



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)

As at September 30, 2025 and December 31, 2024
and
For the three and nine months ended September 30, 2025 and 2024

Notice of disclosure of no auditor review of condensed consolidated interim financial statements pursuant to National Instrument 51-02, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators.

The accompanying condensed consolidated interim financial statements of Westgate Energy Inc. for the three and nine months ended September 30, 2025 and September 30, 2024 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting as issued by the International Accounting Standards Board and are the responsibility of the Company's management. The Company's independent auditors have not performed an audit or a review of these condensed consolidated interim financial statements.

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Westgate Energy Inc.

Interim Condensed Consolidated Statements of Financial Position

As at <i>(Canadian dollars)</i>	Note	September 30, 2025	December 31, 2024
		<i>(Unaudited)</i>	<i>(Audited)</i>
Assets			
Current assets			
Cash	4	5,779,591	743,536
Accounts receivable	4	1,348,187	428,206
Secured note receivable	4	50,000	230,000
Commodity contracts	4	98,486	-
Deposits and prepaid expenses		213,496	73,799
Inventory		89,131	51,204
		7,578,891	1,526,745
Non-current assets			
Restricted cash equivalent	4,7	499,950	499,950
Exploration and evaluation	5	20,000	2,606,967
Property and equipment	6	20,335,096	10,821,199
Total assets		28,433,937	15,454,861
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	4	2,477,318	1,327,643
Warrant liability	4,10	4,788,459	-
Convertible debenture	4,9	749,690	-
Decommissioning obligations	7	4,183	74,796
		8,019,650	1,402,439
Non-current liabilities			
Debt	4,8	10,832,588	-
Other liabilities	11	-	44,360
Decommissioning obligations	7	3,356,806	3,195,747
Total liabilities		22,209,044	4,642,546
Shareholders' equity			
Share capital	10	15,338,773	14,100,060
Warrant reserve	10	1,894,148	1,363,508
Contributed Surplus		397,743	127,448
Accumulated deficit		(11,405,771)	(4,778,701)
Total shareholders' equity		6,224,893	10,812,315
Total liabilities and shareholders' equity		28,433,937	15,454,861

Commitments and contingencies (Note 15)

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

Approved on behalf of the Board of Directors:

[signed] "Dan Brown"

Dan Brown, Director

[signed] "Art Agolli"

Art Agolli, Director

Westgate Energy Inc.

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

(Canadian dollars)	Note	Three Months ended September 30		Nine Months ended September 30	
		2025 <i>(Unaudited)</i>	2024 <i>(Unaudited)</i>	2025 <i>(Unaudited)</i>	2024 <i>(Unaudited)</i>
Revenues					
Petroleum and natural gas sales	13	1,926,368	794,402	4,091,031	2,316,347
Royalties	13	(269,510)	(98,551)	(551,985)	(257,465)
Petroleum and natural gas sales, net of royalties		1,656,858	695,851	3,539,046	2,058,882
Processing revenue		3,458	3,783	10,704	7,936
Total revenue, net of royalties		1,660,316	699,634	3,549,750	2,066,818
Expenses and other income					
Operating		1,118,804	363,264	2,010,747	1,065,091
General and administrative	14	497,051	494,052	1,717,143	1,569,648
Listing expenses		-	-	-	1,341,624
Stock-based compensation	11	126,008	82,278	453,413	82,278
Depletion and depreciation	6	792,985	268,960	1,580,934	726,598
Expensed acquisition costs	6	104,683	-	104,683	-
Finance expense	14	621,482	23,855	1,453,543	69,156
Change in fair value of derivatives	10	3,127,577	-	2,895,812	-
Realized loss on commodity contracts	4	38,964	-	61,405	-
Unrealized loss (gain) on commodity contracts	4	(3,423)	-	94,981	-
Realized loss on foreign exchange		9,625	-	4,857	-
Unrealized loss on foreign exchange		122,638	-	60,266	-
Gain on sale of investments		(600)	-	(600)	-
Gain on modification of convertible debenture	9	(2,019)	-	(2,019)	-
Gain on settlement of accounts payable		-	-	-	(97,705)
Loss in value of secured note receivable	4	(4,642)	14,400	(3,120)	14,400
Interest income		(104,047)	(59,721)	(255,225)	(153,054)
Total expenses and other income		6,445,086	1,187,088	10,176,820	4,618,036
Loss and comprehensive loss		4,784,770	487,454	6,627,070	2,551,218
Loss per common share					
Basic and diluted	12	(0.07)	(0.01)	(0.11)	(0.06)

See accompanying notes to the interim condensed consolidated financial statements.

Westgate Energy Inc.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

(Canadian dollars)	Note	Nine Months ended September 30	
		2025	2024
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Share capital			
Balance, beginning of period		14,100,060	7,974,208
Issuance of common shares – Units placement	10	1,749,219	6,910,205
Issue costs	10	(510,506)	(453,936)
Balance, end of the period		15,338,773	14,430,477
Warrants			
Balance, beginning of period		1,363,508	-
Issuance of warrants – convertible debt	9	6,456	-
Issuance of warrants – Units placement	10	731,971	1,075,814
Issue costs	10	(207,787)	(80,472)
Balance, end of the period		1,894,148	995,342
Contributed surplus			
Balance, beginning of period		127,448	-
Stock-based compensation – equity-based	11	209,617	41,863
Compensation options	10	59,005	-
Convertible debenture – equity component	9	1,673	-
Balance, end of the period		397,743	41,863
Accumulated deficit			
Balance, beginning of period		(4,778,701)	(1,738,703)
Net loss and comprehensive loss		(6,627,070)	(2,551,218)
Balance, end of the period		(11,405,771)	(4,289,921)
Total shareholders' equity		6,224,893	11,177,761

See accompanying notes to the interim condensed consolidated financial statements.

