock Exchange, the Board may, from time to time, as it may deem expedient, adopt, amend and rescind rules and regulations or vary the terms of this Plan and/or any Award hereunder for carrying out the provisions and purposes of the Plan and/or to address tax or other requirements of any applicable jurisdiction.

(3) Subject to the provisions of this Plan, the Board is authorized, in its sole discretion, to make such determinations under, and such interpretations of, and take such steps and actions in connection with, the proper administration and operations of the Plan as it may deem necessary or advisable. The Board may delegate to officers or managers of the Company, or committees thereof, the authority, subject to such terms as the Board shall determine, to perform such functions, in whole or in part. Any such delegation by the Board may be revoked at any time at the Board's sole discretion. The interpretation, administration, construction and application of the Plan and any provisions hereof made by the Board, or by any officer, manager, committee or any other Person to which the Board delegated authority to perform such functions, shall be final and binding on the Company, its Subsidiaries and all Eligible Participants.

(4) No member of the Board or any Person acting pursuant to authority delegated by the Board hereunder shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any Award granted hereunder. Members of the Board or and any person acting at the direction or on behalf of the Board, shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination.

(5) The Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issuance of any Shares or any other securities in the capital of the Company. For greater clarity, the Company shall not by virtue of this Plan be in any way restricted from declaring and paying stock dividends, repurchasing Shares or varying or amending its share capital or corporate structure.

SECTION 2.3 PARTICIPATION IN THIS PLAN.

(1) The Company makes no representation or warranty as to the future market value of the Shares or with respect to any income tax matters affecting any Participant resulting from the grant of an Award, the exercise of an Option or transactions in the Shares or otherwise in respect of participation under the Plan. Neither the Company, nor any of its directors, officers, employees, shareholders or agents shall be liable for anything done or omitted to be done by such Person or any other Person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Shares hereunder, or in any other manner related to the Plan. For greater certainty, no amount will be paid to, or in respect of, a Participant under the Plan or pursuant to any other arrangement, and

no additional Awards will be granted to such Participant to compensate for a downward fluctuation in the price of the Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose. The Company and its Subsidiaries do not assume and shall not have responsibility for the income or other tax consequences resulting to any Participant and each Participant is advised to consult with his or her own tax advisors.

(2) Participants (and their legal representatives) shall have no legal or equitable right, claim, or interest in any specific property or asset of the Company or any of its Subsidiaries. No asset of the Company or any of its Subsidiaries shall be held in any way as collateral security for the fulfillment of the obligations of the Company or any of its Subsidiaries under this Plan. Unless otherwise determined by the Board, this Plan shall be unfunded. To the extent any Participant or his or her estate holds any rights by virtue of a grant of Awards under this Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Company.

(3) The Board may also require that any Eligible Participant in the Plan provide certain representations, warranties and certifications to the Company to satisfy the requirements of applicable laws, including, without limitation, exemptions from the registration requirements of the U.S. Securities Act, and applicable U.S. state securities laws.

(4) In connection with an Award to be granted to any Eligible Participant, it shall be the responsibility of such person and the Company to confirm that such person is a bona fide Eligible Participant for the purposes of participation under the Plan.

SECTION 2.4 SHARES SUBJECT TO THE PLAN.

(1) Subject to adjustment pursuant to Article 7 hereof, the securities that may be acquired by Participants under this Plan shall consist of authorized but unissued Shares.

(2) The maximum number of Shares issuable at any time pursuant to outstanding Awards under this Plan shall be equal to the following:

(a) 10% of the Outstanding Issue, as measured as at the date of issuance.

(3) No Award that can be settled in Shares issued from treasury may be granted if such grant would have the effect of causing the total number of Shares subject to such Award to exceed the above- noted total numbers of Shares reserved for issuance pursuant to the settlement of Awards.

(4) The Plan is an "evergreen" plan, as Shares of the Company covered by Awards which have been exercised or settled, as applicable, and Awards which expire or are forfeited, surrendered, cancelled or otherwise terminated or lapse for any reason without having been exercised, will be available for subsequent grant under the Plan and the number of Awards that may be granted under the Omnibus Plan increases if the total number of issued and outstanding Shares of the Company increases. Shares will not be deemed to have been issued pursuant to the Plan with respect to any portion of an Award that is settled in cash.

SECTION 2.5 LIMITS WITH RESPECT TO OTHER SHARE COMPENSATION ARRANGEMENTS, INSIDERS, INDIVIDUAL LIMITS, AND ANNUAL GRANT LIMITS.

(1) The maximum number of Shares issuable pursuant to this Plan and any other Share Compensation Arrangement shall not exceed the limits set out in Section 2.4(2).

(2) The maximum number of Shares issuable to Eligible Participants who are Insiders, at any time, under this Plan and any other Share Compensation Arrangement, shall not exceed ten percent (10%) of the Outstanding Issue from time to time, unless disinterest shareholder approval has been obtained.

(3) The maximum number of Shares issued to Eligible Participants who are Insiders, within any one year period, under this Plan and any other Share Compensation Arrangement, shall not exceed ten percent (10%) of the Outstanding Issue from time to time, unless disinterested shareholder approval has been obtained.

(4) Subject to the policies of the applicable Stock Exchange, any Shares issued or Award granted pursuant to the Plan, or securities issued under any other Share Compensation Arrangement, prior to a Participant becoming an Insider, shall be included for the purposes of the limits set out in Section 2.5(2) and Section 2.5(3).

(5) The TSXV Share Limits shall apply to the Shares issued or issuable under any Award granted under the Plan and any other Share Compensation Arrangement, subject to the Shares being listed for trading on the TSX Venture Exchange.

SECTION 2.6 GRANTING OF AWARDS.

Any Award granted under the Plan shall be subject to the requirement that, if at any time the Company shall determine that the listing, registration or qualification of the Shares subject to such Award, if applicable, upon any stock exchange or under any law or regulation of any jurisdiction, or the consent or approval of any stock exchange or any governmental or regulatory body, is necessary as a condition of, or in connection with, the grant of such Awards or exercise of any Option or the issuance or purchase of Shares thereunder, if applicable, such Award may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Board. Nothing herein shall be deemed to require the Company to apply for or to obtain such listing, registration, qualification, consent or approval.

SECTION 2.7 TSX VENTURE EXCHANGE VESTING RESTRICTIONS

While the Shares are listed for trading on the TSX Venture Exchange:

- (1) no Award (other than Options), may vest before the date that is one year following the date the Award is granted or issued, provided that this requirement may be accelerated for a Participant who dies or who ceases to be an eligible Participant under the provisions hereof in connection with a Change of Control, take-over bid, reverse take-over or other similar transaction; and
- (2) any Options granted to any Investor Relations Service Provider must vest in stages over a period of not less than 12 months, in accordance with the vesting restrictions set out in Section 4.4(c) of Policy 4.4 of the TSX Venture Exchange, and the acceleration of the vesting provisions on any Options granted to any Investor Relations Service Provider is subject to the prior acceptance of the TSX Venture Exchange.

ARTICLE 3 OPTIONS

SECTION 3.1 NATURE OF OPTIONS

Each Option entitles the holder thereof to purchase one Share at the Option Price, subject to the provisions hereof. For the avoidance of doubt, no Dividend Equivalents shall be granted in connection with an Option.

SECTION 3.2 OPTION AWARDS.

Subject to the provisions set forth in this Plan and any shareholder or regulatory approval which may be required, the Board shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive Options under the Plan, (ii) fix the number of Options, if any, to be granted to each Eligible Participant and the date or dates on which such Options shall be granted, (iii) determine the price per Share to be payable upon the exercise of each such Option (the "**Option Price**") and the relevant vesting provisions (including Performance Criteria, if applicable) and the Option Term, the whole subject to the terms and conditions prescribed in this Plan or in any Option Agreement, and any applicable rules of a Stock Exchange.

SECTION 3.3 OPTION PRICE.

The Option Price for Shares will be adjusted from time to time and shall not be less than the Market Price of such Shares at the time of the grant less the applicable discount permitted under the policies of the Stock Exchange.

SECTION 3.4 OPTION TERM.

(1) The exercise period (the “**Option Term**”) of an Option will be the period from and including the Grant Date up to 4:00 p.m. Pacific Time on the expiry date that will be determined by the Board at the time of grant (the “**Expiry Date**”), provided that the Expiry Date of a Stock Option will be no later than the tenth anniversary of the Grant Date of the Option.

(2) In the event that the Expiry Date of an Option falls during a trading blackout period imposed by the Company (the “**Blackout Period**”), the Expiry Date of such Option shall automatically be extended to a date which is ten (10) trading days following the end of such Blackout Period (the “**Extension Period**”), subject to no cease trade order being in place under applicable securities laws; provided that if an additional Blackout Period is subsequently imposed by the Company during the Extension Period, then such Extension Period shall be deemed to commence following the end of such additional Blackout Period to enable the exercise of such Option within ten (10) trading days following the end of the last imposed Blackout Period.

(3) Notwithstanding section 3.4(1), any Options granted to a Charitable Organization shall expire after the earlier of (i) 10 years from the date of grant; and (ii) 90 days after the optionee ceases to be a charitable organization.

SECTION 3.5 EXERCISE OF OPTIONS.

Prior to its expiration or earlier termination in accordance with the Plan, each Option shall be exercisable at such time or times and/or pursuant to the achievement of such Performance Criteria and/or other vesting conditions as the Board at the time of granting the particular Option, may determine in its sole discretion. For greater certainty, any exercise of Options by a Participant shall be made in accordance with any insider trading policies implemented by the Company.

SECTION 3.6 METHOD OF EXERCISE AND PAYMENT OF PURCHASE PRICE.

(1) Subject to the provisions of the Plan, an Option granted under the Plan shall be exercisable (from time to time as provided in Section 3.5 hereof) by the Participant (or by the liquidator, executor or administrator, as the case may be, of the estate of the Participant) by delivering a fully completed Exercise Notice to the Company at its registered office to the attention of the Corporate Secretary of the Company (or the individual that the Corporate Secretary of the Company may from time to time designate) or give notice in such other manner as the Company may from time to time designate, which notice shall specify the number of Shares in respect of which the Option is being exercised and shall be accompanied by full payment, by cash, certified cheque, bank draft or any other cash equivalent and, if required by Section 8.2, the amount necessary to satisfy any taxes.

(2) Upon the exercise, the Company shall, as soon as practicable after such exercise but no later than ten Business Days following such exercise, forthwith cause the transfer agent and registrar of the Shares either to:

- (a) deliver to the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall have then paid for and as are specified in such Exercise Notice; or
- (b) in the case of Shares issued in uncertificated form, cause the issuance of the aggregate number of Shares as the Participant (or the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall have then paid for and as are specified in such Exercise Notice to

be evidenced by a book position on the register of the shareholders of the Company to be maintained by the transfer agent and registrar of the Shares.

(3) Subject to the rules and policies of the Stock Exchange, the Board may, in its discretion and at any time, determine to grant a Participant the alternative, when entitled to exercise an Option, to deal with such Option on a "cashless exercise" basis, on such terms as the Board may determine in its discretion (the "**Cashless Exercise Right**"). Without limitation, the Board may determine in its discretion that such Cashless Exercise Right, if any, grants a Participant the right to terminate such Option in whole or in part by notice in writing to the Company and in lieu of receiving Shares pursuant to the exercise of the Option, receive, without payment of any cash other than pursuant to Section 8.2

- (a) that number of Shares, disregarding fractions, which when multiplied by the Market Value on the day immediately prior to the exercise of the Cashless Exercise Right, have a total value equal to the product of that number of Shares subject to the Option multiplied by the difference between the Market Value on the day immediately prior to the exercise of the Cashless Exercise Right and the Option Price; or
- (b) a cash payment equal to the difference between the Market Value on the day immediately prior to the date of the exercise of the Cashless Exercise Right, and the Option Price, less applicable withholding taxes as determined and calculated by the Company, excluding fractions.

(4) In the event the Company determines to accept the Participant's request pursuant to a Cashless Exercise Right, the Company shall make an election pursuant to subsection 110(1.1) of the Tax Act.

SECTION 3.7 OPTION AGREEMENTS.

Options shall be evidenced by an Option Agreement, in such form not inconsistent with the Plan as the Board may from time to time determine. The Option Agreement may contain any such terms that the Company considers necessary in order that the Option will comply with any provisions respecting options in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be resident or citizen or the rules of any regulatory body having jurisdiction over the Company.

SECTION 3.8 INCENTIVE STOCK OPTIONS.

(1) ISOs are available only for Participants who are employees of the Company, or a "parent corporation" or "subsidiary corporation" (as such terms are defined in Section 424(e) and (f) of the U.S. Tax Code), on the date the Option is granted. In addition, a Participant who holds an ISO must continue as an employee, except that upon termination of employment the Option will continue to be treated as an ISO for up to three months, after which the Option will no longer qualify as an ISO, except as provided in this Section 3.8(1). A Participant's employment will be deemed to continue during period of sick leave, military leave or other bona fide leave of absence, provided the leave of absence does not exceed three months, or the Participant's return to employment is guaranteed by statute or contract. If a termination of employment is due to permanent disability, an Option may continue its ISO status for up to one year, and if the termination is due to death, the ISO status may continue for the balance of the Option's term. Nothing in this Section 3.8(1) will be deemed to extend the original expiry date of an Option.

(2) A Participant who owns, or is deemed to own, pursuant to Section 424(e) of the U.S. Tax Code, Shares possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company may not be granted an Option that is an ISO unless the Option Price is at least one hundred and ten percent (110%) of the Market Value of the Shares, as of the date of the grant, and the Option is not exercisable after the expiration of five (5) years from the date of grant.

(3) To the extent the aggregate Market Value (determined as of the date of grant) of Shares with respect to which ISOs are exercisable for the first time by a Participant during any calendar year (under all plans of the Company and any affiliates) exceeds One Hundred Thousand United States Dollars (US\$100,000), the Options or

portions thereof that exceed such limit (according to the order in which they were granted) shall be treated as Options other than ISOs, notwithstanding any contrary provision in the applicable Option Agreement.

ARTICLE 4 RESTRICTED SHARE UNITS

SECTION 4.1 NATURE OF RSUS.

A "Restricted Share Unit" (or "**RSU**") is an Award in the nature of a bonus for services rendered that, upon settlement, entitles the recipient Participant to acquire Shares as determined by the Board or to receive the Cash Equivalent or a combination thereof, as the case may be, pursuant and subject to such restrictions and conditions as the Board may determine at the time of grant, unless such RSU expires prior to being settled. Vesting conditions may, without limitation, be based on continuing employment (or other service relationship) and/or achievement of Performance Criteria. Unless otherwise determined by the Board in its discretion, the Award of an RSU is considered a bonus for services rendered in the calendar year in which the Award is made.

SECTION 4.2 RSU AWARDS.

(1) The Board shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive RSUs under the Plan, (ii) fix the number of RSUs, if any, to be granted to each Eligible Participant and the date or dates on which such RSUs shall be granted, (iii) determine the relevant conditions and vesting provisions (including the applicable Performance Period and Performance Criteria, if any) and the Restriction Period of such RSUs, (provided, however, that no such Restriction Period shall exceed the 3 years referenced in Section 4.3) and (iv) any other terms and conditions applicable to the granted RSUs, which need not be identical and which, without limitation, may include non-competition provisions, subject to the terms and conditions prescribed in this Plan and in any RSU Agreement.

(2) Subject to the vesting and other conditions and provisions in this Plan and in the RSU Agreement, each vested RSU awarded to a Participant shall entitle the Participant to receive one Share, the Cash Equivalent or a combination thereof upon confirmation by the Board that the vesting conditions (including the Performance Criteria, if any) have been met and no later than the last day of the Restriction Period. For greater certainty, RSUs that are subject to Performance Criteria may not become fully vested by the last day of the Restriction Period.

SECTION 4.3 RESTRICTION PERIOD.

The applicable restriction period in respect of a particular RSU shall be determined by the Board but in all cases shall end no later than the 31st of December of the calendar year which commences three years after the calendar year in which the performance of services for which such RSU is granted, occurred ("**Restriction Period**"). All unvested RSUs shall be cancelled on the RSU Vesting Determination Date (as such term is defined in Section 4.4) and, in any event: (i) all unvested RSUs shall be cancelled no later than the last day of the Restriction Period.

SECTION 4.4 RSU VESTING DETERMINATION DATE.

The vesting determination date means the date on which the Board determines if the Performance Criteria and/or other vesting conditions with respect to an RSU have been met (the "**RSU Vesting Determination Date**"), and as a result, establishes the number of RSUs that become vested, if any. For greater certainty, the RSU Vesting Determination Date must fall after the end of the Performance Period, if any, but no later than; (i) the 15th of December of the calendar year which commences three years after the calendar year in which the performance of services for which such RSU is granted, occurred. Notwithstanding the foregoing, for any U.S. Participant, the RSU Vesting Determination Date shall occur no later than March 15 of the calendar year following the end of the Performance Period.

SECTION 4.5 SETTLEMENT OF RSUS.

(1) Except as otherwise provided in the RSU Agreement, all of the vested RSUs covered by a particular grant shall be settled as soon as practicable and in any event within ten Business Days following their RSU Vesting Determination Date and no later than the end of the Restriction Period (the "**RSU Settlement Date**").

(2) Settlement of RSUs shall take place promptly following the RSU Settlement Date and no later than the end of the Restriction Period, and shall take the form determined by the Board, in its sole discretion. Settlement of RSUs shall be subject to Section 8.2 and shall take place through:

- (a) in the case of settlement of RSUs for their Cash Equivalent, delivery of a cheque to the Participant representing the Cash Equivalent;
- (b) in the case of settlement of RSUs for Shares (which may include Shares purchased in the secondary market by a trustee or administrative agent appointed by the Board):
 - (i) delivery to the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) of a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive (unless the Participant intends to simultaneously dispose of any such Shares); or
 - (ii) in the case of Shares issued in uncertificated form, issuance of the aggregate number of Shares as the Participant (or the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive to be evidenced by a book position on the register of the shareholders of the Company to be maintained by the transfer agent and registrar of the Shares; or
- (c) in the case of settlement of the RSUs for a combination of Shares and the Cash Equivalent,

a combination of (a) and (b) above.

(3) Notwithstanding the foregoing, for any U.S. Participant, the RSU Settlement Date and delivery of Shares or Cash Equivalent, if any, shall each occur no later than March 15 of the calendar year following the end of the Performance Period.

SECTION 4.6 DETERMINATION OF AMOUNTS.

(1) For purposes of determining the Cash Equivalent of RSUs to be made pursuant to Section 4.5, such calculation will be made on the RSU Settlement Date based on the Market Value on the RSU Settlement Date multiplied by the number of vested RSUs in the Participant's Account to settle in cash.

(2) For the purposes of determining the number of Shares to be issued or delivered to a Participant upon settlement of RSUs pursuant to Section 4.5, such calculation will be made on the RSU Settlement Date based on the whole number of Shares equal to the whole number of vested RSUs then recorded in the Participant's Account to settle in Shares.

SECTION 4.7 RSU AGREEMENTS.