Westgate Energy Inc.
Interim Condensed Consolidated Statements of Cash Flows

(Canadian dollars)	Note	Three Months ended September 30		Nine Months ended September 30	
		2025	2024	2025	2024
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Operating activities					
Loss and comprehensive loss		(4,784,770)	(487,454)	(6,627,070)	(2,551,218)
Items not affecting cash:					
Depletion and depreciation	6	792,985	268,960	1,580,934	726,598
Expensed acquisition costs	6	104,683	-	104,683	-
Accretion	14	202,294	23,855	422,910	69,156
Expensed debt issue costs – warrant liability	8	-	-	125,001	-
Listing expense		-	-	-	611,023
Stock-based compensation – equity-based	11	41,237	41,863	209,617	41,863
Gain on settlement of accounts payable		-	-	-	(97,705)
Loss in value of secured note receivable		(4,642)	-	(3,120)	-
Unrealized loss (gain) on commodity contracts	4	(3,423)	-	94,981	-
Change in fair value of derivatives	10	3,127,577	-	2,895,812	-
Unrealized foreign exchange loss		122,638	-	60,266	-
Gain on modification of convertible debenture	9	(2,019)	-	(2,019)	-
Settlements of decommissioning provisions	7	(9,472)	(3,029)	(70,613)	(35,346)
Net change in non-cash working capital	17	510,459	(544,611)	(238,077)	(214,004)
Cash flows used in operating activities		97,547	(700,416)	(1,446,695)	(1,449,633)
Financing activities					
Issuance of Senior Secured Debt	8	-	-	12,701,706	-
Issuance of units	10	-	(14,272)	1,821,902	6,517,151
Cash acquired on RTO	4	-	-	183,120	324,476
Operating loan borrowings	8	-	-	255,000	-
Operating loan repayment	8	-	-	(255,000)	-
Convertible debenture	9	-	-	700,000	-
Net Change in non-cash working capital	17	(13,951)	8,274	102,175	-
Cash flows provided by financing activities		(13,951)	(5,998)	15,508,903	6,841,627
Investing activities					
Expenditures on exploration and evaluation		-	(250,080)	-	(250,080)
Expenditure on property and equipment	6	(3,020,090)	(3,413,834)	(8,531,032)	(4,333,412)
Net change in non-cash working capital	17	(2,789,123)	3,669	(49,218)	(1,254,967)
Cash flow used in investing activities		(5,809,213)	(3,660,245)	(8,580,250)	(5,838,459)
Increase (decrease) in cash during the period		(5,725,617)	(4,366,659)	5,481,958	(446,465)
Effect of foreign exchange on cash		165,391	-	(445,903)	-
Cash – beginning of period		11,839,767	7,595,621	1,243,486	3,675,427
Cash and cash equivalents – end of period		6,279,541	3,228,962	6,279,541	3,228,962
Presented as:					
Cash		5,779,591	2,729,012	5,779,591	2,729,012
Restricted Cash	4,7	499,950	499,950	499,950	499,950
Cash interest paid		428,815	-	837,794	-

See accompanying notes to the interim condensed consolidated financial statements.

Westgate Energy Inc.

Notes to interim condensed consolidated financial statements for the three and nine months ended September 30, 2025 and 2024

(Unaudited, expressed in Canadian Dollars)

1. REPORTING ENTITY

Westgate Energy Inc. (formerly 763997 Alberta Ltd.) (the "Company" or "Westgate") is an oil, natural gas and natural gas liquids ("NGL" or "NGLs") exploration, development and production company with properties located in Western Canada. The Company is traded on the TSX Venture exchange (the "TSXV") under the symbol "WGT" effective June 11, 2024.

On May 23, 2024, 763997 Alberta Ltd. and Grafton Ventures Energy Holdings Corp. ("Grafton") completed a business combination transaction and combined their respective businesses in a reverse takeover transaction ("RTO"). Grafton changed its name to Westgate Energy Operating Ltd. and is a wholly owned subsidiary of Westgate, and was incorporated on March 8, 2021 under the Business Company's Act (Alberta).

Westgate's head office address is located at 420-2020 4th Street SW, Calgary, Alberta, Canada, T2S 1W3.

2. BASIS OF PRESENTATION

These interim condensed consolidated Financial Statements have been prepared in accordance with IFRS® as issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee using International Accounting Standard ("IAS") 34: Interim Financial Reporting, except as noted in Note 3. They do not contain all disclosures required by IFRS for annual Financial Statements and, accordingly, should be read in conjunction with the audited consolidated Financial Statements and notes thereto for the year ended December 31, 2024. These interim condensed consolidated Financial Statements have been prepared on a historical cost basis, except for financial instruments which are measured at their estimated fair value and are prepared in Canadian dollars, which is the functional currency of the Company.

These interim condensed consolidated Financial Statements were approved and authorized for issue by the Board of Directors on November 27, 2025.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Changes in Accounting Policies

Convertible debentures

Convertible debenture with both a liability and an equity component(s) are accounted for and presented separately according to their substance based on the definitions of liabilities and equity. The split is made at issuance and not revised for subsequent changes in market interest rates, share prices, or other event that changes the likelihood that the conversion option will be exercised. A financial liability represents the Company's contractual obligation to pay cash, and the other is an equity instrument, representing the holder's option to convert the liability into common shares or share purchase warrants attached to the compound instrument. Warrant value has been determined when the initial carrying amount of a compound financial instrument is required to be allocated to its equity and liability components, the equity component(s) is assigned the residual amount after deducting the fair value of the liability component from the proceeds received for the compound instrument as a whole; or when the residual method is not applicable, utilizing a Black Scholes options pricing model.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The financial instruments of the Company include cash, restricted cash equivalent, accounts receivable, secured note receivable, accounts payable and accrued liabilities, bank debt and convertible debenture are measured at amortized cost, and other liabilities that are measured at fair value through profit or loss. The contractual cash flows received from financial assets are payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows.

As at September 30, 2025 and December 31, 2024, the carrying amounts reported on the statement of financial position approximated the estimated fair values of financial instruments due to the short terms to maturity.

Risks associated with financial assets and liabilities

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production, and financing activities such as: credit risk; liquidity risk; and market risk.

Westgate Energy Inc.

Notes to the interim condensed consolidated financial statements for the three and nine months ended September 30, 2025 and 2024

(Unaudited, expressed in Canadian Dollars)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from joint venture partners and oil and natural gas marketers. The maximum exposure to credit risk is as follows:

	September 30, 2025	December 31, 2024
Cash	5,779,591	743,536
Restricted cash equivalent	499,950	499,950
Accounts receivable:		
Oil and natural gas customers	1,113,774	347,320
Oil and gas operators, net of \$5,763 allowance	5,764	3,430
Government receivable	201,210	47,056
Interest and other receivable	27,439	30,400
Secured note receivable	50,000	230,000
	7,677,728	1,901,692

Cash and restricted cash equivalent

Cash and restricted cash receivable are assets subject to credit risk exposure and the carrying values reflect management's assessment of the associated maximum exposure to such credit risk. The Company's cash is held within a single major national bank. The restricted cash equivalent is held in Guaranteed Investment Certificate with a major national bank.

Accounts receivable

Substantially all of the Company's accounts receivables are due from customers and partners concentrated in the Canadian oil and gas industry. The Company generally extends unsecured credit to these customers and therefore the collection of accounts receivable may be affected by changes in economic conditions. Management aims to mitigate this risk by dealing with a broad selection of reputable partners within the sector, by reviewing credit ratings of counterparties and partners, and through closely monitoring significant balances.

Accounts receivables related to the sale of the Company's oil, natural gas and NGL production from oil and natural gas customers are normally collected on the 25th day of the month following delivery. Substantially all these oil and natural gas customers accounts receivables have been collected as of the date of these condensed consolidated Financial Statements.

Westgate applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Prior credit losses in the collection of accounts receivable by Westgate have been negligible and the Company does not anticipate any significant future credit losses based on forward-looking information.

Secured note receivable

During 2025, the company collected \$183,120 of the secured note receivable from the 2024 RTO and recognized a \$3,120 gain. As at September 30, 2025, the carrying value of the secured notes receivable was \$50,000, related to the estimated fair market value of rights to proceeds from public and private company investments.

Liquidity risk

The Company's non-derivative financial liabilities as at September 30, 2025 include accounts payables and accrued liabilities of \$2,477,318, a convertible debenture of \$700,000 plus accrued interest of \$51,410, and a senior secured loan of \$US 10,000,000 (\$13,921,000). Liquidity risk is the risk that Westgate will not be able to meet all of its financial obligations when they become due. The Company actively manages its liquidity through carrying cash on hand, cost controls and loans. Such strategies include continuously monitoring forecast and actual cash flows and financing activities. The nature of the oil and gas industry is very capital intensive. As a result, the Company prepares annual capital expenditure budgets and utilizes authorizations for expenditures for projects to manage capital expenditures.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices and interest rates will affect the Company's net loss. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

i) Foreign currency exchange rate risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange risks. The Company's oil sales are denominated in U.S. dollars. However, the underlying market prices in Canada for oil are impacted by changes in the exchange rate between the Canadian and United States dollar.

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Notes to the interim condensed consolidated financial statements for the three and nine months ended September 30, 2025 and 2024

(Unaudited, expressed in Canadian Dollars)

ii) Commodity price risk

The Company is exposed to the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. The reference price for buyers and sellers of crude oil relevant to note 13 to the Company's oil sales is West Texas Intermediate at Cushing, Oklahoma, USA ("WTI"), and the reference price for buyers and sellers of natural gas includes deals that are conducted anywhere within TransCanada's Alberta, Canada System, otherwise known as NOVA ("AECO"). Westgate manages this exposure through its capital programs and production levels to maximize the value of recoverable resources.