RSUs shall be evidenced by an RSU Agreement in such form not inconsistent with the Plan as the Board may from time to time determine. The RSU Agreement may contain any such terms that the Company considers necessary in order that the RSU will comply with any provisions respecting restricted share units in the income tax or other laws

in force in any country or jurisdiction of which the Participant may from time to time be resident or citizen or the rules of any regulatory body having jurisdiction over the Company.

SECTION 4.8 AWARD OF DIVIDEND EQUIVALENTS.

Dividend Equivalents may, as determined by the Board in its sole discretion, be awarded in respect of unvested RSUs in a Participant's Account on the same basis as cash dividends declared and paid on Shares as if the Participant was a shareholder of record of Shares on the relevant record date.

In the event that the Participant's applicable RSUs do not vest, all Dividend Equivalents, if any, associated with such RSUs will be forfeited by the Participant and returned to the Company's account.

Where an RSU is awarded to a Participant in lieu of dividends, then maximum number of Shares that is to be issued to satisfy this obligation shall be included in the grant limits set out in Section 2.5 of this Plan. In the event that the Company does not have sufficient Shares available to satisfy this obligation, the Company may make the payment in cash.

ARTICLE 5 DEFERRED SHARE UNITS

SECTION 5.1 NATURE OF DSUS.

A Deferred Share Unit is an Award attributable to a Participant's duties to the Company or a Subsidiary and that, upon settlement, entitles the recipient Participant to receive such number of Shares (which may include Shares purchased in the secondary market by a trustee or administrative agent appointed by the Board) as determined by the Board, or to receive the Cash Equivalent or a combination thereof, as the case may be, and is payable after Termination of Service of the Participant.

SECTION 5.2 DSU AWARDS.

The Board shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive DSU Awards under the Plan, and (ii) fix the number of DSU Awards to be granted to each Eligible Participant and the date or dates on which such DSU Awards shall be granted, subject to the terms and conditions prescribed in this Plan and in any DSU Agreement. Each DSU awarded shall entitle the Participant to one Share, or the Cash Equivalent, or a combination thereof.

SECTION 5.3 PAYMENT OF ANNUAL BASE COMPENSATION.

(1) Each Participant may elect to receive in DSUs any portion or all of their Annual Base Compensation by completing and delivering a written election to the Company on or before the 15th day of November of the calendar year ending immediately before the calendar year with respect to which the election is made. Such election will be effective with respect to compensation payable for fiscal quarters beginning during the calendar year following the date of such election. Elections hereunder shall be irrevocable with respect to compensation earned during the period to which such election relates.

(2) Further, where an individual becomes a Participant for the first time during a fiscal year and, for individuals that are U.S. Participants, such individual has not previously participated in a plan that is required to be aggregated with this Plan for purposes of Section 409A of the U.S. Tax Code, such individual may elect to defer Annual Base Compensation with respect to fiscal quarters of the Company commencing after the Company receives such individual's written election, which election must be received by the Company no later than thirty days after the later of the Plan's adoption or such individual's appointment as a Participant. For greater certainty, new Participants will not be entitled to receive DSUs for any Annual Base Compensation earned pursuant to an election for the quarter in which they submit their first election to the Company or any previous quarter.

(3) All DSUs granted with respect to Annual Base Compensation will be credited to the Participant's Account when such Annual Base Compensation is payable (the "**Grant Date**").

(4) The Participant's Account will be credited with the number of DSUs calculated to the nearest thousandths of a DSU, determined by dividing the dollar amount of compensation payable in DSUs on the Grant Date by the Market Value of the Shares. Fractional Deferred Share Units will not be issued and any fractional entitlements will be rounded down to the nearest whole number.

SECTION 5.4 ADDITIONAL DEFERRED SHARE UNITS.

In addition to DSUs granted pursuant to Section 5.3, the Board may award such number of DSUs to a Participant as the Board deems advisable to provide the Participant with appropriate equity-based compensation for the services they render to the Company. The Board shall determine the date on which such DSUs may be granted and the date as of which such DSUs shall be credited to a Participant's Account. An award of DSUs pursuant to this Section 5.4 shall be subject to a DSU Agreement evidencing the Award and the terms applicable thereto.

SECTION 5.5 SETTLEMENT OF DSUS.

(1) A Participant may receive their Shares, or Cash Equivalent, or a combination thereof, to which such Participant is entitled upon Termination of Service, by filing a redemption notice on or before the 15th day of December of the first calendar year commencing after the date of the Participant's Termination of Service. Notwithstanding the foregoing, if any Participant does not file such notice on or before that 15th day of December, the Participant will be deemed to have filed the redemption notice on 15th day of December (the date of the filing or deemed filing of the redemption notice, the "**Filing Date**"). In all cases for each U.S. Participant, the U.S. Participant will be deemed to have filed the redemption notice on the date of their Termination of Service.

(2) The Company will make payment of the DSU Settlement Amount as soon as reasonably possible following the Filing Date and in any event no later than the end of the first calendar year commencing after the Participant's Termination of Service. In all cases for each U.S. Participant, the Company will make payment of the DSU Settlement Amount as soon as reasonably possible following the Filing Date and in any event no later than the 1st day of March of the calendar year following Termination of Service.

(3) In the event of the death of a Participant, the Company will, subject to Section 8.2, make payment of the DSU Settlement Amount within two months of the Participant's death to or for the benefit of the legal representative of the deceased Participant. For the purposes of the calculation of the Settlement Amount, the Filing Date shall be the date of the Participant's death.

(4) Subject to the terms of the DSU Award Agreement, including the satisfaction or, at the discretion of the Board, waiver of any vesting conditions, settlement of DSUs shall take place promptly following the Filing Date, and take the form as determined by the Board, in its sole discretion. Settlement of DSUs shall be subject to Section 8.2 and shall take place through:

- (a) in the case of settlement of DSUs for their Cash Equivalent, delivery of a cheque to the Participant representing the Cash Equivalent;
- (b) in the case of settlement of DSUs for Shares:
 - (i) delivery to the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) of a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive (unless the Participant intends to simultaneously dispose of any such Shares); or

- (ii) in the case of Shares issued in uncertificated form, issuance of the aggregate number of Shares as the Participant (or the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive to be evidenced by a book position on the register of the shareholders of the Company to be maintained by the transfer agent and registrar of the Shares; or
- (c) in the case of settlement of the DSUs for a combination of Shares and the Cash Equivalent, a combination of (a) and (b) above.

SECTION 5.6 DETERMINATION OF DSU SETTLEMENT AMOUNT.

(1) For purposes of determining the Cash Equivalent of DSUs to be made pursuant to Section 5.5, such calculation will be made on the Filing Date based on the Market Value on the Filing Date multiplied by the number of vested DSUs in the Participant's Account to settle in cash.

(2) For the purposes of determining the number of Shares to be issued or delivered to a Participant upon settlement of DSUs pursuant to Section 5.5, such calculation will be made on the Filing Date based on the whole number of Shares equal to the whole number of vested DSUs then recorded in the Participant's Account to settle in Shares.

SECTION 5.7 DSU AGREEMENTS.

DSUs shall be evidenced by a DSU Agreement in such form not inconsistent with the Plan as the Board may from time to time determine. The DSU Agreement may contain any such terms that the Company considers necessary in order that the DSU will comply with any provisions respecting deferred share units in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be resident or citizen or the rules of any regulatory body having jurisdiction over the Company.

SECTION 5.8 AWARD OF DIVIDEND EQUIVALENTS.

Dividend Equivalents may, as determined by the Board in its sole discretion, be awarded in respect of DSUs in a Participant's Account on the same basis as cash dividends declared and paid on Shares as if the Participant was a shareholder of record of Shares on the relevant record date.

Where a DSU is awarded to a Participant in lieu of dividends, then maximum number of Shares that is to be issued to satisfy this obligation shall be included in the grant limits set out in Section 2.5 of this Plan. In the event that the Company does not have sufficient Shares available to satisfy this obligation, the Company may make the payment in cash.

**ARTICLE 6
GENERAL CONDITIONS**

SECTION 6.1 GENERAL CONDITIONS APPLICABLE TO AWARDS.

Each Award, as applicable, shall be subject to the following conditions:

(1) **Vesting Period.** Each Award granted hereunder shall vest in accordance with the terms of the Grant Agreement entered into in respect of such Award. The Board has the right to accelerate the date upon which any Award becomes exercisable notwithstanding the vesting schedule set forth for such Award, regardless of any adverse or potentially adverse tax consequence resulting from such acceleration, subject to the prior acceptance of the TSX Venture Exchange in the case of Options held by Investor Relation Service Providers.

(2) **Employment.** Notwithstanding any express or implied term of this Plan to the contrary, the granting of an Award pursuant to the Plan shall in no way be construed as a guarantee by the Company or a Subsidiary to the Participant of employment or another service relationship with the Company or a Subsidiary. The granting of an

Award to a Participant shall not impose upon the Company or a Subsidiary any obligation to retain the Participant in its employ or service in any capacity. Nothing contained in this Plan or in any Award granted under this Plan shall interfere in any way with the rights of the Company or any of its Affiliates in connection with the employment, retention or termination of any such Participant. The loss of existing or potential profit in Shares underlying Awards granted under this Plan shall not constitute an element of damages in the event of termination of a Participant's employment or service in any office or otherwise.

(3) **Grant of Awards.** Eligibility to participate in this Plan does not confer upon any Eligible Participant any right to be granted Awards pursuant to this Plan. Granting Awards to any Eligible Participant does not confer upon any Eligible Participant the right to receive nor preclude such Eligible Participant from receiving any additional Awards at any time. The extent to which any Eligible Participant is entitled to be granted Awards pursuant to this Plan will be determined in the sole discretion of the Board. Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Eligible Participant's relationship or employment with the Company or any Subsidiary.

(4) **Rights as a Shareholder.** Neither the Participant nor such Participant's personal representatives or legatees shall have any rights whatsoever as shareholder in respect of any Shares covered by such Participant's Awards by reason of the grant of such Award until such Award has been duly exercised, as applicable, and settled and Shares have been issued in respect thereof. Subject to Section 4.8 and Section 5.8, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such Shares have been issued.

(5) **Conformity to Plan.** In the event that an Award is granted or a Grant Agreement is executed which does not conform in all particulars with the provisions of the Plan, or purports to grant Awards on terms different from those set out in the Plan, the Award or the grant of such Award shall not be in any way void or invalidated, but the Award so granted will be adjusted to become, in all respects, in conformity with the Plan.

(6) **Non-Transferrable Awards.** Each Award granted under the Plan is personal to the Participant and shall not be assignable or transferable by the Participant, whether voluntarily or by operation of law, except by will or by the laws of succession of the domicile of the deceased Participant. No Award granted hereunder shall be pledged, hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of on pain of nullity.

(7) **Participant's Entitlement.** Except as otherwise provided in this Plan or unless the Board permits otherwise, upon any Subsidiary of the Company ceasing to be a Subsidiary of the Company, Awards previously granted under this Plan that, at the time of such change, are held by a Person who is a director, executive officer, employee or Consultant of such Subsidiary of the Company and not of the Company itself, whether or not then exercisable, shall automatically terminate on the date of such change.

SECTION 6.2 GENERAL CONDITIONS APPLICABLE TO OPTIONS.

Each Option shall be subject to the following conditions:

(1) **Termination for Cause.** Upon a Participant ceasing to be an Eligible Participant for Cause, any vested or unvested Option granted to such Participant shall terminate automatically and become void immediately. For the purposes of the Plan, the determination by the Company that the Participant was discharged for Cause shall be binding on the Participant. "Cause" shall include, among other things, gross misconduct, theft, fraud, breach of confidentiality or breach of the Company's codes of conduct and any other reason determined by the Company to be cause for termination.

(2) **Termination not for Cause.** Upon a Participant ceasing to be an Eligible Participant as a result of his or her employment or service relationship with the Company or a Subsidiary being terminated without Cause, (i) any unvested Option granted to such Participant shall terminate and become void immediately and (ii) any vested Option granted to such Participant may be exercised by such Participant. Unless otherwise determined by the Board, in its sole discretion, such Option shall only be exercisable within the earlier of 90 days after the Termination Date, or the expiry date of the Option set forth in the Grant Agreement, after which the Option will expire.

(3) **Resignation.** Upon a Participant ceasing to be an Eligible Participant as a result of his or her resignation from the Company or a Subsidiary, (i) each unvested Option granted to such Participant shall terminate and become void immediately upon resignation and (ii) unless otherwise determined by the Board, in its sole discretion, each vested Option granted to such Participant will cease to be exercisable on the earlier of the 30 days following the Termination Date and the expiry date of the Option set forth in the Grant Agreement, after which the Option will expire.

(4) **Permanent Disability/Retirement.** Upon a Participant ceasing to be an Eligible Participant by reason of retirement (in accordance with any retirement policy implemented by the Company from time to time) or permanent disability, (i) any unvested Option shall terminate and become void immediately, and (ii) any vested Option will cease to be exercisable on the earlier of the 90 days from the date of retirement or the date on which the Participant ceases his or her employment or service relationship with the Company or any Subsidiary by reason of permanent disability, and the expiry date of the Option set forth in the Grant Agreement, after which the Option will expire.

(5) **Death.** Upon a Participant ceasing to be an Eligible Participant by reason of death, any vested Option granted to such Participant may be exercised by the liquidator, executor or administrator, as the case may be, of the estate of the Participant for that number of Shares only which such Participant was entitled to acquire under the respective Options (the "**Vested Awards**") on the date of such Participant's death. Such Vested Awards shall only be exercisable within 12 months after the Participant's death or prior to the expiration of the original term of the Options whichever occurs earlier.

SECTION 6.3 GENERAL CONDITIONS APPLICABLE TO RSUS AND DSUS.

Each RSU and DSU shall be subject to the following conditions:

(1) **Termination for Cause and Resignation.** Upon a Participant ceasing to be an Eligible Participant for Cause or as a result of his or her resignation from the Company or a Subsidiary, the Participant's participation in the Plan shall be terminated immediately, all RSUs and DSUs credited to such Participant's Account that have not vested shall be forfeited and cancelled, and the Participant's rights to Shares or Cash Equivalent or a combination thereof that relate to such Participant's unvested RSUs or DSUs, as applicable, shall be forfeited and cancelled on the Termination Date. The Participant shall not receive any payment in lieu of cancelled RSUs or DSUs that have not vested.

(2) **Death or Termination.** Upon a Participant ceasing to be an Eligible Participant as a result of (i) death, (ii) retirement, (iii) Termination for reasons other than for Cause, (iv) his or her employment or service relationship with the Company or a Subsidiary being terminated by reason of injury or disability or (v) becoming eligible to receive long-term disability benefits, all unvested RSUs and DSUs in the Participant's Account as of such date relating to a Restriction Period in progress shall be terminated, and the Participant shall not receive any payment in lieu of cancelled RSUs or DSUs, as applicable. In the event of the death of a Participant, the Participant's heirs or administrators are entitled to make a claim within one year from the death of the Participant to the vested portion of the RSUs and DSUs in that Participant's Account.

(3) **General.** For greater certainty, where a Participant's employment or service relationship with the Company or a Subsidiary is terminated pursuant to Section 6.3(1) or Section 6.3(2) hereof following the satisfaction of all vesting conditions in respect of particular RSUs or DSUs, the vested RSUs or DSUs will expire in 12 months from the date that the Participant ceases to be an eligible Participant.

ARTICLE 7 ADJUSTMENTS AND AMENDMENTS

SECTION 7.1 ADJUSTMENT TO SHARES.

In the event of (i) any subdivision of the Shares into a greater number of Shares, (ii) any consolidation of Shares into a lesser number of Shares, (iii) any reclassification, reorganization or other change affecting the Shares, (iv)

any merger, amalgamation or consolidation of the Company with or into another corporation, or any distribution to all holders of Shares or other securities in the capital of the Company, of cash, evidences of indebtedness or other assets of the Company (excluding an ordinary course dividend in cash or Shares, but including for greater certainty shares or equity interests in a Subsidiary or business unit of the Company or one of its Subsidiaries or cash proceeds of the disposition of such a Subsidiary or business unit) or any transaction or change having a similar effect, then the Board shall in its sole discretion, subject to the required approval of any Stock Exchange, determine the appropriate adjustments or substitutions to be made in such circumstances in order to maintain the economic rights of the Participant in respect of such Award in connection with such occurrence or change, including, without limitation:

- (a) adjustments to the exercise price of such Award without any change in the total price applicable to the unexercised portion of the Award;
- (b) adjustments to the number of Shares to which the Participant is entitled upon exercise of such Award; or
- (c) adjustments to the number or kind of Shares reserved for issuance pursuant to the Plan.

SECTION 7.2 CHANGE OF CONTROL.

(1) In the event of a potential Change of Control, the Board shall have the power, in its sole discretion, subject to Section 7.3, to modify the terms of this Plan and/or the Awards to assist the Participants to tender into a take-over bid or to participate in any other transaction leading to a Change of Control.

(2) If the Company completes a transaction constituting a Change of Control and within 12 months following the Change of Control (i) a Participant who was also an officer or employee of, or Consultant to, the Company prior to the Change of Control has their position, employment or Consulting Agreement terminated, or the Participant is constructively dismissed, or (ii) a director ceases to act in such capacity, then all unvested RSUs shall immediately vest and shall be paid out, and all unvested Options shall vest and become exercisable. Any Options that become exercisable pursuant to this Section 7.2(2) shall remain open for exercise until the earlier of their expiry date as set out in the Award Agreement and the date that is 90 days after such termination or dismissal.

(3) Notwithstanding any other provision of this Plan, this Section 7.2 shall not apply with respect to any DSUs held by a Participant where such DSUs are governed under paragraph 6801(d) of the regulations under the Tax Act or any successor to such provision.

(4) Notwithstanding any other provision of this Plan, for all U.S. Participants, "Change of Control" as defined herein shall be as "Change in Control" is defined in 409A of the U.S. Tax Code.

(5) Notwithstanding any other provision of this Plan, no acceleration of the vesting provisions on Options held by Investor Relation Service Providers is allowed without prior TSX Venture Exchange acceptance.

SECTION 7.3 AMENDMENT OR DISCONTINUANCE OF THE PLAN.

(1) The Board may suspend or terminate the Plan at any time. Notwithstanding the foregoing, any suspension or termination of the Plan shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the regulations under the Tax Act or any successor to such provision.

(2) The Board may from time to time, in its absolute discretion and without approval of the shareholders of the Company amend any provision of this Plan or any Award, subject to any regulatory or stock exchange requirement at the time of such amendment, including, without limitation:

- (a) any amendment to fix typographical errors; and

- (b) any amendment to clarify existing provisions of the Plan that does not have the effect of altering the scope, nature and intent of such provisions.
- (3) Any amendments other than the ones set out in section 7.3(2) shall be subject to shareholder approval as a condition to the acceptance of the TSX Venture Exchange, including the following amendments::
- (a) persons eligible to be granted or issued Awards under the Plan;
 - (b) the maximum number or percentage, as the case may be, of Shares that may be issued under the Plan;
 - (c) the limits under the Plan on the amount of Awards that may be granted or issued to any one person or any category of persons (such as, for example, Insiders);
 - (d) the method of determining the exercise price of Options;
 - (e) the maximum term of Awards;
 - (f) the expiry and termination provisions applicable to Awards, including the addition of a blackout period;
 - (g) the addition of a Net Exercise provision; and
 - (h) any method or formula for calculating prices, values or amounts under a Plan that may result in a benefit to a Participant.
- (4) Notwithstanding the foregoing, any amendment of the Plan shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the regulations under the Tax Act or any successor to such provision.