Commodity prices for petroleum and natural gas are impacted by not only the relationship between the Canadian and United States dollar, as outlined above, but also world economic events and North American processing and supply considerations that influence the levels of supply and demand.

During 2025, the Company agreed to pay on a deferred basis US\$185,164 for risk management contracts for crude oil. At September 30, 2025, the following financial commodity risk contracts were outstanding for Westgate:

Contract	Term	Average Volume	Contract Price	Premium
Crude Oil (put)				
WTI oil put contract (floor)	Oct. 1, 2025 – Dec. 31, 2025	59 bbl/day	\$59.30 USD/bbl	\$6.45 USD/bbl
WTI oil put contract (floor)	Jan. 1, 2026 – Mar.31, 2026	54 bbl/day	\$59.20 USD/bbl	\$7.32 USD/bbl
WTI oil put contract (floor)	Apr. 1, 2026 – Jun. 30, 2026	51 bbl/day	\$59.30 USD/bbl	\$7.87 USD/bbl
WTI oil put contract (floor)	Jul. 1, 2026 – Sep. 30, 2026	47 bbl/day	\$59.30 USD/bbl	\$8.39 USD/bbl
Crude Oil (Swap)				
WTI Oil OTC Fixed/Float Swap	Oct. 1, 2026 – Dec. 31, 2026	43 bbl/day	\$60.92 USD/bbl	-

Subsequent to September 30, 2025, the Company entered into the following financial commodity risk contracts:

Contract	Term	Average Volume	Contract Price	Premium
Crude Oil (Swap)				
WTI Oil OTC Fixed/Float Swap	Nov. 1, 2025 – Dec. 31, 2025	191 bbl/day	\$81.91 CAD/bbl	-
WTI Oil OTC Fixed/Float Swap	Jan. 1, 2026 – Mar.31, 2026	226 bbl/day	\$82.02 CAD/bbl	-
WTI Oil OTC Fixed/Float Swap	Apr. 1, 2026 – Jun. 30, 2026	212 bbl/day	\$81.99 CAD/bbl	-
WTI Oil OTC Fixed/Float Swap	Jul. 1, 2026 – Sep. 30, 2026	202 bbl/day	\$82.00 CAD/bbl	-
WTI Oil OTC Fixed/Float Swap	Oct. 1, 2026 – Dec. 31, 2026	177 bbl/day	\$82.00 CAD/bbl	-
WTI Oil OTC Fixed/Float Swap	Jan. 1, 2027 – Mar.31, 2027	193 bbl/day	\$82.01 CAD/bbl	-

During 2025, the Company recognized a realized loss of \$61,405 and an unrealized loss of \$94,981 on its commodity risk contracts.

iii) Interest rate risk

The Company's exposure to interest rate fluctuations on interest earned on its floating rate cash balance at September 30, 2025 of \$5.8 million (December 31, 2024 - \$0.7 million), from a 1.0% change in interest rates, would have an annualized impact of approximately \$58,000 (December 31, 2024 - \$7,000).

The Company's exposure to interest rate fluctuations on its floating rate long term debt balance at September 30, 2025 of \$13.9 million (Dec 31, 2024 - \$nil), from a 1.0% change in interest rates, would have an annualized impact of approximately \$139,000 (December 31, 2024 - \$nil)

5. EXPLORATION AND EVALUATION ASSETS

E&E:

Balance at December 31, 2024	2,606,967
Transfers to property and equipment (note 6)	(2,586,967)
Balance at September 30, 2025	20,000

The Company's E&E asset additions in 2025 relate a 100% working interest in six sections (1,536 hectares) of mineral rights in the Cold Lake oil sands area of Alberta (the "Beaverdam Assets") as part of a master development agreement with Elizabeth Metis Settlement ("EMS") that, together with certain associated agreements, grants Westgate the right to access to the EMS lands for the purposes of developing certain oil and gas resources. Westgate has identified the potential for up to 60 horizontal drilling locations across multiple horizons within the Mannville Stack group of formations with respect to the Beaverdam Assets.

During 2025, the Company successfully drilled and brought onto production three wells in the Cold Lake oil sands area with economic oil and gas reserves and has initiated a development drilling program across all six sections of its land, and as such \$2.6 million was transferred to property and equipment. The Company performed an impairment test on the assets transferred

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Notes to the interim condensed consolidated financial statements for the three and nine months ended September 30, 2025 and 2024

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using the estimated value of the reserves associated with its three producing wells discounted at a rate of 10%. The value of these reserves was in excess of the exploration and evaluation costs, and no indicators of impairment were found.

6. PROPERTY AND EQUIPMENT

The Company's Property and Equipment ("P&E") consists of oil development and production assets ("D&P") and corporate assets. D&P assets include the Company's interests in developed oil, natural gas and NGL properties, as well as interests in facilities and pipelines.

The following table reconciles the movements in the cost and accumulated depletion and depreciation during the nine months ended September 30, 2025:

	D&P	Corporate assets	Net carrying value
Balance at December 31, 2024	10,816,726	4,473	10,821,199
Additions	8,531,032	-	8,531,032
Transfers from exploration and evaluation (note 5)	2,586,967	-	2,586,967
Additions to decommissioning obligations (note 7)	138,478	-	138,478
Change in decommissioning obligations cost estimate (note 7)	(56,963)	-	(56,963)
Expensed acquisition costs	(104,683)	-	(104,683)
Depletion and depreciation	(1,579,977)	(957)	(1,580,934)
Balance at September 30, 2025	20,331,580	3,516	20,335,096

The calculation of depletion expense for the period ended September 30, 2025, included \$1.8 million (December 31, 2024 - \$1.8 million) of future development costs included in the Richdale and Killam reserve reports. Undeveloped land of \$2.5 million in the Beaver area, related to the \$2.6 million of exploration and evaluation costs transferred into property and equipment, has been excluded from the calculation of depletion (December 31, 2024 - \$nil).