SECTION 7.4 TSX VENTURE EXCHANGE APPROVAL OF ADJUSTMENTS

While the Shares are listed for trading on the TSX Venture Exchange, any adjustment, other than in connection with a subdivision of the Shares into a greater number of Shares pursuant to Section 7.1(a) or a consolidation of Shares into a lesser number of Shares pursuant to Section 7.1(b), to any Award pursuant to the provisions hereof is subject to the prior acceptance of the TSX Venture Exchange, including adjustments related to an amalgamation, merger, arrangement, reorganization, spin-off, dividend or recapitalization.

ARTICLE 8 MISCELLANEOUS

SECTION 8.1 USE OF AN ADMINISTRATIVE AGENT AND TRUSTEE.

The Board may in its sole discretion appoint from time to time one or more entities to act as administrative agent or trustee to administer the Awards granted under the Plan, including for the purposes of making secondary market purchases of Shares for delivery on settlement of an Award, if applicable, and to act as trustee to hold and administer the assets that may be held in respect of Awards granted under the Plan, the whole in accordance with the terms and conditions determined by the Board in its sole discretion. The Company and the administrative agent will maintain records showing the number of Awards granted to each Participant under the Plan.

SECTION 8.2 TAX WITHHOLDING.

(1) Notwithstanding any other provision of this Plan, all distributions, delivery of Shares or payments to a Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) under the Plan shall be made net of such withholdings, including in respect of applicable taxes and source deductions, as the Company determines. If the event giving rise to the withholding obligation involves an issuance

or delivery of Shares, then, the withholding may be satisfied in such manner as the Company determines, including by (a) having the Participant elect to have the appropriate number of such Shares sold by the Company, the Company's transfer agent and registrar or any trustee appointed by the Company pursuant to Section 8.1 hereof, on behalf of and as agent for the Participant as soon as permissible and practicable, with the proceeds of such sale being delivered to the Company, which will in turn remit such amounts to the appropriate governmental authorities, or (b) any other mechanism as may be required or determined by the Company as appropriate.

(2) Notwithstanding Section 8.2(1), the applicable tax withholdings may be waived where a Participant directs in writing that a payment be made directly to the Participant's registered retirement savings plan in circumstances to which subsection 100(3) of the regulations made under the Tax Act apply.

(3) This Section 8.2 will not supersede the requirements under Policy 4.4 of the TSX Venture Exchange nor potentially result in the alteration of the exercise price.

SECTION 8.3 US TAX COMPLIANCE.

(1) DSU Awards granted to U.S. Participants are intended to be comply with, and Option and RSU Awards granted to U.S. Participants are intended to be exempt from, all aspects of Section 409A of the U.S. Tax Code and related regulations ("**Section 409A**"). Notwithstanding any provision to the contrary, all taxes associated with participation in the Plan, including any liability imposed by Section 409A, shall be borne by the U.S. Participant.

(2) For purposes of interpreting and applying the provisions of any DSU or other Award to subject to Section 409A, the term "termination of employment" or similar phrase will be interpreted to mean a "separation from service", as defined under Section 409A, provided, however, that with respect to an Award subject to the Tax Act, if the Tax Act requires a complete termination of the employment relationship to receive the intended tax treatment, then "termination of employment" will be interpreted to only include a complete termination of the employment relationship.

(3) If payment under any DSU or other Award subject to Section 409A is in connection with the U.S. Participant's separation from service, and at the time of the separation from service the Participant is subject to the U.S. Tax Code and is considered a "specified employee" (within the meaning of Section 409A), then any payment that would otherwise be payable during the six-month period following the separation from service will be delayed until after the expiration of the six-month period, to the extent necessary to avoid taxes and penalties under Section 409A, provided that any amounts that would have been paid during the six-month period may be paid in a single lump sum on the first day of the seventh month following the separation from service.

(4) This Section 8.3 will not supersede the requirements under Policy 4.4 of the TSX Venture Exchange nor potentially result in the alteration of the exercise price.

SECTION 8.4 CLAWBACK.

Notwithstanding any other provisions in this Plan, any Award which is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement). Without limiting the generality of the foregoing, the Board may provide in any case that outstanding Awards (whether or not vested or exercisable) and the proceeds from the exercise or disposition of Awards or Shares acquired under Awards will be subject to forfeiture and disgorgement to the Company, with interest and other related earnings, if the Participant to whom the Award was granted violates (i) a non-competition, non-solicitation, confidentiality or other restrictive covenant by which he or she is bound, or (ii) any policy adopted by the Company applicable to the Participant that provides for forfeiture or disgorgement with respect to incentive compensation that includes Awards under the Plan. In addition, the Board may require forfeiture and disgorgement to the Company of outstanding Awards and the proceeds from the exercise or disposition of Awards or Shares acquired under Awards, with interest and other related earnings, to the extent required by law or applicable stock exchange listing standards, including and any related policy adopted by the Company. Each Participant, by

accepting or being deemed to have accepted an Award under the Plan, agrees to cooperate fully with the Board, and to cause any and all permitted transferees of the Participant to cooperate fully with the Board, to effectuate any forfeiture or disgorgement required hereunder. Neither the Board nor the Company nor any other person, other than the Participant and his or her permitted transferees, if any, will be responsible for any adverse tax or other consequences to a Participant or his or her permitted transferees, if any, that may arise in connection with this Section 8.4. This Section 8.4 will not supersede the requirements under Policy 4.4 of the TSX Venture Exchange nor potentially result in the alteration of the exercise price.

SECTION 8.5 SECURITIES LAW COMPLIANCE.

(1) The Plan (including any amendments to it), the terms of the grant of any Award under the Plan, the grant of any Award and exercise of any Option, and the Company's obligation to sell and deliver Shares in respect of any Awards, shall be subject to all applicable federal, provincial, state and foreign laws, rules and regulations, the rules and regulations of applicable Stock Exchanges and to such approvals by any regulatory or governmental agency as may, as determined by the Company, be required. The Company shall not be obliged by any provision of the Plan or the grant of any Award hereunder to issue, sell or deliver Shares in violation of such laws, rules and regulations or any condition of such approvals.

(2) No Awards shall be granted in the United States and no Shares shall be issued in the United States pursuant to any such Awards unless such Shares are registered under the U.S. Securities Act and any applicable state securities laws or an exemption from such registration is available. Any Awards granted in the United States, and any Shares issued pursuant thereto, will be "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act). Any certificate or instrument representing Awards granted in the United States or Shares issued in the United States pursuant to such Awards pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws shall bear substantially the following legend restricting transfer under applicable United States federal and state securities laws:

THE SECURITIES REPRESENTED HEREBY [and for Awards, the following will be added: AND THE SECURITIES ISSUABLE PURSUANT HERETO] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATIONS UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (1) RULE 144 THEREUNDER, IF AVAILABLE, OR (2) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, AND, IN CONNECTION WITH ANY TRANSFERS PURSUANT TO (C)(1) OR (D) ABOVE, THE SELLER HAS FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OF RECOGNIZED STANDING OR OTHER EVIDENCE, IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE COMPANY, TO THAT EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

(3) No Awards shall be granted, and no Shares shall be issued, sold or delivered hereunder, where such grant, issue, sale or delivery would require registration of the Plan or of the Shares under the securities laws of any jurisdiction or the filing of any prospectus for the qualification of same thereunder, and any purported grant of any Award or purported issue or sale of Shares hereunder in violation of this provision shall be void.

(4) The Company shall have no obligation to issue any Shares pursuant to this Plan unless upon official notice of issuance such Shares shall have been duly listed with a Stock Exchange. Shares issued, sold or delivered to Participants under the Plan may be subject to limitations on sale or resale under applicable securities laws. In addition to any applicable resale restrictions under securities laws, a Stock Exchange may subject securities issued

under this plan to an exchange hold period, in which case the hold period will be observed and the securities will be legended accordingly.

(5) If Shares cannot be issued to a Participant upon the exercise of an Option due to legal or regulatory restrictions, the obligation of the Company to issue such Shares shall terminate and any funds paid to the Company in connection with the exercise of such Option will be returned to the applicable Participant as soon as practicable.

SECTION 8.6 REORGANIZATION OF THE COMPANY.

The existence of any Awards shall not affect in any way the right or power of the Company or its shareholders to make or authorize any adjustment, reclassification, recapitalization, reorganization or other change in the Company's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Company or to create or issue any bonds, debentures, shares or other securities of the Company or the rights and conditions attaching thereto or to affect the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

SECTION 8.7 QUOTATION OF SHARES.

So long as the Shares are listed on one or more Stock Exchanges, the Company must apply to such Stock Exchange or Stock Exchanges for the listing or quotation, as applicable, of the Shares underlying the Awards granted under the Plan, however, the Company cannot guarantee that such Shares will be listed or quoted on any Stock Exchange.

SECTION 8.8 NO FRACTIONAL SHARES.

No fractional Shares shall be issued upon the exercise or vesting of any Award granted under the Plan and, accordingly, if a Participant would become entitled to a fractional Share upon the exercise or settlement of such Award, or from an adjustment permitted by the terms of this Plan, such Participant shall only have the right to purchase or receive, as the case may be, the next lowest whole number of Shares, and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

SECTION 8.9 GOVERNING LAWS.

The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

SECTION 8.10 SEVERABILITY.

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

SECTION 8.11 EFFECTIVE DATE OF THE PLAN

The Plan was adopted through ratification by the Board on September 27, 2024, approved by the TSX Venture Exchange on July 19, 2024 and shall take effect on listing of the Company on the TSX Venture Exchange.

APPENDIX "F"

DISCLOSURE OF CONTINGENT RESOURCES DATA

- INCLUDING -

REPORT ENTITLED "EVALUATION OF CONTINGENT RESOURCES – BA-IX
MINING LICENSE, HUNGARY KISKUNHALAS TIGHT-GAS SAND PROJECT"*Disclosure of Contingent Resources Data*

An estimate of risked net present value of future net revenue of contingent resources is preliminary in nature and is provided to assist the reader in reaching an opinion on the merit and likelihood of the Company proceeding with the required investment. It includes contingent resources that are considered too uncertain with respect to the chance of development to be classified as reserves. There is uncertainty that the risked net present value of future net revenue will be realized. For this case the Contingent Resources, project maturity sub-class "Development Unclassified", the net present value was not determined.

Contingent resource estimates have been prepared by a qualified reserves evaluator that is independent of the Company, in accordance with the COGE Handbook. The Company holds 100% working interest in the Ba-IX Mining Licence, to which the Contingent Resources have been assigned. The license area is located in south-central Hungary and comprises approximately 132 km² of flat, agricultural land.

*Contingent Resources Data*SUMMARY OF OIL AND GAS CONTINGENT RESOURCES
AS AT DECEMBER 31, 2023

Resource Category	Company Contingent Resources ⁽¹⁾							
	Light and Medium Oil		Heavy Oil		Natural Gas ⁽³⁾		Natural Gas Liquids (Condensate)	
	Gross MSTB	Net MSTB	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbl	Net Mbbl
2C Contingent Resources "Development Unclassified" After Risk ⁽²⁾	-	-	-	-	762,041	746,800	71,340	69,913

The above gross volume is the estimated risked resources on the Company's lands.

- "Gross Contingent Resources" are the Company's working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the Company. "Net Contingent Resources" are the Company's working interest (operating or non-operating) share after deduction of royalty obligations.
- 2C Contingent Resources - "Best Estimate" is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability (P50) that the quantities actually recovered will equal or exceed the best estimate.
- Includes conventional natural gas.

The Chance of Commerciality has been estimated to be 72 percent consisting of a 100 percent chance of geological success and a 72 percent chance of successful development, as calculated below. There is uncertainty that it will be commercially viable to produce any portion of the resources.

Development Risk Factors

Economic Viability	86%
Market Access	100%

Production & Transportation Infrastructure	95%
Regulatory & Social Licence	95%
Corporate & External Approvals	95%
Reasonable Timetable for Development	98%

Chance of Commerciality 72%

Technical Report

For additional information regarding the Company's property and the contingent resource calculation, please see the Report, entitled "Evaluation Of Contingent Resources – Ba-Ix Mining License, Hungary Kiskunhalas Tight-Gas Sand Project", a copy of which follows.

EVALUATION OF CONTINGENT RESOURCES

BA-IX MINING LICENCE, HUNGARY
KISKUNHALAS TIGHT-GAS SAND PROJECT

Owned by

CANCAMBRIA ENERGY CORP.

December 31, 2023
(January 1, 2024)

Chapman *Hydrogen and Petroleum Engineering Ltd.*

August 20, 2024

CanCambria Energy Corp.
1120 - 625 Howe St.
Vancouver, BC
V6C 2T6

Attention: Dr. Chris Cornelius, PhD

Dear Sir:

**Re: Evaluation of Contingent Resources – CanCambria Energy Corp.
Kiskunhalas Tight-Gas Project, Hungary – December 31, 2023**

In accordance with your authorization, we have prepared a resource evaluation report on the Contingent Resources in the Kiskunhalas Tight-Gas Project located in the BA-IX Mining Licence, Hungary, owned by CanCambria Energy Corp. (the "Company") for an effective date of December 31, 2023 (January 1, 2024).

This evaluation has been conducted in accordance with National Instrument 51-101, Sec. 5.9, of the Canadian Securities Administrators pertaining to disclosure of resources and is compliant with the internationally accepted Petroleum Resources Management System (PRMS) standard and the Canadian Oil and Gas Evaluation Handbook (COGEH). The report has been prepared and/or supervised by a "Qualified Reserves Evaluator" as demonstrated on the accompanying Certificate of Qualification of the author(s).

The INTRODUCTION contains the authorization and purpose of the report and describes the methodology used in the preparation of the report.

The EXECUTIVE SUMMARY contains the results of this Contingent Resources evaluation, before and after risk.

The DISCUSSION contains a description of the property and our analysis and results including a review of the available technical data presented in a report by the Company.

The WORK PROGRAM prepared by the Company is contained in Appendix A showing a budget for the short term of \$1.2 million. It is our opinion that the work plan is well conceived, and we agree with it.

A REPRESENTATION LETTER from the Company confirming that to the best of their knowledge all the information they provided for our use in the preparation of this report was complete and accurate as of the effective date, is enclosed following the Glossary.

All data gathered and calculations created in support of this report are stored permanently in our files and can be made available or presented on request. We reserve the right to make revisions to this report in light of additional information made available or which becomes known subsequent to the preparation of this report. Due to the risks involved in exploring for oil and gas reserves, our assessment of the project cannot be considered a guarantee that any wells drilled will be successful.

Prior to public disclosure of information derived from this report, or our name as author, our written consent must be obtained, as to the information being disclosed and the manner in which it is presented. This report may not be reproduced, distributed or made available for use by any other party without our written consent and may not be reproduced for distribution at any time without the complete context of the report, unless otherwise reviewed and approved by us.

We consent to the submission of this report, in its entirety, to securities regulatory agencies and stock exchanges, by the Company.

It has been a pleasure to prepare this report and the opportunity to have been of service is appreciated.

Yours very truly,

Chapman Hydrogen and Petroleum Engineering Ltd.

[Original Signed By:]
[Signature], [Licenced Professional's Stamp]
[Membership ID Number]
August 20, 2024
C. W. Chapman, P. Eng.,
President

PERMIT TO PRACTICE	
CHAPMAN HYDROGEN AND PETROLEUM ENGINEERING LTD	
RM SIGNATURE:	C.W. Chapman
RM APEGA ID #:	11438
DATE:	August 20, 2024
PERMIT NUMBER: P004201	
The Association of Professional Engineers and Geoscientists of Alberta (APEGA)	

[Original Signed By:]
[Signature], [Licenced Professional's Stamp]
[Membership ID Number]
August 20, 2024
Khaled (Kal) A. Latif, P.Geol.
Vice President - Geoscience

cwc/lml/7044

CERTIFICATE OF QUALIFICATION

I, C. W. CHAPMAN, P. Eng., Professional Engineer of the City of Calgary, Alberta, Canada, officing at Suite 700, 1122 – 4th Street S.W., hereby certify:

1. THAT I am a registered Professional Engineer in the Province of Alberta and a member of the Australasian Institute of Mining and Metallurgy (AIMM) and the Society of Petroleum Evaluation Engineers (SPEE).
2. THAT I graduated from the University of Alberta with a Bachelor of Science degree in Mechanical Engineering in 1971.
3. THAT I have been employed in the petroleum industry since graduation by various companies and have been directly involved in reservoir engineering, petrophysics, operations, and evaluations during that time.
4. THAT I have in excess of 40 years in the conduct of evaluation and engineering studies relating to oil & gas fields in Canada and around the world.
5. THAT I participated directly in the evaluation of these assets and properties and preparation of this report for CanCambria Energy Corp., dated August 20, 2024, and the parameters and conditions employed in this evaluation were examined by me and adopted as representative and appropriate in establishing the value of these oil and gas properties according to the information available to date.
6. THAT I have not, nor do I expect to receive, any direct or indirect interest in the properties or securities of CanCambria Energy Corp., its participants or any affiliate thereof.
7. THAT I have not examined all of the documents pertaining to the ownership and agreements referred to in this report, or the chain of Title for the oil and gas properties discussed.
8. A personal field examination of these properties was considered to be unnecessary because the data available from the Company's records and public sources was satisfactory for our purposes.

[Original Signed By:]
[Signature], [Licensed Professional's Stamp]
[Membership ID Number]
August 20, 2024
C.W. Chapman, P.Eng.
President

<p>PERMIT TO PRACTICE CHAPMAN HYDROGEN AND PETROLEUM ENGINEERING LTD</p> <p>RM SIGNATURE: <u>[Signed By: C.W. Chapman]</u></p> <p>RM APEGA ID #: <u>11438</u></p> <p>DATE: <u>August 20, 2024</u></p> <p>PERMIT NUMBER: P004201 The Association of Professional Engineers and Geoscientists of Alberta (APEGA)</p>
--

CERTIFICATE OF QUALIFICATION

I, KHALED (KAL) A. LATIF, P. Geol., Professional Geologist of the City of Calgary, Alberta, Canada, officing at Suite 700, 1122 – 4th Street S.W., hereby certify:

1. THAT I am a registered Professional Geologist in the Province of Alberta.
2. THAT I graduated from the University of Alexandria with a Bachelor of Science degree in Geology in 1979.
3. THAT I have been employed in the petroleum industry since graduation by various companies and have been directly involved in geology, geophysics, petrophysics, operations, and evaluations during that time.
4. THAT I have in excess of 40 years of experience in the conduct of evaluation and geological studies relating to oil and gas fields in Canada and internationally.
5. THAT I participated directly in the evaluation of these assets and properties and preparation of this report for CanCambria Energy Corp., dated August 20, 2024, and the parameters and conditions employed in this evaluation were examined by me and adopted as representative and appropriate in establishing the value of these oil and gas properties according to the information available to date.
6. THAT I have not, nor do I expect to receive, any direct or indirect interest in the properties or securities of CanCambria Energy Corp., its participants or any affiliate thereof.
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8. A personal field examination of these properties was considered to be unnecessary because the data available from the Company's records and public sources was satisfactory for our purposes.

[Original Signed By:]
[Signature], [Licensed Professional's Stamp]
[Membership ID Number]
August 20, 2024
Khaled (Kal) A. Latif, P.Geol.
Vice President - Geoscience

**EVALUATION OF
CONTINGENT RESOURCES**

**BA-IX MINING LICENCE, HUNGARY
KISKUNHALAS TIGHT-GAS SAND PROJECT**

Owned by

CANCAMBRIA ENERGY CORP.

December 31, 2023
(January 1, 2024)

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INTRODUCTION

1. AUTHORIZATION

This evaluation has been authorized by Dr. Chris Cornelius, on behalf of CanCambria Energy Corp. The engineering analysis has been performed during the months of June through August 2024.

2. PURPOSE OF THE REPORT

The purpose of this report was to independently determine the volumes of Contingent Resources in the Kiskunhalas Tight-Gas Sand Project, Hungary and to determine the range of the magnitude of the Contingent Resources before and after the consideration of risk.

3. USE OF THE REPORT

The report is intended to support a prospectus for an IPO on the TSXV.

4. SCOPE OF THE REPORT

4.1 Methodology

The evaluation of the Contingent Resources on the properties included in this report has been conducted in accordance with the Canadian Oil & Gas Evaluation Handbook (COGEH). COGEH describes a project as “a defined activity, or set of activities, that provides the basis for assessment and classification of resources”.

This evaluation of Contingent Resources is considered to be a development study.

Contingent Resources are “discovered resources” which are usually estimated based on deterministic methods based on data from existing wells on the same or analogous properties.

In preparing the evaluation the same methods and/or criteria are used as for evaluating reserves, except that certain “contingencies” exist which need to be overcome before a reserves classification can be assigned. The assumption is made in the evaluation procedure that the contingencies would be solved and any capital requirements to accomplish this are

appropriately accounted for. The results of the evaluation are then adjusted to account for the probability of the contingencies being resolved.

The Evaluation Standard, Section 6.0 of this Introduction presents the COGEH resource definitions and other related terms used in the evaluation of Contingent Resources.

4.2 **Land Survey System**

The land ownership is defined by the terms of the BA-IX Mining Licence.

4.3 **Economics**

An economic analysis was not required for this report.

4.4 **Barrels of Oil Equivalent**

If at any time in this report reference is made to “Barrels of Oil Equivalent” (BOE), the conversion used is 6 Mscf : 1 STB (6 Mcf : 1 bbl).

BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf : 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent value equivalency at the well head.

4.5 **Environmental Liabilities**

We have been advised by the Company that they are in material compliance with all Environmental Laws and do not have any Environmental Claims pending, as demonstrated in the Representation Letter attached.

5. BASIS OF REPORT

5.1 **Sources of Information**

Sources of the data used in the preparation of this report are as follows:

- i) Ownership and Burdens have been derived from the Company's land records and other information from the Company as required for clarification;
- ii) Geological and seismic information was derived from a report prepared by the Company;

- iii) Raw well log data was provided by the Company;
- iv) Gas analysis was available from a report prepared by the Company.

5.2 **Fiscal Regime**

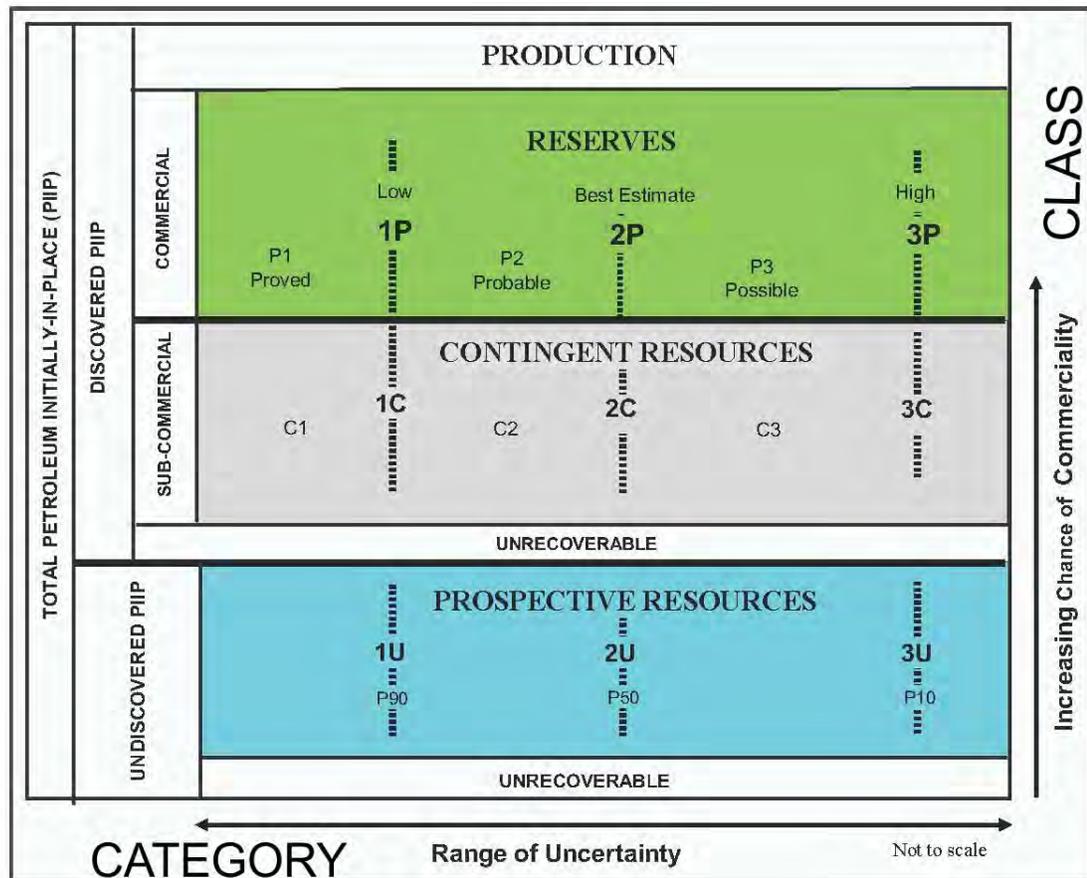
The fiscal regime, i.e. royalties, production sharing terms, etc., has been described in the body of the report discussion.

6. **EVALUATION STANDARD USED**

6.1 **General**

This evaluation and report preparation have been carried out in accordance with standards set out in the “Canadian Oil and Gas Evaluation Handbook”, revised January 2022 (“COGEH”), prepared by the Calgary Chapter of the Society of Petroleum Evaluation Engineers (SPEE).

COGEH uses the SPE-PRMS (2018 Update) resource classification system shown in the below diagram.



By way of explanation, 'CLASS' forms the vertical axis of the PRMS diagram and represents the range of Chance of Commerciality. Likewise, 'CATEGORY' forms the horizontal axis and provides a measure of the uncertainty in estimates of the Resource Class.

Petroleum Initially-In-Place (PIIP) is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations with reference to the above diagram and is potentially producible. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered (equivalent to "total resources").

Discovered PIIP (equivalent to "discovered resources") is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The Discovered PIIP includes production, Reserves, and Contingent Resources; the remainder is unrecoverable.

Undiscovered PIIP (equivalent to "undiscovered resources") is that quantity of petroleum that is estimated, on a given date, to be contained in accumulations yet to be discovered. The recoverable portion of undiscovered petroleum initially in place is referred to as "Prospective Resources", the remainder as "unrecoverable".

Unrecoverable is that portion of Discovered or Undiscovered PIIP quantities which is estimated, as of a given date, not to be recoverable by future development projects. A portion of these quantities may become recoverable in the future as commercial circumstances change or technological developments occur; the remaining portion may never be recovered due to the physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

6.2 **Resource Definitions**

The following definitions have been extracted from COGEH and represent an overview of the resource definitions and evaluation criteria required for compliance with the Canadian Securities National Instrument 51-101. These definitions are considered to be compliant with the PRMS - 2018, in that they use the same primary nomenclature, principles and concepts.

6.2.1 Reserves

The following Reserves definitions and guidelines are designed to assist evaluators in making Reserves estimates on a reasonably consistent basis and assist users of evaluation reports in understanding what such reports contain and, if necessary, in judging whether evaluators have followed generally accepted standards.

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical, and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are further classified according to the level of certainty associated with the estimates and may be subclassified based on development and production status.

The guidelines outline

- general criteria for classifying reserves,
- procedures and methods for estimating reserves,
- confidence levels of individual entity and aggregate reserves estimates,
- verification and testing of Reserves estimates.

The following definitions apply to both estimates of individual Reserves Entities and the aggregate of reserves for multiple entities.

RESERVES CATEGORIES

Reserves are categorized according to the probability that at least a specific volume will be produced. In a broad sense, Reserves categories reflect the following expectations regarding the associated estimates:

<u>Reserves Category</u>	<u>Confidence Characterization</u>
Proved (1P)	Low Estimate, Conservative
Proved + Probable (2P)	Best Estimate
Proved + Probable + Possible (3P)	High Estimate, Optimistic

- a. Proved Reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated Proved Reserves.
- b. Probable Reserves are those additional reserves that are less certain to be recovered than Proved Reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated Proved + Probable Reserves.
- c. Possible Reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated Proved + Probable + Possible Reserves.

DEVELOPMENT AND PRODUCTION STATUS

Each of the reserves categories (proved, probable and possible) may be divided into developed and undeveloped categories.

- a. Developed Reserves are those Reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the Reserves on production. The developed category may be subdivided into producing and non-producing.
 - i. Developed Producing Reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
 - ii. Developed Non-Producing Reserves are those reserves that either have not been on production, or have previously been on production, but are shut-in and the date of resumption of production is unknown.
- b. Undeveloped Reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling and completing a well) is required to render them capable of production. They

must fully meet the requirements of the Reserves classification (Proved, Probable, Possible) to which they are assigned.

In multi-well pools, it may be appropriate to allocate total pool Reserves between the Developed and Undeveloped categories or to sub-divide the Developed Reserves for the pool between Developed Producing and Developed Non-Producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

LEVELS OF CERTAINTY FOR REPORTED RESERVES

The qualitative certainty levels contained in the definitions are applicable to “individual Reserves entities,” which refers to the lowest level at which Reserves calculations are performed, and to “Reported Reserves,” which refers to the highest level sum of individual entity estimates for which Reserves estimates are presented. Reported Reserves should target the following levels of certainty under a specific set of economic conditions:

- At least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated Proved Reserves,
- At least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated Proved + Probable reserves,
- At least a 10 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated Proved + Probable + Possible reserves.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various Reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of Reserves estimates are prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with Reserves estimates and the effect of aggregation is provided in Section 5.7.1.6, The Portfolio Effect, of COGEH.

6.2.2 Contingent Resources

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development (TUD), but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

Contingencies may include economic, environmental, social and political factors, regulatory matters, a lack of markets or prolonged timetable for development. Contingent Resources have a Chance of Development that is less than certain.

Contingent resources are further categorized according to their level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

Project Maturity Sub-Classes are: Development Pending, Development on Hold, Development Unclassified and Development Not Viable, as demonstrated in the chart below (Section 6.3).

Reports on Contingent Resources must specify the level of maturity and usually include 1C, 2C and 3C estimates.

There is no certainty that it will be commercially viable to produce any portion of the Contingent Resources.

6.2.3 Prospective Resources

Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated Chance of Discovery and a Chance of Development. Prospective resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

The project maturity subclasses describe the stage of exploration and broadly correspond to chance of commerciality from in increasing order from “play” to “lead” to “prospect” as demonstrated in the chart below (Section 6.3).

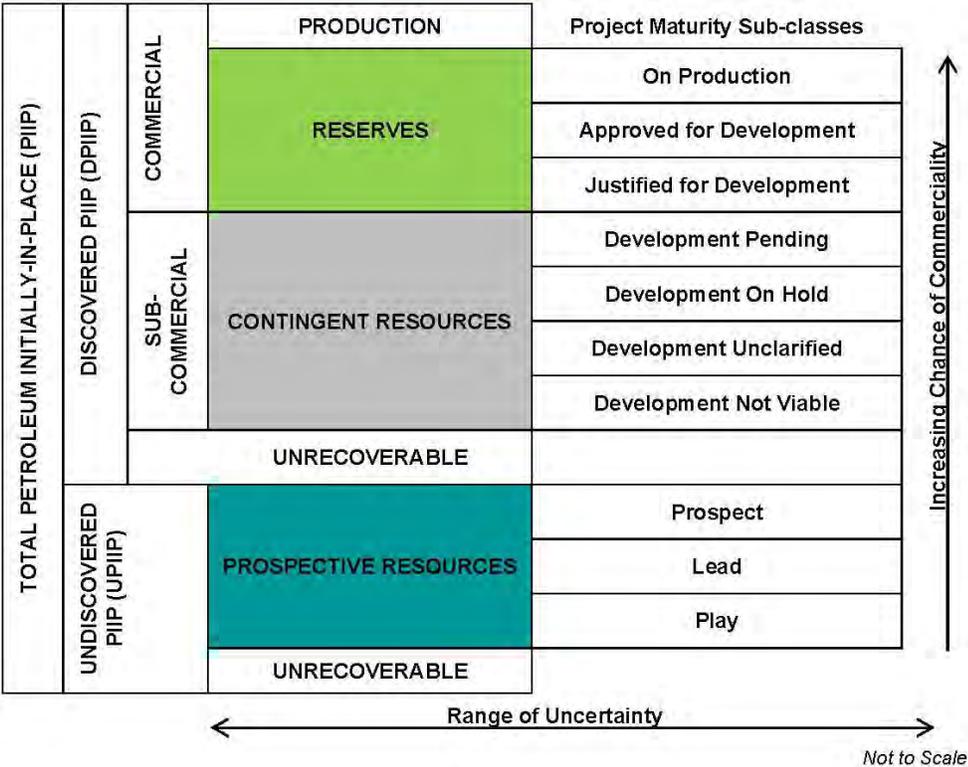
A “play” is a family of geologically similar fields, discoveries, prospects and leads. It would have the lowest chance of commerciality in these project maturity subclasses.

A “lead” is a potential accumulation within a play that requires more data acquisition and/or evaluation in order to be classified as a prospect.

A “prospect” is a potential accumulation within a play that is sufficiently well defined to represent a viable drilling target. A “prospect” would have the highest chance of commerciality.

There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

6.3 Project Maturity Sub-Classes



7. SITE VISIT

A personal field examination of these properties was not considered to be necessary because the data available from the Company's records and public sources were satisfactory for our purposes.



CANCAMBRIA ENERGY CORP.

BA-IX MINING LICENCE

KISKUNHALAS FIELD, HUNGARY

ORIENTATION MAP

JAN. 2024

JOB No. 7044

EXECUTIVE SUMMARY

Summary of Company Contingent Resources December 31, 2023 (January 1, 2024)

CanCambria Energy Corp.

BA-IX Mining Licence, Hungary
Kiskunhalas Tight-Gas Sand Project

Description	Contingent Resources (2C)			
	Conventional Natural Gas		NGL (Condensate)	
	MMscf		Mbbbls	
	Gross	Net	Gross	Net
BEFORE RISK				
Best Estimate (2C)	1,058,390	1,037,222	99,083	97,101
AFTER RISK				
Chance of Commerciality - 72%				
Best Estimate (2C)	762,041	746,800	71,340	69,913

M\$ means thousands of dollars

Gross resources are the total of the Company's working interest share before deduction of royalties owned by others.

Net resources are the total of the Company's working and/or royalty interest share after deducting the amounts attributable to royalties owned by others.

BA-IX MINING LICENCE, HUNGARY
KISKUNHALAS TIGHT-GAS SAND PROJECT
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Contingencies
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Figure 1: Land and Well Map

Table 1: Schedule of Lands, Interests and Royalty Burdens

Figure 2: Geological Maps and Figures

- a) Basin Cross-Section
- b) Stratigraphic Chart
- c) Type Log and Facies Model
- d) E-W Seismic Section
- e) Structure Map Zone B
- f) Well Kiha-DI Zone A, digital log analysis
- g) Well Kiha-DI Zone B, digital log analysis
- h) Well Kiha-DI Zone C, digital log analysis
- i) Well Kiha-DI Zone D, digital log analysis

Table 2: Summary of Contingent Resources

Summary of Gross Contingent Resources and Reservoir Parameters

- a) Kiha-DI Zone A
- b) Kiha-DI Zone B
- c) Kiha-DI Zone C
- d) Kiha-DI Zone D
- e) Reservoir Fluid Data

Table 3: Risk Analysis

Appendix A: Work Plan

BA-IX MINING LICENCE, HUNGARY
KISKUNHALAS TIGHT-GAS SAND PROJECT
DISCUSSION

Property Description

CanCambria Energy, Corp. (the “Company”) holds 100% working interest (WI) in the BA-IX Mining Licence (the “Property”), acquired in 2023. The license area is located in south-central Hungary (Figure 1) and comprises approximately 132 km² of flat, agricultural land.

Depth rights range from 1,150m to 6,000m TVD, with a net revenue interest (NRI) of 98% for unconventional production. The license area covers the prospective part of the Kiskunhalas Trough (a.k.a. Kiskunhalas Field), a high-temperature high-pressure (HTHP) Miocene Basin that contains three deep legacy exploration wells. Collectively, these wells and associated data and testing confirm a gas/natural gas liquids discovery. Legacy three-dimensional (3D) seismic data further constrain the size of the gas/natural gas liquids pool, at more than 7,500 acres. All play elements of the petroleum system have been proven. A comprehensive appraisal program wholly funded by CanCambria Energy Corp. is underway to commercialize the field.

The asset is designated as unconventional, due to the tight (low permeability) nature of the Miocene reservoir. In accordance with the COGE Handbook, the tight sand gas and natural gas liquids present in the Property are classified as Contingent Resources with the project maturity sub-class Development Unclassified. As tight sand gas does not match one of the defined product types, the closest product type chosen is conventional natural gas.

Production will be subject to a 2 percent government royalty.

A description of the ownership is presented on Table 1 and a map of the property is presented on Figure 1.

Exploration History

The BA-IX Mining Licence (the “Property”), a contiguous triangular block resides within a proven petroleum basin that includes many shallow oil and gas wells and dry holes (Figure 1). There is significant production from numerous E&P ventures over several decades. Within the Kiskunhalas

Trough, two deep (>4,000m) exploration wells were drilled in the late 1980s, by a consortium including MOL, World Bank and US Geological Survey.