During the third quarter of 2025, the Company recorded a charge in the consolidated statement of loss and comprehensive loss related to deferred charges for an uncompleted acquisition in the Moonshine area of Alberta in the amount of \$104,683. The Company does not anticipate any further charges in association with that acquisition.

Impairment test of P&E

The Company identified two CGUs as at September 30, 2025 (December 31, 2024 – two), based on the lowest level at which properties generate cash inflows while applying judgment to consider factors such as similar reserve characteristics, geographical location, and shared infrastructure. At September 30, 2025, the Company determined that there were no impairment indicators on the Company's CGUs.

7. DECOMMISSIONING OBLIGATIONS

Decommissioning obligations at December 31, 2024	3,270,543
Additions	138,478
Change in estimate	(56,963)
Liabilities settled	(70,613)
Accretion	79,544
Decommissioning obligations at September 30, 2025	3,360,989
Presented	
Current	4,183
Long-term	3,356,806

The Company's decommissioning obligation results from its ownership interest in oil and natural gas assets including well sites and gathering systems. The total decommissioning obligation is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities and the estimated timing of the costs to be incurred in future years.

The key assumptions, on which the carrying amount of the decommissioning obligation is based, include a discount rate range of 2.47% to 3.54% percent (December 31, 2024 – 2.92% to 3.32%) and inflation rate of 2.00% (December 31, 2024 – 2.00%). As at September 30, 2025, the total inflated, undiscounted amount of the estimated cash flows required to settle the obligations was \$7.96 million (December 31, 2024 – \$7.53 million). The expected timing of payment of the cash flows required for settling the obligations extends up to 50 years (2024 – 50 years).

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As at September 30, 2025, the Company issued a cash collateralized letter of credit of \$499,950 (December 31, 2024 - \$499,950) on behalf of the Alberta Energy Regulator for a deposit against the decommissioning obligations. The letter of credit is irrevocable and shall remain valid for one year.

8. DEBT

Senior Secured Loan

	Debt- Liability component	Warrant liability	Total
Carrying value – December 31, 2024	-	-	-
Borrowings – principal (US\$10,000,000)	12,413,353	1,892,647	14,306,000
Debt issue costs – original discount	(572,240)	-	(572,240)
Debt issue costs – cash related	(907,053)	(125,001)	(1,032,054)
Initial cash proceeds	10,934,060	1,767,646	12,701,706
Debt issue costs – warrant component to expense	-	125,001	125,001
Accretion of debt issue costs	283,528	-	283,528
Foreign exchange gain - unrealized	(385,000)	-	(385,000)
Revaluation of warrants at fair value	-	2,895,812	2,895,812
Carrying value – September 30, 2025	10,832,588	4,788,459	15,621,047

On April 3, 2025, Westgate entered into a first lien senior secured loan for up to US\$25 million (the “Senior Secured Loan”) from Cibolo Energy Partners, LLC and certain of its affiliates (“Cibolo”). The Senior Secured Loan is a multi-draw, non-revolving term loan facility of a maximum aggregate principal amount of up to US\$25.0 million. On April 3, 2025, Westgate made an initial draw of US\$10.0 million. An additional US\$10.0 million has been committed and remains available for draw, with additional commitments subject to further approval by Cibolo. The Senior Secured Loan carries an interest rate due quarterly of SOFR plus 7.75%, with an SOFR floor of 4.25%, and will mature on April 3, 2029. Based on the second quarter 2025 SOFR rate, the initial interest rate was approximately 12.1%. Westgate Energy Operations Ltd. has guaranteed the Senior Secured Loan. There are no financial covenants applicable at September 30, 2025. In conjunction with the Senior Secured Loan, Cibolo was issued 24,343,659 non-transferable Share purchase warrants, with each warrant entitling the holder to acquire one Share at an exercise price equal to \$0.21 until April 3, 2030. The Senior Secured Loan warrants are recorded as a financial liability carried at fair value since the exercise price may be adjusted downward under certain circumstances.

The initial cash proceeds of \$12,701,706 were split between the debt component and warrant liability component. The fair value of warrant liability component on grant date was estimated as \$1,892,647 with \$125,001 of issue costs being allocated to the warrant liability and immediately expensed. The residual \$10,934,060 was allocated to the debt liability component and is being accreted up to the Canadian dollar equivalent of the US\$10,000,000 principal (September 30, 2025 – C\$13,921,000) over the 4-year term of the credit facility, with \$283,528 of accretion booked during 2025.

The Company estimated the grant date warrant fair value of \$1,892,647 using the Black-Scholes model with the grant date stock price of \$0.14, the \$0.21 strike price, a five year term, a risk free rate of 2.50%, and volatility of 77% and the September 30, 2025 warrant fair value of \$4,788,459 using the Black-Scholes model with the stock price of \$0.26, the \$0.21 strike price, a 4.5 year term, a risk free rate of 2.67%, and volatility of 100%.