The first well, Kiha-I was drilled in 1986 using 2D seismic data only, it was positioned roughly in the “basin center”. The well recorded over-pressured gas sands from 2,200m to 4,300m consistent with an early Miocene age. The well logged and cored this gas column but did not encounter any significant high-quality reservoir.

A second well, Kiha-DI was drilled one year later and leveraged a (1980s vintage) 3D seismic survey; this well was located up-dip and within a very crude amplitude anomaly taken as a proxy for a gas “bright-spot”. The well again recorded a significant over-pressured Miocene gas column; however, the Kiha-DI logged several high-quality reservoir sandstone intervals. DST rates of up to 0.3 MMcf/d natural flow (per zone) were recovered. The well was not completed as a producer and was subsequently abandoned.

More recently, an appraisal well, Ba-E1 was drilled by E&P company RAG Austria AG in 2008 and completed as a producer in the Miocene, located 500m offset to the Kiha DI. This third well represents the last activity in the field, the Ba-E1 well flowed gas/natural gas liquids (post stimulation) to sales for several months during 2011, before being abandoned due to a combination of low rates and low commodity prices. Well data indicate that reservoir pressure in the target zone exceeds a 0.85psi/ft gradient with a bottom hole temperature in excess of 175°C.

Geology

Overview

The Kiskunhalas trough is a deep, narrow sedimentary basin genetically related to other coeval hydrocarbon bearing basins in the region, including the Mako and Berkes Basins. Collectively, these basins form part of the greater Pannonian system, a large back-arc basin that encompasses Hungary and several adjacent counties.

Rapid burial of the early Miocene section (including source rocks) into the gas-window generated significant volumes of hydrocarbons. The target section in the Kiskunhalas Trough is however at significantly shallower depth present-day, than the offset basins due to Alpine-age basin inversion and uplift. Overpressure is directly related to gas generation and charge (within a closed system), while high heat flow is attributed to crustal thinning within the back-arc basin setting. The thick post-rift section is well developed and provides a good regional top-seal.

Structure (Trap)

The Kiskunhalas Trough is an elongated strongly asymmetrical strike-slip (pull-apart) basin, approximately 7 km wide and 20 km long, trending NE to the SW over from the BA-IX Mining License. The trough is defined by a series of high-angle (poorly resolved) NE/SW trending faults along the northern margin (down-thrown to the south) and a more subtle, sub-parallel fault trends defining the western and southern margins of the trough. Apparent dextral motion promoted a pull-apart (rift-style) basin along the master fault strand. The sedimentary fill appears coeval with the main fault growth (syn-rift) and propagation, with the greatest sediment accumulation is in the south-central portion of basin. A series of erosional unconformities and facies pinch-outs define the eastern basin area. Several intra-basin normal faults are also suggested from legacy 3D seismic data. However, limited insights can be gained from this seismic data, including the deep structure, due to low fold and short offsets; the new proprietary 3D will provide internal characterization of the basin and assist future appraisal. In general, strata dip at low angles towards the southwest. Present day stress data from image logs and sonic scanner data confirm a tensional regime with a N/S principle horizontal stress, with minimal stress anisotropy.

The architecture of the basin and the inter-bedded nature of the source and reservoir units are illustrated in the basin cross-section, Figure 2a. With the onset of basin inversion, the syn-rift Miocene section experienced E-W directed shortening that resulted in large fault reactivation and broad folding that created the main trapping geometries discussed further in the following seismic discussion.

The syn-rift package is capped by a thick post-rift section, including well-developed shale that serves as a regional top seal. The post-rift is also deformed to a lesser extent by localized compaction and subsidence expressed as small offset faults that produced several small structural traps in the overburden.

Stratigraphy (Reservoir)

The regional stratigraphic framework of the region is shown in Figure 2b and is dominated by Neogene Period strata (23–5 million years ago). The tight-gas sandstone target interval is dated using biostratigraphy to the early Miocene Series. The top of the tight-gas reservoir interval (~2,100m TVD) corresponds broadly to the onset of sustained gas shows and overpressure. This interval is informally named the Lower Kiskunhalas Formation and attains a gross thickness of 1,000m. This interval is dominated by syn-rift basin-fill, with well-sorted sandstone, shale and conglomerate facies deposited in a dynamic (faulted) basin margin to deep lacustrine setting. A high degree of lateral facies variability is observed from the available well data.

The syn-rift succession records the rapidly subsiding basin and is characterized by highly discontinuous strata. Provenance is interpreted to be sourced from the adjacent margins of the basin, with numerous point-sources for sediments fed locally by rivers and deltas. A proximal to distal transition into the basin may be expected with fan-deltas, local gravity driven fault scarp (debrites) facies grading into basin floor fans (lobes and channels) and low-density turbidities. A background lacustrine hemipelagic system dominated. Figure 2c integrates the core data with the fault-related sedimentation patterns. It is interpreted that sediment distribution patterns were also related in part to proximity to faults and relay ramps, which controlled the rate of accommodation. Reservoir quality geo-bodies include bars, lobes, sheets, and channel fills that attain a maximum thickness up to 15m. The distal facies, off-axis, are generally thinly bedded to laminated with low porosity

Petroleum System

The greater Pannonian Basin is designated a global “super-basin” and has cumulative hydrocarbon production over 13 billion BOE. Collectively, the legacy data within the Kiskunhalas Trough prove-up all elements of the petroleum system, including a (I) mature source, (II) quality reservoir, (III) combination traps, (IV) timing, and (V) overburden/timing. The tight gas play is designated as a discovery so there is minimal geologic risk. No down-dip free water was encountered and the lowest known gas is defined by the Kiha-I well (discussed in section 4). Gas charge is by capillary displacement of water from local migration of self-sourced interbeds. Source rock analysis and characterization includes TOC and rock-eval-pyrolysis from core and cutting from field wells and confirm a commercial source. Vitrinite reflectance results up to 1.3 Ro constrain the wet-gas window, within the HC “kitchen”.

Seismic Interpretation

There are numerous old 2D seismic lines covering the general area of the BA-IX Mining License area; following the field discovery by the Kiha-I well, the “Kiskunhalas 3D” seismic survey was acquired in 1986. The seismic survey was acquired by CGG using a dynamite source and covers a large area over 150km². CanCambria purchased a license to this survey and has interpreted the pre-stack time migration (PSTM); data quality is moderate with poor reflectivity in the deeper portions of the basin. Basic interpretations of the main structural and stratigraphic elements were made using this 12-fold data.

Well ties were undertaken by CanCambria using the sonic, density and VSP data from the legacy wells. The synthetic seismograms demonstrate strong seismic response due to highly variable acoustic impedance in the target zone. The rocks in general are hard and fast, but the velocities do

“slow” in a relative sense within the target zone due to over-pressure. Well ties and reflectivity while robust and sufficient to allow basic interpretation the reservoir and trap, but relatively poor reflectivity makes detailed mapping problematic. The Badenian unconformity defines the transition from syn-rift to post-rift. Figure 2d comprises a typical seismic section across the basin in an E-W arbitrary line. A prominent series of reflectors are mapped within the Kiskunhalas Formation target zone, including top gas (aka Zone A) and a very prominent regional trough amplitude (Zone B) that is taken to represent a proxy for the overall trap geometry. The basement is very poorly imaged.

The “top gas” horizon (aka Zone A) and Zone B reflectors are used to define the upper limit of the structural trap that is mapped as shown on Figure 2e. A broad monoclinial dip with local antiformal roll defines the trap. Structural closure may exceed 1,200m, including numerous smaller scale stratigraphic pinch-outs in the NE up-dip direction. The margins of the basin are delineated by high-angle strike slip fault strands while the up-dip margin is defined by a series of large erosional unconformities and facies pinch-out. The prospective area is defined structurally as the area up-dip from the Kiha-I well (this well is considered transitional to “wet”). An approximate 7,500-acre area is designated as prospective and is used as the input for resource evaluation. It should be noted that the stacked pay section may have multiple local and dynamic fluid contacts.

Petrophysics

An independent petrophysical analysis has been prepared on Kiha-DI using HDS software, based on the LAS file derived from the ANK Geosciences previous analysis performed for the Company. Four zones were interpreted: Zone A, B, C, and D.

Only one resistivity curve, Rdeep, was available for the petrophysics along with three porosity curves. A sandstone neutron porosity curve called NPHISS and a bulk density curve named EDIT_RHOB were used as Neutron-Density cross-plot inputs. The EDIT_DTC curve was used as the sonic travel time curve. The original logging curves were not available, so the “EDITed” curves were used in HDS.

The HDS Modified Simandoux equation was used with shale corrections from the IGR curve which was rescaled to API GR units. Downhole R_w values at formation temperature were 0.04, 0.03, 0.1, and 0.09 ohmm for Zones A, B, C, and D. The only Net Pay cutoff used in the HDS interpretation was a water saturation value of 50% throughout.

The HDS log analysis for the four zones is presented in Figures 2f through 2i for Zone A through Zone D, respectively.

Reservoir parameters from our independent analysis have been used for the Contingent Resource volumetric analysis, discussed later.

Production and Test Data

Production data for the Kiskunhalas tight-gas sand play is somewhat limited, below are the results from two key field wells. There is currently no production from any wells in the field.

Kiha-DI

Several drill stem tests (DSTs) were completed in the Kiha-DI in 1989; these temporary tests isolated individual zones within the wellbore to assess natural (unstimulated) reservoir rate flow/deliverability (including pressure drawdown). Six test intervals have been identified by zone below. Results range from hydrocarbon shows to significant flow rates and appear consistent with log analysis results, with Zone C having the best productivity with a combined natural flow rate of 0.55 MMcf/D from two zones containing 10m of net pay. DST intervals corresponded to:

Zone			
A	Test 5/6	2674-2681m	Oil and gas shows
A	Test 5a/6	2674-2681m	HC shows after acidizing
B	Test 4/4	2999-3007m	HC shows plus oil
C	Test 3/4	3148-3152m	0.30 MMcf/D gas +cond. on 2mm choke (thin sand)
C	Test 2/2	3377-3384m	0.50 MMcf/D gas, died 5hours, mechanical blockage
D	Test 1/1	3650-4107m	Gas with mud in 10hours

Ba-E1:

The Ba-E1 well was fracture-stimulated in two phases, initially during 2009 and then later in 2011. The initial completion comprised 2-stages in Zone C (one of which screened out). Both stages were limited entry targeting “clean gamma-ray” with gas shows (from mud log). Petrophysical analysis for these two zones have no areas that meet the net pay criteria. Flow-back gas rates peaked at 1.1 MMcf/d over a short 10-hour period.

The later completion in 2011 re-fractured the two former stages (described above) and added 2 up-hole stages (both Zone B). A total of 3m of net pay was completed. This most recent completion resulted in production to sales from a 3-stage completion; PLT logging confirms contribution from all stages (Zones B and C). Favorable response to hydraulic stimulation demonstrates good geo-mechanical properties. Production data are not reflective of likely commercial rates or volumes anticipated, with a large-scale completion targeting optimal pay.

Combined flowback peaked at 3.1 MMcf/D on a 10/64 choke, with 3,800psi WHP ~400 bbl/d natural gas liquids. API gravity of the natural gas liquids was 47 to 49°. The well was placed on long-term production testing in mid. 2011 (~18 months) and produced a cumulative <0.1 Bcf gas.

Contingent Resources

Gross Contingent Resources (2C) of 1,058,390 MMscf of marketable natural gas and 99 MMBbls of NGLs (Condensate) have been estimated for this discovered accumulation from all four sands, which covers an estimated 7500 acres. These Contingent Resources have been determined based on reservoir parameters from digital log analysis, gas analysis and reported temperature and pressures from the reservoirs.

The PIIP (conventional natural gas) value was determined to be 1,608,497 MMscf. In view of the highly over-pressured reservoirs, in conjunction with the low permeability sands we have made a best estimate of reservoir loss of 30%, which might be considered conservative. This would mean that the average reservoir pressure at abandonment conditions would be about 2200 psi. Additionally, a 6% surface loss is expected due to the CO₂ content. Based on a production report on well Ba-E1, over the period from July 2011 to December 2011, the associated condensate production reported amounted to approximately 88 Bbls/MMscf of raw gas.

A Project Maturity Sub-class of “Development Unclassified” has been assigned.

A summary of the Contingent Resources for each zone is presented in Table 2 and the Resources and Reservoir Parameters are presented for each zone in Tables 2a through 2d. The gas composition and analysis are presented in Table 2e.

Contingencies

The primary contingencies which prevent the classification of the resources at the Property as reserves are:

- the economic status is undetermined
- the evaluation is incomplete and planned 3D seismic is necessary in addition to the data resulting from drilling and production testing.

As the Project is in the early evaluation stage, more specific contingencies have not yet been clearly defined.

Positive Factors

The major positive factor considered in determining estimates for the Contingent Resources is that a petroleum system has been confirmed in the Property, which includes organic rich, thermally mature source rock, stacked, low-permeability reservoir rock, effective top/lateral seals, trapping geometries/relations, favorable migration and preservation, and optimal timing of the above, all of which resulted in a large conventional natural gas/natural gas liquids accumulation.

Negative Factors

The negative factors relevant to the estimates of Contingent Resources attributed to the Property are the discontinuity and heterogeneity of the target reservoir, uncertainty in seismically imaging structures (e.g. faults), and uncertainty in porosity and permeability estimates, and uncertainty in the fracability of the reservoir, all related to production rate uncertainty. Development will be strongly tied to the operator's ability to acquire high-resolution seismic data in order to high-grade and select well locations that maximize reservoir contact and minimize the impact of geohazards such as faults.

Risk Analysis

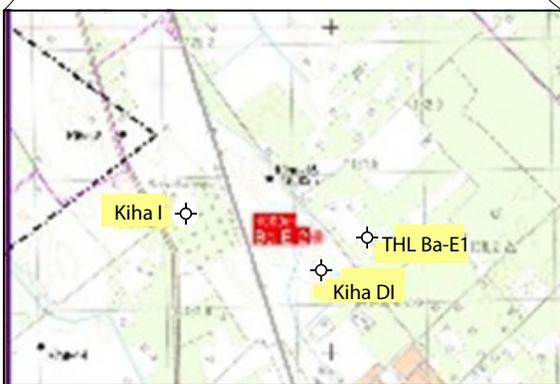
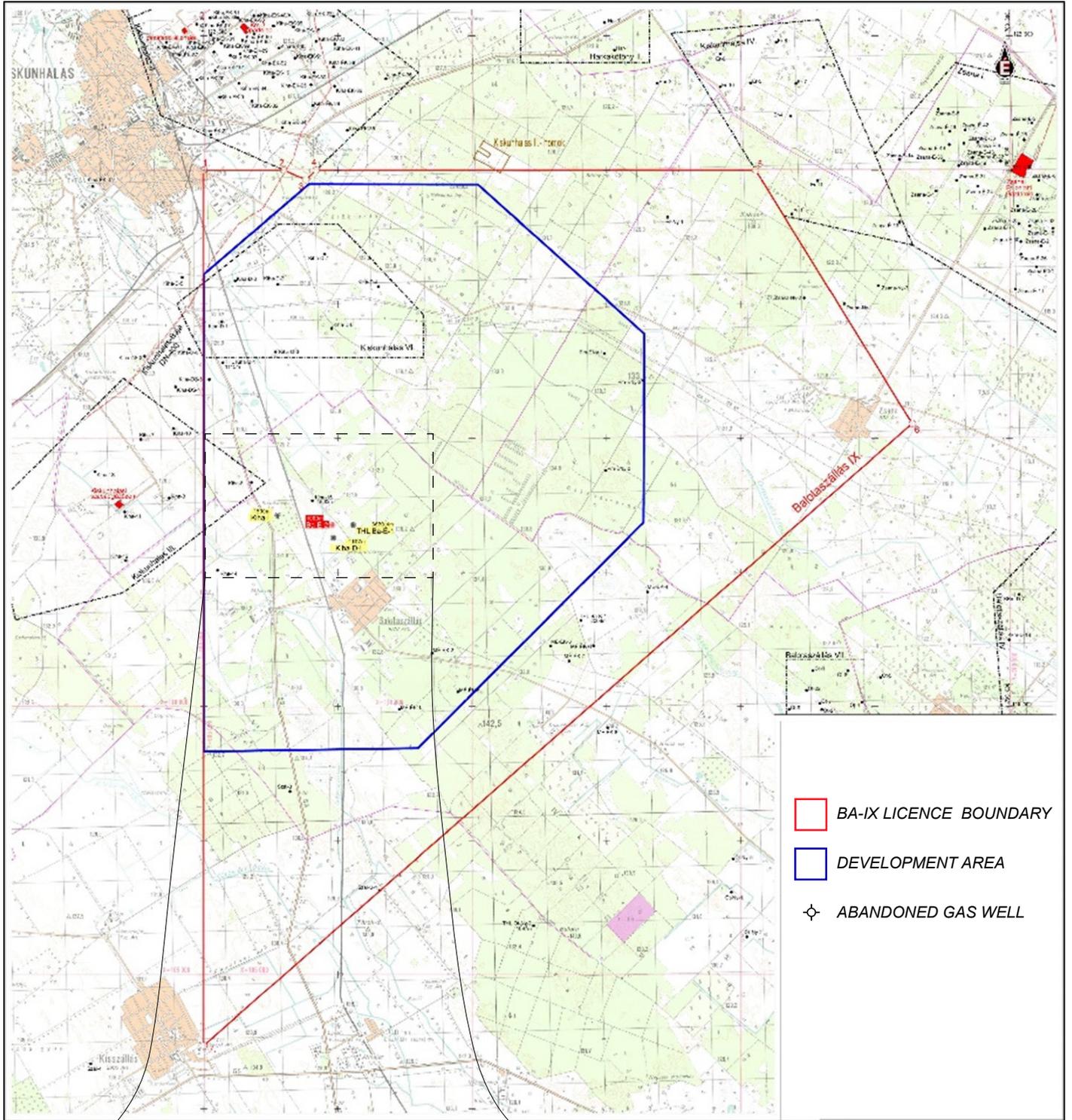
For Contingent Resources, the risk component relating to the likelihood that an accumulation will be commercially developed is based on the "chance of development."

The following six factors were assessed for the Property in determining the chance of development:

- **Economic Viability Factor:** The most significant factor affecting the chance of development. The economic status of the project is undetermined and dependent on the results of the evaluation stage and most critically the price of gas and oil. The European market has seen rapid prices escalation due to recent political and environmental concerns. While the demand remains high, the volatility of gas and oil prices is a significant risk. Assigned a factor of 0.86.
- **Market Access Factor:** The Company does not anticipate any risk associated with market access. Assigned a factor of 1.
- **Production and Transportation Infrastructure:** Oil and gas related services are readily available in the region and infrastructure is favorable; however, as the project is still in the evaluation phase, a small risk is assigned to this factor. Assigned a factor of 0.95.
- **Regulatory and Social License:** As the government is supportive of exploration and production activities, no licensing issues are anticipated; however, as the project is still in the evaluation phase a small risk is assigned to this factor. Assigned a factor of 0.95.