Operating loan

Westgate had a \$1.0 million revolving operating loan with ATB Financial (the “ATB Facility”) that was repayable on demand. During the first quarter of 2025 the company drew \$255,000 against revolving operating loan which was repaid during the second quarter of 2025. The Company incurred \$72,696 of fees in association with the operating loan, which was recorded as a charge in the consolidated statement of loss and comprehensive loss during the first two quarters of 2025.

9. CONVERTIBLE DEBENTURE

	Liability Component	Equity Component	Warrant Reserve	Total
Balance at December 31, 2024	-	-	-	-
Issuance of 2025 Convertible Debentures	691,871	1,673	6,456	700,000
Modification of 2025 Convertible Debentures	(2,019)	-	-	(2,019)
Interest added to principle	51,410	-	-	51,410
Accretion	8,428	-	-	8,428
Balance at September 30, 2025	749,690	1,673	6,456	757,819

On March 7, 2025, the Company closed a non-brokered private placement of convertible debentures, offering of 700 units of the Company (the “Debenture”) to a director of the Company, at a price of \$1,000 per Private Placement Unit for gross proceeds of

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\$700,000, and 199,500 common share warrants of the Company. During the third quarter of 2025, the maturity date of the debentures was extended until February 27, 2026 and the Company recorded a gain on modification of \$2,019 on the condensed consolidated statement of loss. The Debentures bear interest at the rate of 12.5 percent per annum. At the holder's option, the Debentures may be convertible into common shares at any time prior to the close of business on the earlier of the business day immediately preceding (i) the change of control payment date, or (ii) the maturity date, (iii) the redemption date, convert all or any portion of the outstanding principal amount, in multiples of \$1,000, into a number of common shares equal to the quotient obtained by dividing the principal amount being converted by the conversion price. Each Private Placement Unit is comprised of \$1,000 principal amount of Debentures of the Company and 285 common share purchase warrants of the Company. The Debentures are convertible at the election of the holder into common shares at a conversion price of \$0.25 until February 27, 2026, and each private placement warrant entitles the holder to acquire one common share at an exercise price of \$0.27 until March 7, 2026.

Due to the conversion feature to common shares, the Debentures have both a liability and an equity component. The liability component was calculated by discounting the future cash flows (interest and principal) at an interest rate of a similar debt instrument but without a conversion option. The value of the equity component was the residual calculation assuming the share option value is equal to the difference between the total issue proceeds and liability component. The value of the private placement warrants was determined using the Black-Scholes calculations, considering the Company's share price of \$0.18 on the day immediately preceding issuance, the exercise price of \$0.27, a 77% implied volatility, one-year term, and risk-free rate of 2.67%.

\$700,000 of funds received from the convertible debenture were used as a security deposit for a D&P assets acquisition deal. Upon termination of the D&P assets acquisition deal in the third quarter of 2025, the funds became available for the general use of the Company.

10.SHARE CAPITAL

Issued and outstanding shares

The Company's authorized share capital consists of an unlimited number of common shares ("Shares") and an unlimited number of preferred shares, issuable in series (of which nil are issued and outstanding). The following table summarizes the Company's issued and outstanding Shares and the Company's issued and outstanding securities convertible into, or exercisable or exchangeable for Shares:

	Share #	Amount
Balance at December 31, 2024	50,328,051	14,100,060
Issuance of Shares – 2025 Public Units	16,541,267	1,238,713
Balance at September 30, 2025	66,869,318	15,338,773

2025 Public Offering issuance

	Common Shares	Warrants Reserve	Total
Gross proceeds	1,749,219	731,971	2,481,190
Issue costs – cash related	(468,908)	(190,380)	(659,288)
Initial cash proceeds	1,280,311	541,591	1,821,902
Issue costs – compensation shares	(41,598)	(17,407)	(59,005)
Net proceeds	1,238,713	524,184	1,762,897

On April 2, 2025, Westgate issued 16,541,267 units of the Company at a price of \$0.15 per unit (the "Public Unit") for aggregate gross proceeds of approximately \$2,481,190 (the "2025 Public Offering"). Each 2025 Public Unit was comprised of one Share and one Share purchase warrant. Each warrant entitles the holder thereof to acquire one Share at an exercise price of \$0.24 until April 2, 2027 which had a grant date estimated fair value under the Black-Scholes model of \$731,971 recorded in equity as a warrant reserve, with the residual \$1,749,219 recorded as the common share issuance value. The Company estimated the warrant fair value using the Black-Scholes model with the grant date stock price of \$0.15, the \$0.24 strike price, a two-year term, a risk-free rate of 2.44%, and volatility of 77%.

In connection with the 2025 Public Offering, the company incurred \$718,293 of Public Unit issue costs, with \$510,506 allocated to the common shares and \$207,787 allocated to the warrants. Specifically, the Company incurred \$659,288 of cash-based Public Unit issue cost, with \$468,908 allocated to the common shares and \$190,380 allocated to the warrants. Haywood Securities Inc. was issued 918,022, non-transferable compensation options of the Company, which had a fair value under the Black-Scholes model of \$59,005 and was recorded in contributed surplus, with \$41,598 allocated to the common shares and \$17,407 allocated to the warrants. The Company estimated the fair value using the Black-Scholes model with a grant date stock price of \$0.15, a term of two years, a risk-free rate of 2.44%, and volatility of 77%. Each compensation option entitles the holder to acquire one Share at an exercise price of \$0.15 until April 2, 2027.

Subsequent to September 30, 2025, Haywood Securities Inc. exercised 83,454 compensation options for common shares in the Company for cash proceeds of \$12,518.

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Warrants

	Nine Months Ended September 30, 2025		Nine Months Ended September 30, 2025	
	Liabilities		Equity – warrant reserve	
	Warrants #	Amount	Warrants #	Amount
Balance at December 31, 2024	-	-	16,485,068	1,363,508
Issuance of warrants – Convertible Debenture (note 9)	-	-	199,500	6,456
Issuance of warrants – 2025 Public Offering	-	-	16,541,267	731,971
Warrant issue costs – 2025 Public Offering	-	-	-	(207,787)
Issuance of warrants – Senior Secured Loan (note 8)	24,343,659	1,892,647	-	-
Revaluation of warrant liability carried at fair value (note 8)	-	2,895,812	-	-
Balance at September 30, 2025	24,343,659	4,788,459	33,225,835	1,894,148

Subsequent to September 30, 2025, holders of the Company's warrants redeemed 300,000 warrants for common shares in the Company for cash proceeds of \$72,000.

11. STOCK-BASED COMPENSATION

The following tables summarize the Company's outstanding stock-based compensation units:

	RSUs	DSUs	Options
Units outstanding at December 31, 2024	1,674,000	126,000	3,600,000
Units forfeited and cancelled	(108,000)	-	(216,000)
Units outstanding at September 30, 2025	1,566,000	126,000	3,384,000

As at	September 30, 2025		December 31, 2024	
	Outstanding	Exercisable	Outstanding	Exercisable
RSUs	1,566,000	783,000	1,674,000	-
DSUs	126,000	63,000	126,000	-
Cash-settled units	1,692,000	846,000	1,800,000	-
Options - equity-based units	3,384,000	1,128,000	3,600,000	-
Total stock-based compensation units	5,076,000	1,974,000	5,400,000	-

Subsequent to September 30, 2025, the Company issued 537,500 RSUs to officers and employees of the Company. The RSU vest over a two-year period with 50% vesting on the 12-month anniversary and 25% vesting every six months thereafter, and the Company also issued 40,000 DSUs to directors of the Company. The DSUs vest over a two-year period with 50% vesting on the 12-month anniversary and 25% vesting every six months thereafter.

Subsequent to September 30, 2025, the Company issued 1,185,000 options to certain officers, directors, employees and consultants of the Company exercisable into one Share of the Company at a price of \$0.24 per Option. The options vest over a two-year period with 50% vesting on the 12-month anniversary and 25% vesting every six months thereafter and have a term of five years with expiry on October 23, 2030. On the date of grant of the options, the estimated stock option fair value of \$0.08/option was determined using a Black Scholes option pricing model using a \$0.24 share price and \$0.24/option exercise price, 30% volatility, 3.0% risk-free rate and 5.0 year expected life.

The following table summarizes the Company's stock-based compensation expense for the periods:

	Three Months ended September 30		Nine Months ended September 30	
	2025	2024	2025	2024
RSU - cash-settled expense	77,210	37,586	225,103	37,586
DSU - cash settled expense	7,561	2,829	18,693	2,829
Total - cash-based expense	84,771	40,415	243,796	40,415
Options - equity-based expense	41,237	41,863	209,617	41,863
Stock-based compensation expense	126,008	82,278	453,413	82,278

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The liabilities under the cash-settled plans are revalued at each reporting date based on the Company's closing share price. The following table reconciles the Company's cash-settled stock-based liability:

Balance, December 31, 2024	120,368
RSUs - cash-settled expense	225,103
DSUs - cash-settled expense	18,693
Balance, September 30, 2025	364,164
Presented	
Current (within accounts payable and accrued liabilities)	364,164
Long-term	-

12. LOSS PER COMMON SHARE

	Three Months ended September 30		Nine Months ended September 30	
	2025	2024	2025	2024
Loss and comprehensive loss for the periods	4,784,770	487,454	6,627,070	2,551,218
Weighted average number of shares (basic and diluted)	66,869,318	50,328,051	61,355,562	40,151,144
Basic and diluted loss per share	(0.07)	(0.01)	(0.11)	(0.06)

For the three and nine months ended September 30, 2025, securities of 66,363,516 were excluded from the diluted net income (loss) per share as their effect is anti-dilutive (three and nine months ended September 2024 – 16,485,068), including 24,343,659 warrants classified as liabilities, 33,225,835 warrants classified in the warrant reserve, 2,800,000 shares issuable under convertible debentures, 5,076,000 stock based compensation units and 918,022 compensation options.