- Corporate and External Approvals: No approval issues are anticipated; however, as the project is still in the evaluation phase a small risk is assigned to this factor. Assigned a factor of 0.95.
- Reasonable Timetable for Development: No timeline issues are anticipated; however, as the project is still in the evaluation phase a small risk is assigned to this factor. Assigned a factor of 0.98.

We have estimated that overall, there is a probability of Commerciality of these Contingent Resources of 72% as demonstrated above and presented in Table 3.



CANCAMBRIA ENERGY CORP.

BA-IX MINING LICENCE
KISKUNHALAS FIELD, HUNGARY
LAND AND WELL MAP

JAN. 2024 JOB No. 7044 FIGURE No. 1

Table 1

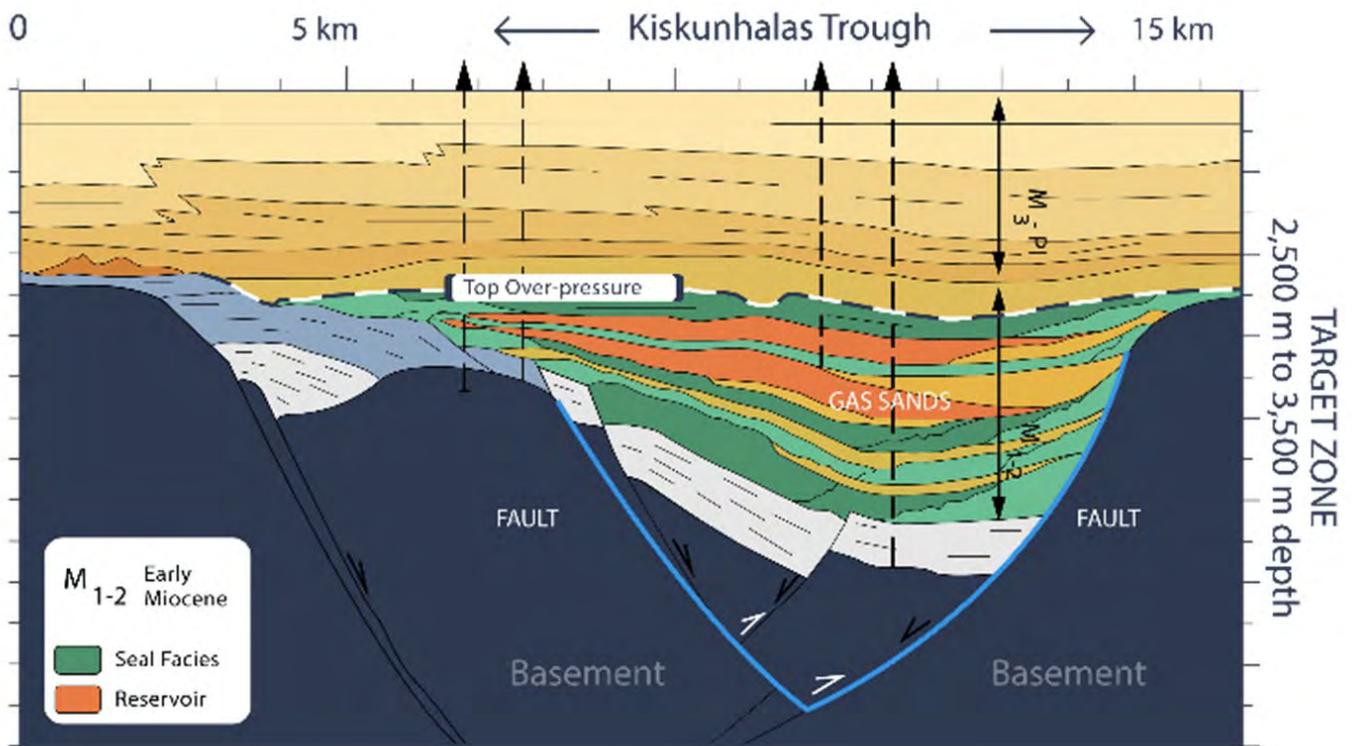
Schedule of Lands, Interests and Royalty Burdens
December 31, 2023

CanCambria Energy Corp.

BA-IX Mining Licence, Hungary
Kiskunhalas Tight-Gas Sand Project

Description	Rights Owned	Gross Acres	Appraised Interest		Royalty Burdens	
			Working %	Royalty %	Basic %	Overriding %
South Central Hungary						
BA-IX Mining License	[A]	32,618	100.0000	-	2.0000	-
	Total	32,618				

Note: [A] - Depth rights from 1150m to 6000 m TVD.



CANCAMBRIA ENERGY CORP.

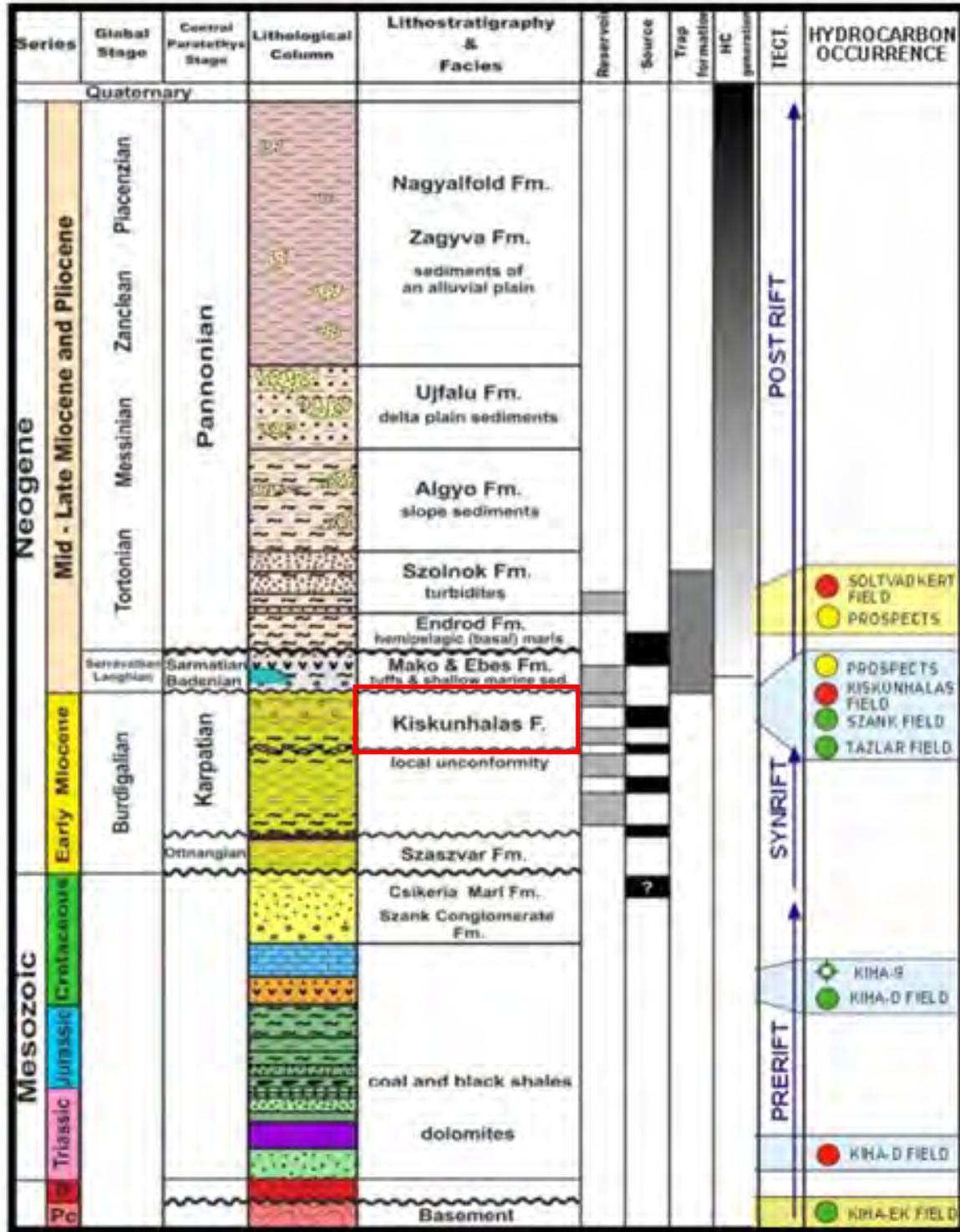
KISKUNHALAS TROUGH

HUNGARY

BASIN CROSS SECTION

JAN. 2024

JOB No. 7044 FIGURE No. 2a



 ZONE OF INTEREST

CANCAMBRIA ENERGY CORP.

KISKUNHALAS TROUGH

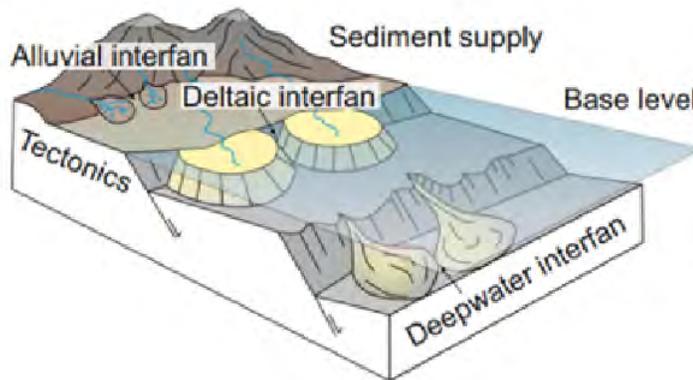
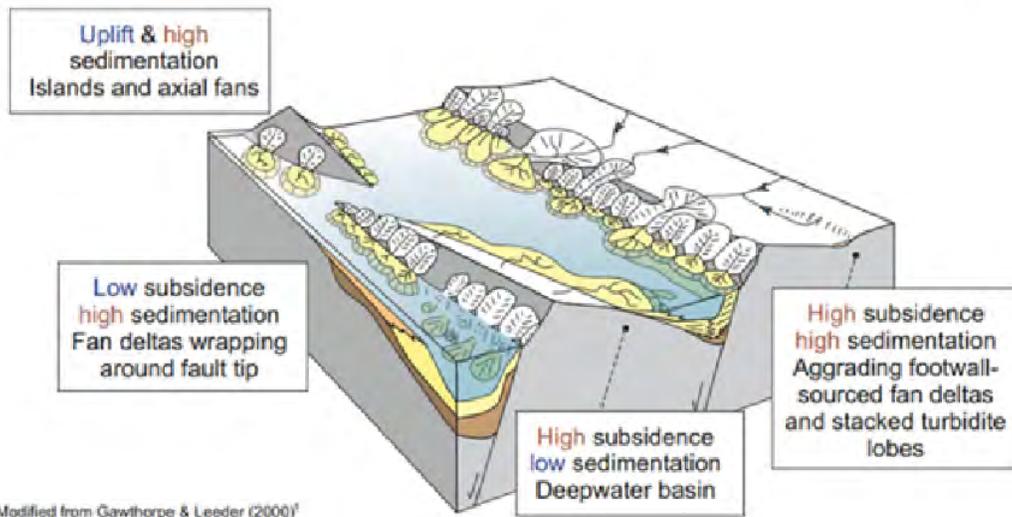
HUNGARY

**STRATIGRAPHY AND
PETROLEUM SYSTEM**

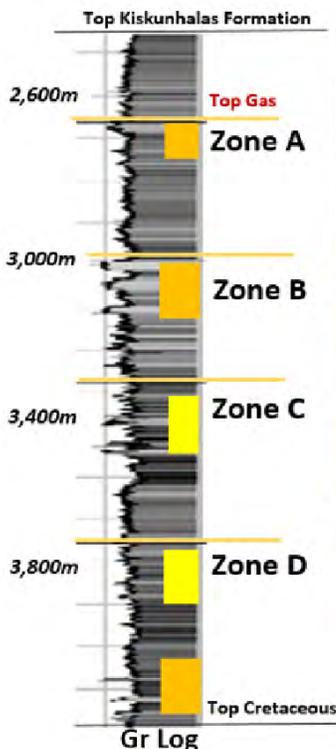
JAN. 2024

JOB No. 7044 FIGURE No. 2b

Depositional Model and Reservoir Architecture



Type Well – Kiha D



Lithology and Pay Type

Core from Kiha I

Rock Type:
Medium Sandstone

Depositional Environment
Channel and Basin floor Fan

Reservoir – Tier 1

Rock Type:
Breccia / Conglomerate

Depositional Environment
Debris flow / fan delta

Reservoir Tier 2

Rock Type:
Siltstone and shale

Depositional Environment
Lacustrine / overbank

Seal Facies (no reservoir)

CANCAMBRIA ENERGY CORP.

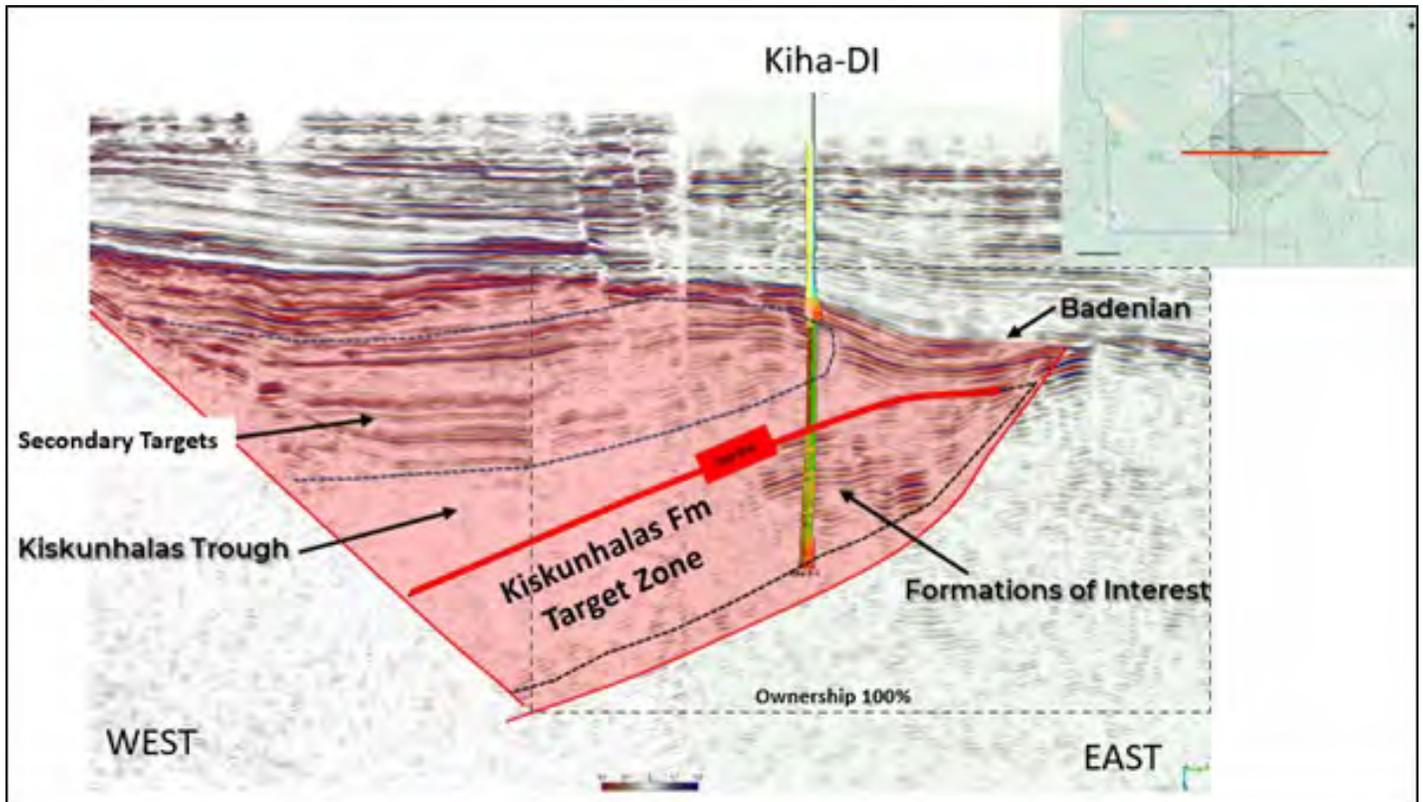
KISKUNHALAS FIELD

HUNGARY

**TYPE LOG AND
FACIES MODEL**

JAN. 2024

JOB No. 7044 FIGURE No. 2c



CANCAMBRIA ENERGY CORP.

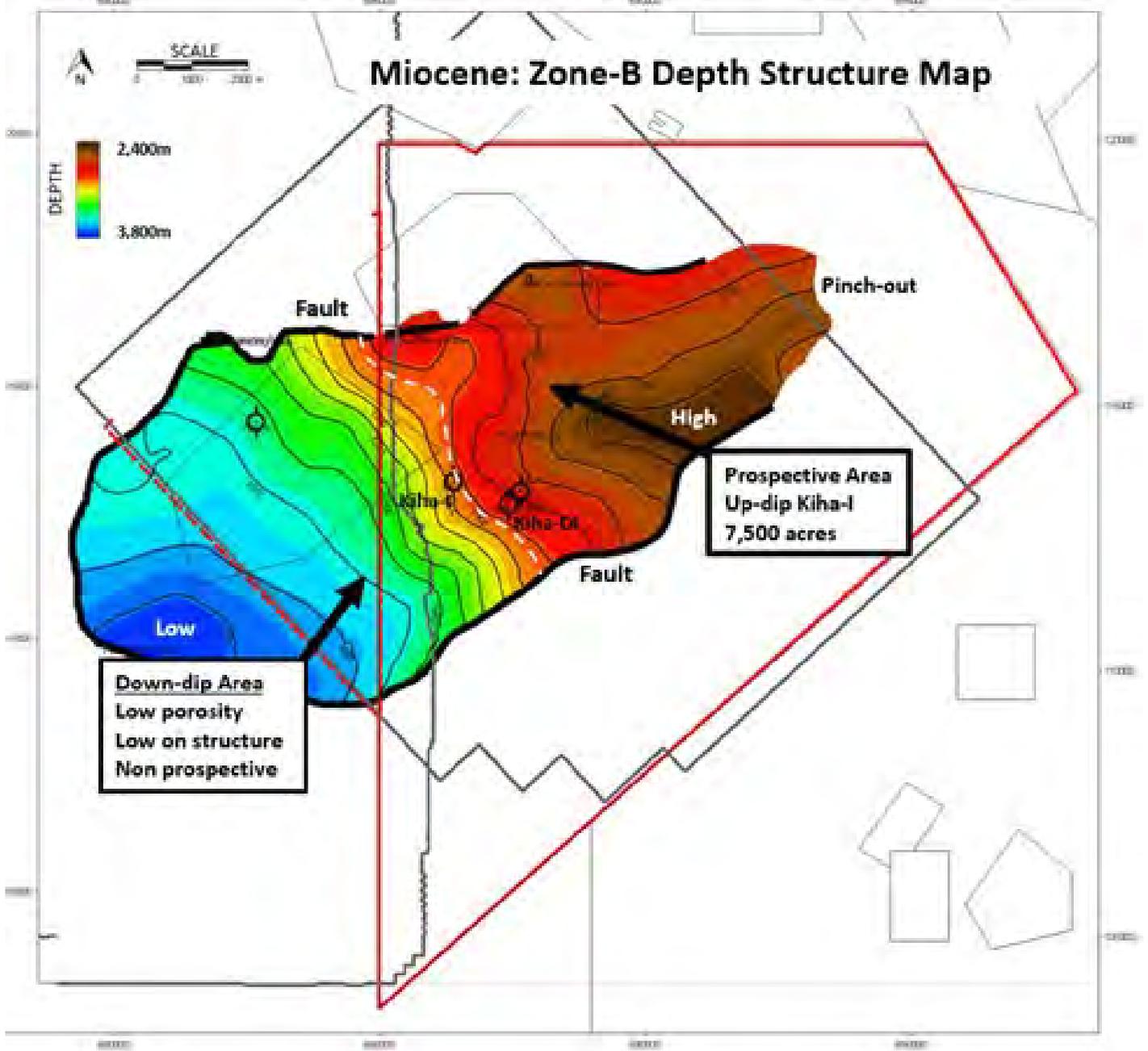
KISKUNHALAS FIELD

HUNGARY

**SEISMIC SECTION
E-W**

JAN. 2024

JOB No. 7044 FIGURE No. 2d



CANCAMBRIA ENERGY CORP.

KISKUNHALAS FIELD

HUNGARY

STRUCTURAL MAP

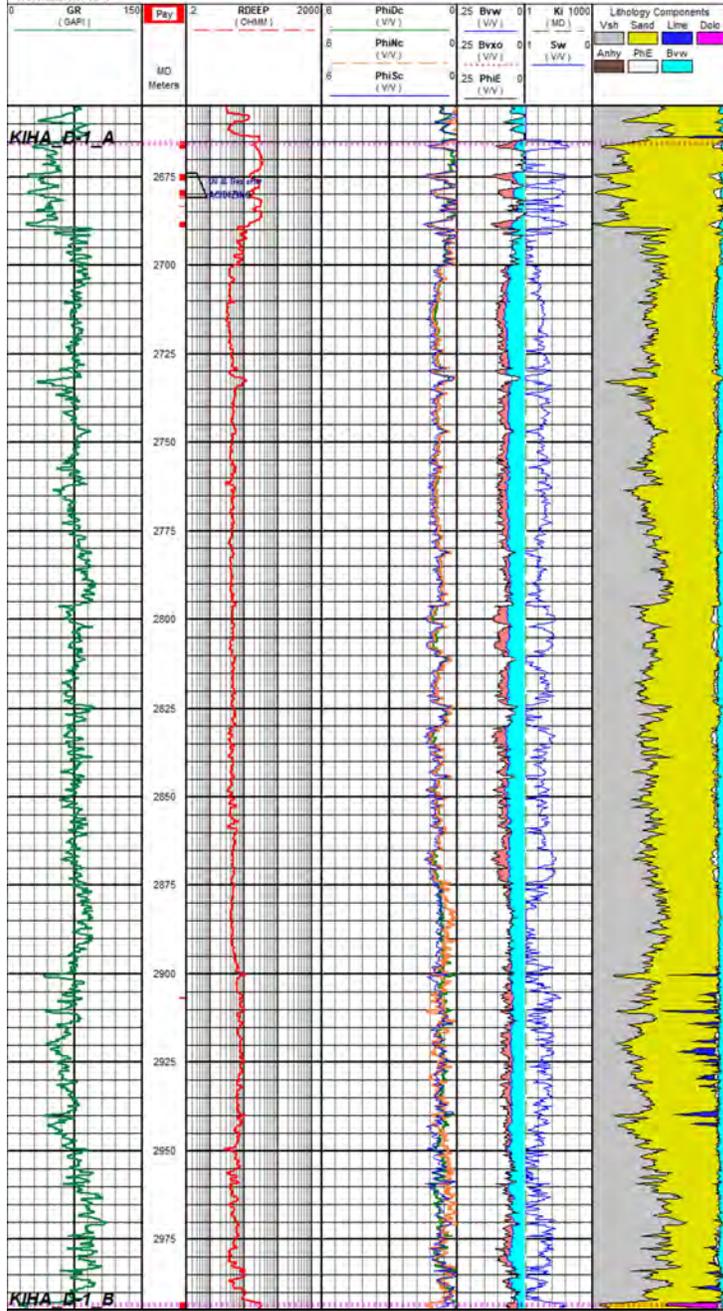
Zone B

JAN. 2024

JOB No. 7044 FIGURE No. 2e

Operator: TORE-ADOR

Well Name: KIHA D-1



[Pay Summaries]

- Net Formation	Range	Net	Vsh	PhE	Sw	Ki
KIHA D-1 A	2665.000 - 2992.800	7.4000	0.124	0.095	0.435	0.38

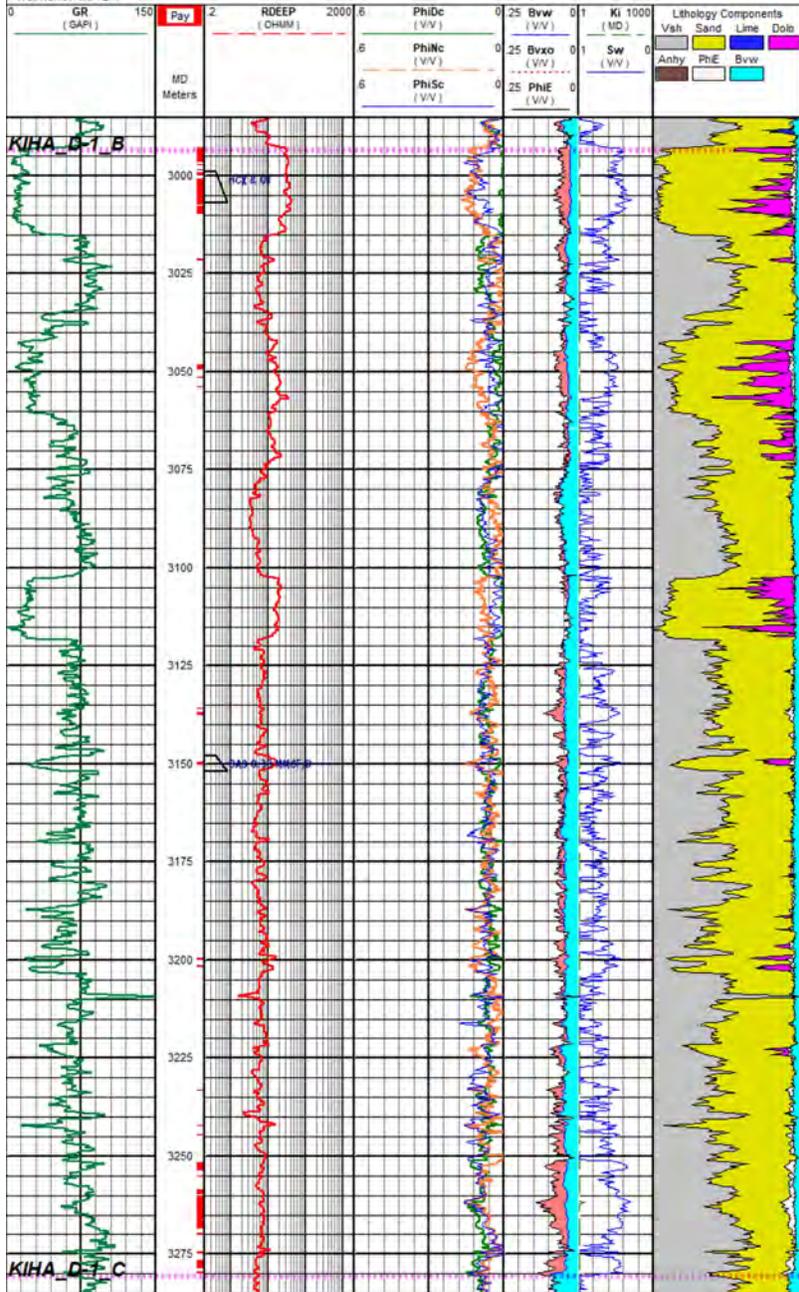
CANCAMBRIA ENERGY CORP.

BA-IX MINING LICENCE
 KISKUNHALAS FIELD, HUNGARY
WELL KIHA-DI LOG ANALYSIS
 Kiskunhalas Formation
 Zone A

APR. 2024 JOB No. 7044 FIGURE No. 2f

Operator: TOREADOR

Well Name: KIHA D-1



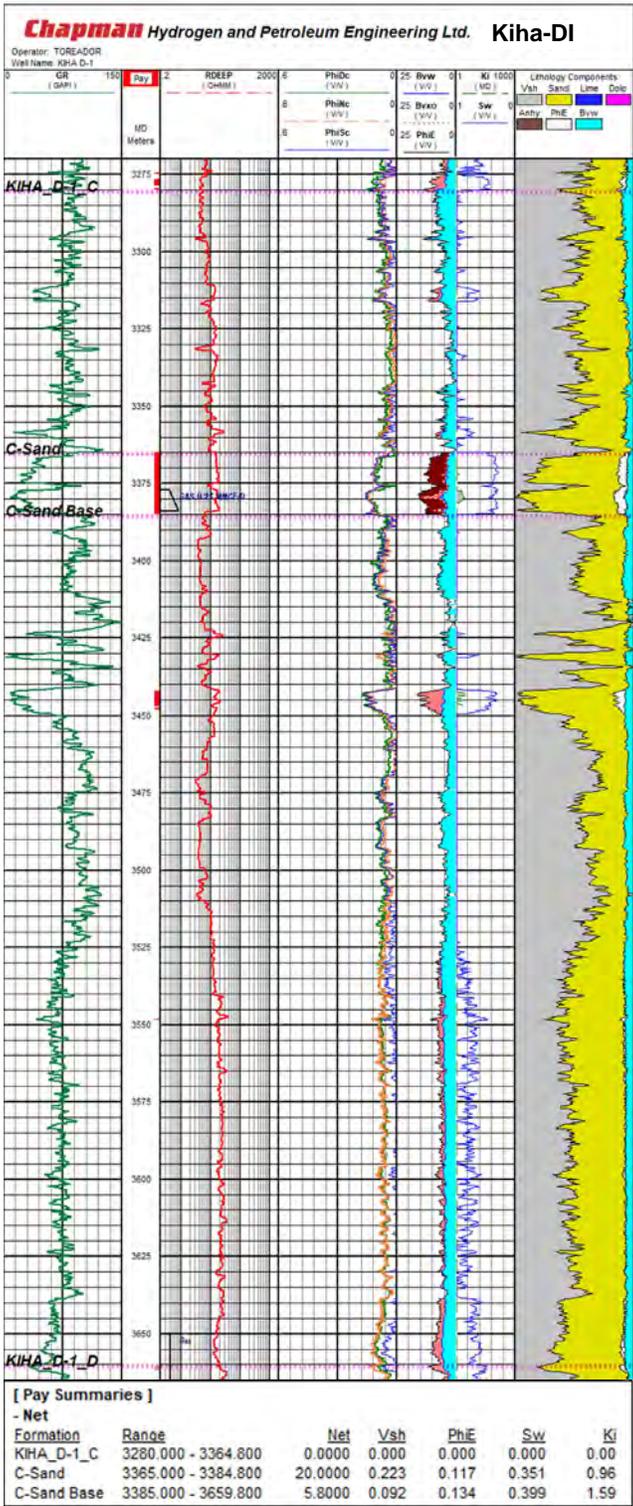
[Pay Summaries]

- Net							
Formation	Range	Net	Vsh	PhiE	Sw	Ki	
KIHA D-1 B	2993.000 - 3279.800	33.8000	0.296	0.083	0.434	0.25	

CANCAMBRIA ENERGY CORP.

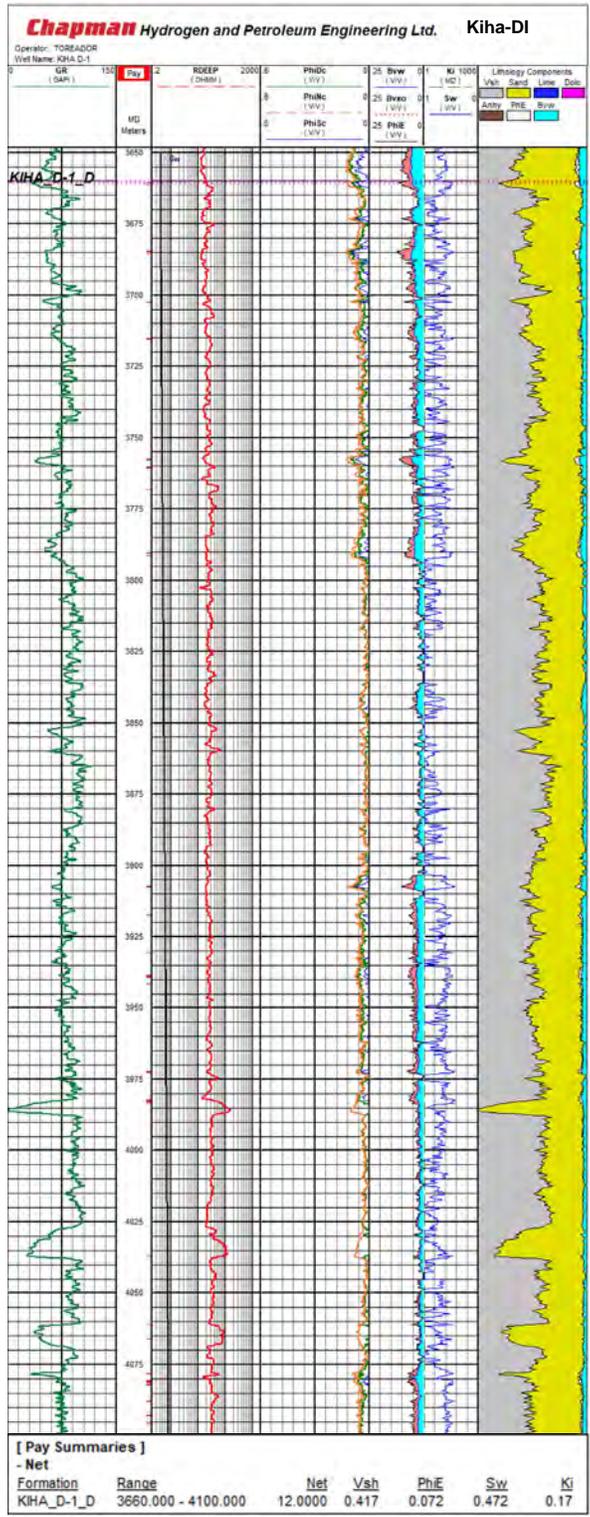
BA-IX MINING LICENCE
 KISKUNHALAS FIELD, HUNGARY
WELL KIHA-DI LOG ANALYSIS
 Kiskunhalas Formation
 Zone B

APR. 2024 JOB No. 7044 FIGURE No. 2g



CANCAMBRIA ENERGY CORP.
BA-IX MINING LICENCE
 KISKUNHALAS FIELD, HUNGARY
WELL KIHA-DI LOG ANALYSIS
 Kiskunhalas Formation
 Zone C

APR. 2024 JOB No. 7044 FIGURE No. 2h



CANCAMBRIA ENERGY CORP.

BA-IX MINING LICENCE
KISKUNHALAS FIELD, HUNGARY

WELL KIHA-DI LOG ANALYSIS
Kiskunhalas Formation
Zone D

APR. 2024 JOB No. 7044 FIGURE No. 2i

Table 2

Summary of Gross Resources
December 31, 2023

BA-IX Mining Licence, Hungary
Kiskunhalas Tight-Gas Sand Project

Description	PIIP	Contingent Resources			Reference
	Raw Gas [1] (MMscf)	Raw Gas (MMscf)	Sales Gas (MMscf)	NGL (Condensate) (MBbls)	
Conventional Natural Gas					
Best Estimate (2C)					
Kiha-DI, A Zone	137,713	96,399	90,615	8,483	Table 2a
Kiha-DI, B Zone	557,532	390,272	366,856	34,344	Table 2b
Kiha-DI, C Zone	735,636	514,945	484,048	45,315	Table 2c
Kiha-DI, Dzone	177,616	124,331	116,871	10,941	Table 2d
Total Best Estimate (C2)	1,608,497	1,125,947	1,058,390	99,083	

Note: [1] - Conventional Natural Gas

Table 2a

SUMMARY OF GROSS RESOURCE ESTIMATE AND RESERVOIR PARAMETERS
December 31, 2023

Contingent Resources (2C)
Kiha-DI, A zone

RESERVOIR PARAMETERS

Reservoir Pressure, psia	7,458
Reservoir Temperature, deg F	347
Average Porosity, %	9.5%
Average Water Saturation, %	43.5%
Compressibility Factor, Z	1.015
Petroleum Initially in Place, Mscf/ac. ft.	756
Reservoir Loss, %	30%
Surface Loss, %	6%

RESOURCE VOLUMES

Net Pay, feet	24
Area, acres	7500
Petroleum Initially in Place, MMscf	137,713
Resources Initially in Place, MMscf	96,399
Marketable Resources, MMscf	90,615
Liquid Recovery, Bbbls/MMScf	88.0
Condensate, MMBbbls	8,483

Note: Interval 2665 to 2690 m K.B.

Table 2b

SUMMARY OF GROSS RESOURCE ESTIMATE AND RESERVOIR PARAMETERS
December 31, 2023

Contingent Resources (2C)
Kiha-DI, B zone

RESERVOIR PARAMETERS

Reservoir Pressure, psia	8,364
Reservoir Temperature, deg F	390
Average Porosity, %	8.3%
Average Water Saturation, %	43.4%
Compressibility Factor, Z	1.048
Petroleum Initially in Place, Mscf/ac. ft.	682
Reservoir Loss, %	30%
Surface Loss, %	6%

RESOURCE VOLUMES

Net Pay, feet	109
Area, acres	7500
Petroleum Initially in Place, MMscf	557,532
Resources Initially in Place, MMscf	390,272
Marketable Resources, MMscf	366,856
Liquid Recovery, Bbbls/MMScf	88.0
Condensate, MMBbbls	34,344

Note: Interval 2994 to 3008 m K.B.
 and 3252 to 3278 m K.B.

Table 2c

SUMMARY OF GROSS RESOURCE ESTIMATE AND RESERVOIR PARAMETERS
December 31, 2023

Contingent Resources (2C)
Kiha-DI, C zone

RESERVOIR PARAMETERS

Reservoir Pressure, psia	9,409
Reservoir Temperature, deg F	439
Average Porosity, %	12.0%
Average Water Saturation, %	36.0%
Compressibility Factor, Z	1.077
Petroleum Initially in Place, Mscf/ac. ft.	1,154
Reservoir Loss, %	30%
Surface Loss, %	6%

RESOURCE VOLUMES

Net Pay, feet	85
Area, acres	7500
Petroleum Initially in Place, MMscf	735,636
Resources Initially in Place, MMscf	514,945
Marketable Resources, MMscf	484,049
Liquid Recovery, Bbbls/MMScf	88.0
Condensate, MMBbbls	45,315

Note: Interval 3365 to 3384 m K.B.
and 3443 to 3450 m K.B.