13. OIL, NATURAL GAS, AND NGL SALES, NET OF ROYALTIES

The following table provides a summary of the Company's revenue streams, all of which are revenue from contracts with customers:

	Three Months ended September 30		Nine Months ended September 30	
	2025	2024	2025	2024
Oil	1,888,070	746,176	3,811,362	2,075,051
Gas	10,930	14,476	199,314	144,024
NGLs	27,368	33,750	80,355	97,272
Total petroleum and natural gas sales	1,926,368	794,402	4,091,031	2,316,347
Royalties	(269,510)	(98,551)	(551,985)	(257,465)
Total revenue, net of royalties	1,656,858	695,851	3,539,046	2,058,882

14. EXPENSES

a) General and administrative ("G&A")

	Three Months ended September 30		Nine Months ended September 30	
	2025	2024	2025	2024
Salary and consulting fees	464,151	300,354	1,260,533	959,210
Rent	34,078	31,694	100,984	96,547
Software and I.T.	48,808	46,592	140,864	127,129
Professional fees	76,937	76,807	312,401	298,478
Office and other expenses	48,816	144,650	256,239	305,930
Overhead recovery	(73,488)	(48,845)	(122,327)	(90,146)
Gross G&A	599,302	551,252	1,948,694	1,697,148
Capitalized G&A	(102,251)	(57,200)	(231,551)	(127,500)
Net G&A	497,051	494,052	1,717,143	1,569,648

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b) Finance expense:

	Three Months ended September 30		Nine Months ended September 30	
	2025	2024	2025	2024
Accretion of decommissioning obligations (note 7)	28,368	23,855	79,544	69,156
Accretion and non-cash interest for 2025 Convertible Debenture (note 9)	26,224	-	59,838	-
Accretion of debt issue costs on Senior Secured Loan (note 8)	147,702	-	283,528	-
Accretion	202,294	23,855	422,910	69,156
Warrant liability issue expense (note 8)	-	-	125,001	-
Operating loan fees (note 8)	-	-	72,696	-
Interest expense	419,188	-	832,936	-
Total finance expense	621,482	23,855	1,453,543	69,156

15. COMMITMENTS AND CONTINGENCIES

The Company had no commitments as at September 30, 2025 (December 31, 2024 – \$nil).

16. CAPITAL STRUCTURE

As at September 30, 2025, the Company's capital structure is comprised of working capital and shareholder's equity (deficit).

The significant components of the Company's capital structure are summarized below:

As at	September 30, 2025	December 31, 2024
Working capital (Deficit) ⁽¹⁾	(440,759)	124,306
Shareholder's equity	6,224,893	10,812,315

¹⁾ Working capital is the difference between the company's current assets and liabilities.

Capital Management

The Company considers its capital structure to include working capital and shareholders' equity. The Company manages its capital structure and makes adjustments by continually monitoring its business conditions including the current economic conditions, the risk characteristics of the Company's oil, natural gas and NGL assets, the depth of its investment opportunities, current and forecasted net debt levels, current and forecasted commodity prices and other facts that influence commodity prices and funds from operations such as quality and basis differentials, royalties, operating costs and transportation costs. In order to maintain or adjust the capital structure, the Company considers its forecasted cash flow from operating activities before changes in non-cash working capital while attempting to finance an acceptable capital expenditure program including acquisition opportunities, the availability of new sources of debt, the sale of assets, limiting the size of the capital expenditure program and the issue of new equity if available on favorable terms.

At September 30, 2025, the Company's capital structure was not subject to any banking covenants. No changes were made to the capital policy as at September 30, 2025. The Company will continue to actively monitor its working capital balances and deploy capital prudently to maximize its liquidity position.

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17. SUPPLEMENTAL CASH FLOW INFORMATION

	Three Months ended September		Nine Months ended September	
	2025	2024	2025	2024
Change in:				
Accounts receivable	(808,497)	(137,649)	(919,981)	(181,774)
Secured note receivable	-	-	-	(340,000)
Commodity contracts	44,077	-	(98,486)	-
Deposits and prepaid expenses	(95,451)	23,462	(139,697)	(52,307)
Inventory	(57,332)	(24,240)	(37,927)	(13,808)
Investments	-	15,000	-	(60,000)
Account payable and accrued liabilities	(2,029,342)	(449,654)	1,149,675	(958,163)
Other liabilities	-	25,520	-	25,520
Other items affecting working capital:				
Non-cash working capital acquired	-	-	-	(160,059)
Unrealized gain (loss) foreign exchange	(10,029)	-	637	-
Unrealized gain (loss) on commodity contracts	3,423	-	(94,981)	-
Long term deposit	700,000	-	-	-
Accounts payable settled with shares (note 10)	-	(2)	-	256,725
Long-term other liabilities	(44,106)	14,895	(44,360)	14,895
Other	4,642	-	-	-
	(2,292,615)	(532,668)	(185,120)	(1,468,971)
Related to:				
Operating activities	510,459	(544,611)	(238,077)	(214,004)
Financing activities	(13,951)	8,274	102,175	-
Investing activities	(2,789,123)	3,669	(49,218)	(1,254,967)

18. RELATED PARTY TRANSACTIONS

During the first quarter of 2025, the Company closed a non-brokered private placement of convertible debentures with a director of the Company for gross proceeds of \$700,000 and 199,500 common share warrants of the Company (note 9).

During the nine months ended September 30, 2025, the Company paid \$100,939 for office rent to a company controlled by a director of Westgate (September 30, 2024 - \$96,547). As at September 30, 2025, there is an accounts payable of \$nil (December 31, 2024 - \$nil) to the related party.