Table 2d

**SUMMARY OF GROSS RESOURCE ESTIMATE AND RESERVOIR PARAMETERS
December 31, 2023**

**Contingent Resources (2C)
Kiha-DI, D zone**

RESERVOIR PARAMETERS

Reservoir Pressure, psia	10,201
Reservoir Temperature, deg F	476
Average Porosity, %	7.2%
Average Water Saturation, %	47.2%
Compressibility Factor, Z	1.082
Petroleum Initially in Place, Mscf/ac. ft.	592
Reservoir Loss, %	30%
Surface Loss, %	6%

RESOURCE VOLUMES

Net Pay, feet	40
Area, acres	7500
Petroleum Initially in Place, MMscf	177,616
Resources Initially in Place, MMscf	124,331
Marketable Resources, MMscf	116,871
Liquid Recovery, Bbbls/MMScf	88.0
Condensate, MMBbbls	10,941

Note: Interval 3660 to 4075 m K.B.

Table 2e

RESERVOIR FLUID DATA

Kiskunhalas Tight-Gas Sand Project, Hungary
Formation

GAS COMPOSITION

	Raw Gas	Acid Free Gas	Residue Gas
Mol fraction of H ₂	0.0000	0.0000	0.0000
Mol fraction of He	0.0000	0.0000	0.0000
Mol fraction of N ₂	0.0026	0.0027	0.0027
Mol fraction of CO ₂	0.0597	0.0000	0.0000
Mol fraction of H ₂ S	0.0000	0.0000	0.0000
Mol fraction of C ₁	0.8231	0.8753	0.8753
Mol fraction of C ₂	0.0706	0.0750	0.0750
Mol fraction of C ₃	0.0287	0.0305	0.0305
Mol fraction of IC ₄	0.0034	0.0036	0.0036
Mol fraction of NC ₄	0.0069	0.0073	0.0073
Mol fraction of IC ₅	0.0014	0.0015	0.0015
Mol fraction of NC ₅	0.0016	0.0016	0.0016
Mol fraction of C ₆	0.0009	0.0010	0.0010
Mol fraction of C ₇₊	0.0013	0.0014	0.0014
Total	Error of 0.0000	1.0000	1.0000
Shrinkage, fraction	—	0.0597	0.0597
Fuel Gas, fraction			0.0200
Surface Loss, fraction			0.0797

CRITICAL PROPERTIES

Critical Pressure, Psia	689.6	665.4	668.5
Critical Temperature, deg R	385.8	375.5	364.7
Relative Density	0.701	0.649	0.611
Gross Heating Value, btu/scf	1085.3	1154.2	1094.7

LIQUID CONTENT, bbl/MMscf

Propane	18.8	20.0	10.3
Butanes	7.8	8.3	1.7
Condensate	4.9	5.2	0.0
Total	76.2	81.1	61.1

Table 3

DEVELOPMENT RISK ANALYSIS

**CanCambria Energy Corp
BA-IX Mining Licence, Hungary
Kiskunhalas Tight-Gas Sand Project**

Development Risk Factors

Economic Viability	86%
Market Access	100%
Production & Transportation Infrastructure	95%
Regulatory & Social Licence	95%
Corporate & External Approvals	95%
Reasonable Timetable for Development	98%

Chance of Development 72%

APPENDIX A
PROPOSED WORK PROGRAM
INDEX

Discussion

- Recommended Work Program
- Seismic Acquisition (complete)
- Phase 1. Seismic Processing and Modeling (complete)
- 3D Seismic Volume Interpretation and Integration
- Phase 2. Advanced Seismic Processing and Modeling
- Engineering Design and Well Planning
- Drilling, Completion and Production of New Well

Recommended Work Program

The commercialization of the Kiskunhalas tight-gas project will be largely based upon results from any new well drilling ventures. A detailed work program is recommended below in order to transition the contingent resource to a reserve classification. Legacy seismic data were of insufficient quality to characterize the nature of the basin in order to locate and design new drilling locations with an acceptable risk profile. A new 3D seismic shoot was designed, planned and approved by the Company. Table 1 details the works program.

Work Scope	Date	Duration	Cost
New 2023 Seismic Acquisition	Completed	n/a	n/a
Phase 1 Seismic Processing	Completed	n/a	n/a
Seismic Interpretation	Q3, 2024	4 months	CA \$0.4 MM
Phase 2 Processing and Modeling	Q1, 2025	3 Months	CA \$0.3 MM
Engineer Design & Well Planning	Q2, 2025	5 Months	CA \$0.5 MM
		Grand Total	CA \$1.2 MM

Table 1. Recommended works program, sequence flow, with timing and cost

Seismic Acquisition (completed)

The Balotaszallas 3D seismic survey was permitted and planned in mid. 2023 and acquired throughout much of December 2023, for a cost of CA \$2.55 million. The seismic field data was prepared, recorded and shipped to CanCambria in Q1, 2024 along with a report from AGS (contractor). All invoices related to the field acquisition have been paid. The seismic survey is full azimuth, high density, with a maximum offset of 4,900m and 177-fold at the reservoir level. The survey was designed to provide an unparalleled image of the deep basin, leveraging two teams of 3 vibroseis trucks (60,000lbs). After field testing, a single sweep of 22 seconds, from 2-110 hertz was found to be optimal. Several advanced processing tools and workflows will provide time and depth volumes, along with a determinist inversion.

Phase 1. Seismic Processing and Modeling (completed)

Processing of the Balotaszallas 3D seismic dataset was estimated at an approximate timing of 6 months, and a cost of approx. CA \$ 0.45 million. Processing was undertaken by GeoTomo, based in Houston, Texas with delivery of final PSTM and PSDM in May 2024 and August 2024 respectively.

Key deliverables to include:

- Fastrack PSTM volume
- Final PrSTM (time) volume
- Final PrSDM (depth) volume

3D Seismic Volume Interpretation and Integration

Leveraging the newly acquired seismic, CanCambria should engage with a range of highly experienced geophysical experts for full and comprehensive interpretation of all 3D volumes delivered by GeoTomo. Estimated duration for the recommended work plan is approximately 4 months at a cost of CA \$0.4 million. This part of the work program should include a range of technical exhibits based upon the interpretation of the new 3D, including but not limited to well ties, structural maps, attribute maps, and isochrons. This scope of work provides all technical and regulatory materials for the pre-drilling selection process and planning of the initial field appraisal well. Costs also include a specialist software license and computing needs for the project. Work products should include:

- Data QA/QC and synthetic tie for the key wells (phase and wavelet analysis).
- Volume interpretation to include all key horizons and fault picks.
- Time/Depth structure maps for all key formations (Zones A, B, C, D, Badenian and basement).
- Isopach (thickness) maps including Zones B and C (primary targets).
- Seismic attribute volumes (including coherence, dip, semblance).
- Seismic amplitude analysis.
- Structural model, fault polygons, and kinematic reconstruction.
- Integrate legacy well results and update geologic model.
-

Phase 2. Advanced Seismic Processing and Modeling

Using the results of the PrSTM and PrSDM seismic volumes (Phase 1) already delivered, a second phase of seismic processing and modelling has been recommended with a duration of 3 months, and a cost of approx. CA \$ 0.3 million. Processing should be undertaken by HSB and AnkGeo, both based in Houston, Texas

Key deliverables to include:

- Petrophysical modeling and well conditioning for AVO and fluid substitution
- Deterministic seismic inversion volume – model driven from logs
- Reflection based seismic inversion volume
- Pore Pressure volume

Engineering Design and Well Planning

Preparation of all material supporting future drilling activity; starting Q2, 2025 with a duration of 5 months and costing CA \$0.5 million. Consult/contract with SMEs experienced with drilling in the region and completions in central Europe. Lease with local regulatory experts. Wellbore stability, pore pressure, and mud system should be integrated for well design and casing program considerations. Application of the new 3D seismic volumes should also inform geohazard detection, in addition to ranking drilling locations. No tangible or intangible well-related costs are included in

the phase. It is recommended the company engage with service companies and vendors directly to prepare best practices for key consideration including:

- Petrophysical analysis/integration of all additional offset legacy wells
- Geologic prognosis (to include XYZ location) – formation tops and TD
- Mud system and pore pressure
- Casing design / program
- Well-head design
- Formation evaluation
- Completion design
- Surveillance and monitoring
- Flow back protocol and water disposal
- Gas sales and pipeline
- Abandonment
- HSE and emergency plan

Drilling, completion and production of new well

Contingent upon the above work program, a new well may be permitted and drilled no sooner than Q4, 2025 – costs TBD. Many long lead items will need to be sourced. HSE and regulations to be compliant.

**GLOSSARY OF TERMS
(Abbreviations & Definitions)**

General

BIT	- Before Income Tax
AIT	- After Income Tax
M\$	- Thousands of Dollars
Effective Date	- The date for which the Present Value of the future cash flows and reserve categories are established
\$US	- United States Dollars
WTI	- West Texas Intermediate – the common reference for crude oil used for oil price comparisons
ARTC	- Alberta Royalty Tax Credit
GRP	- Gas Reference Price

Interests and Royalties

BPO	- Before Payout
APO	- After Payout
APPO	- After Project Payout
Payout	- The point at which a participant's original capital investment is recovered from its net revenue
GORR	- Gross Overriding Royalty – percentage of revenue on gross revenue earned (can be an interest or a burden)
NC	- New Crown – crown royalty on petroleum and natural gas discovered after April 30, 1974
SS 1/150 (5%-15%) Oil	- Sliding Scale Royalty – a varying gross overriding royalty based on monthly production. Percentage is calculated as 1-150 th of monthly production with a minimum percentage of 5% and a maximum of 15%
FH	- Freehold Royalty
P&NG	- Petroleum and Natural Gas
Twp	- Township
Rge	- Range
Sec	- Section

Technical Data

psia	- Pounds per square inch absolute
MSTB	- Thousands of Stock Tank Barrels of oil (oil volume at 60 F and 14.65 psia)
MMscf	- Millions of standard cubic feet of gas (gas volume at 60 F and 14.65 psia)
Bbls	- Barrels
Mbbbls	- Thousands of barrels
MMBTU	- Millions of British Thermal Units – heating value of natural gas
STB/d	- Stock Tank Barrels of oil per day – oil production rate
Mscf/d	- Thousands of standard cubic feet of gas per day – gas production rate
GOR (scf/STB)	- Gas-Oil Ratio (standard cubic feet of solution gas per stock tank barrel of oil)
mKB	- Metres Kelly Bushing – depth of well in relation to the Kelly Bushing which is located on the floor of the drilling rig. The Kelly Bushing is the usual reference for all depth measurements during drilling operations.
EOR	- Enhanced Oil Recovery
GJ	- Gigajoules
Marketable or Sales Natural Gas	- Natural gas that meets specifications for its sale, whether it occurs naturally or results from the processing of raw natural gas. Field and plant fuel and losses to the point of the sale must be excluded from the marketable quantity. The heating value of marketable natural gas may vary considerably, depending on its composition; therefore, quantities are usually expressed not only in volumes but also in terms of energy content. Reserves are always reported as marketable quantities.
NGLs	- Natural Gas Liquids – Those hydrocarbon components that can be recovered from natural gas as liquids, including but not limited to ethane, propane, butanes, pentanes plus, condensate, and small quantities of non-hydrocarbons.
Raw Gas	- Natural gas as it is produced from the reservoir prior to processing. It is gaseous at the conditions under which its Volume is measured or estimated and may include varying amounts of heavier hydrocarbons (that may liquefy at atmospheric conditions) and water vapour; may also contain sulphur and other non-hydrocarbon compounds. Raw natural gas is generally not suitable for end use.
EUR	- Estimated Ultimate Recovery

20th August, 2024

Chapman Hydrogen and Petroleum Engineering Ltd.
700, 1122 – 4th Street SW
Calgary, AB
T2R 1M1

Dear Sir:

Re: Company Representation Letter

Regarding the evaluation of our Company's oil and gas resources and independent appraisal of the economic value of these resources for the effective date December 31, 2023, we herein confirm to the best of our knowledge and belief as of the effective date of the resources evaluation, and as applicable, as of today, the following representations and information made available to you during the conduct of the evaluation:

1. We, CanCambria Energy Corp., (the Client) have made available to you, Chapman Hydrogen and Petroleum Engineering Ltd. (the Evaluator) certain records, information, and data relating to the evaluated properties that we confirm is, with the exception of immaterial items, the available dataset in our possession as of the effective date of the resources evaluation, including the following:
 - Asset ownership, related encumbrance information and all PSA terms, if applicable;
 - Details concerning anticipated product marketing, transportation and processing arrangements;
 - All available technical information including geological, engineering and production and test data, if available, and representative analog information.
2. We confirm that all financial and accounting information, if any, provided to you is, to the best of our knowledge, both on an individual entity basis and in total, entirely consistent with that reported by our Company for public disclosure and audit purposes.
3. We confirm that our Company has satisfactory title to all of the assets, whether tangible, intangible, or otherwise, for which accurate and current ownership information has been provided, or otherwise the terms of proposed acquisition or earning on the property have been provided.
4. With respect to all information provided to you regarding expected product marketing, transportation, and processing arrangements, we confirm that we have disclosed to you all anticipated arrangements that could reasonably be expected to have a material effect on the evaluation of the resources being evaluated.



CanCambria Energy Corp.
1120 - 625 Howe St.
Vancouver, BC, CANADA V6C 2T6

5. With the possible exception of items of an immaterial nature, we confirm the following as of the effective date of the evaluation:

- To the best of our knowledge, there are no directives, orders, penalties, or regulatory rulings in effect or expected to come into effect which would prevent the development of these properties.
- Except as disclosed to you, we have no plans or intentions related to the ownership, anticipated development or operation of the evaluated properties that could reasonably be expected to materially affect the expected production levels or recovery of resources from the evaluated properties.
- If material changes of an adverse nature occur in the Company's anticipated operating performance subsequent to the effective date and prior to the report date, we will inform you of such material changes prior to requesting your approval for any public disclosure of resources information.

6. We hereby confirm that our Company is in material compliance with all Environmental Laws and does not have any Environmental Claims pending.

Between the effective date of the report and the date of this letter, nothing has come to our attention that has materially affected or could affect our resources and economic value of these resources that has not been disclosed to you.

Yours very truly,



President and Chief Executive Officer



Vice-President & Chief Financial Officer

APPENDIX "G"

FORM 51-101F2

REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATOR

[Attached as the following pages]

July 24, 2024

CanCambria Energy Corp.
1120 - 625 Howe St.
Vancouver, BC
V6C 2T6

Attention: Board of Directors

**Re: Report on Contingent Resources Data ("F2")
by Chapman Hydrogen and Petroleum Engineering Ltd. ("Chapman")
Qualified Reserves Evaluators**

To the board of directors of CanCambria Energy Corp. (the "Company"):

1. We have evaluated the Company's contingent resources data as at December 31, 2023. The contingent resources data are risked estimates of the volume of contingent resources, maturity sub-class "Development Unclassified".
2. The contingent resources data are the responsibility of the Company's management. Our responsibility is to express an opinion on the contingent resources data based on our evaluation.
3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "COGE Handbook") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).
4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the contingent resources data are free of material misstatement. An evaluation also includes assessing whether the contingent resources data are in accordance with principles and definitions presented in the COGE Handbook.
5. The following table sets forth the risked volume of contingent resources included in the Company's statement prepared in accordance with Form 51-101F1 and identifies the respective portions of the contingent resources data that we have evaluated and reported on to the Company's board of directors:

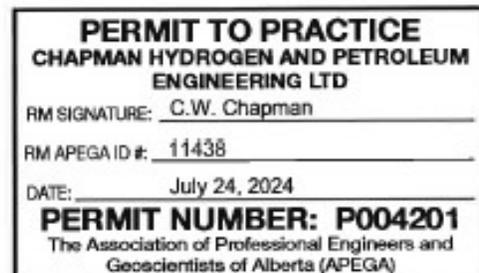
Classification	Independent Qualified Reserves Evaluator	Effective Date of Evaluation Report	Location of Resources Other than Reserves	Risked Volume			
				Conventional Natural Gas (MMscf)		NGL (Condensate) (Mbbls)	
				Gross	Net	Gross	Net
Development Unclassified Contingent Resources (2C)	Chapman Hydrogen and Petroleum Engineering Ltd.	December 31, 2023	BA-IX Mining Licence, Hungary	762,041	746,800	71,340	69,613

6. In our opinion, the contingent resources data evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the contingent resources data that we reviewed but did not audit or evaluate.
7. We have no responsibility to update our reports referred to in paragraph 5 for events and circumstances occurring after December 31, 2023.
8. Because the contingent resources data are based on judgements regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Chapman, Calgary, Alberta, Canada, July 24, 2024.

[Original Signed By:]
 [Signature], [Licensed Professional's Stamp]
 [Membership ID Number]
 July 24, 2024
 C. W. Chapman, P. Eng.,
 President



cwo/ml/7044

APPENDIX “H”

FORM 51-101F3
REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

Management of the Company are responsible for the preparation and disclosure of information with respect to the Company’s oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, and includes other information such as contingent resources data or prospective resources data.

An independent qualified reserves evaluator has evaluated the Company’s reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The board of directors of the Company has

- (a) reviewed the Company’s procedures for providing information to the independent qualified reserves evaluator;
- (b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation and, in the event of a proposal to change the independent qualified reserves evaluator, to inquire whether there had been disputes between the previous independent qualified reserves evaluator and management; and
- (c) reviewed the contingent resources data with management and the independent qualified reserves evaluator.

The board of directors has reviewed the Company’s procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has approved;

- (a) the content and filing with securities regulatory authorities of Form 51-101F1 containing contingent resources and other oil and gas information;
- (b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data, contingent resources data or prospective resources data; and
- (c) the content and filing of this report.

Because the contingent resources data are based on judgments regarding future events, actual results will vary and the variations may be material.

“Christopher Cornelius”

Christopher Cornelius

Chairman, CEO, President and Director

“Konstantin Lichtenwald”

Konstantin Lichtenwald

CFO and Director

“Anthony Kelly”

Anthony Kelly

Director

“Peter Turner”

Peter Turner

Director

Dated: August 31, 2024

CERTIFICATE OF THE COMPANY

Dated: September 27, 2024

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of the Provinces of British Columbia and Alberta.

“Christopher Cornelius”

Christopher Cornelius

Chairman, CEO, President and Director

“Konstantin Lichtenwald”

Konstantin Lichtenwald

CFO and Director

ON BEHALF OF THE BOARD OF DIRECTORS

“Anthony Kelly”

Anthony Kelly

Director

“Peter Turner”

Peter Turner

Director

“Simon Cheng”

Simon Cheng

Director

CERTIFICATE OF THE PROMOTER

Dated: September 27, 2024

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of the Provinces of British Columbia and Alberta.

“Christopher Cornelius”

Christopher Cornelius

Chairman, CEO, President and Director