



Unaudited Interim Condensed Consolidated Financial Statements

MCF Energy Ltd.

For the three months ended March 31, 2025 and 2024
(In thousands of Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW (COMPARATIVE NUMBERS)

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of MCF Energy Ltd. as at and for the three months ended March 31, 2025 have been prepared by and are the responsibility of the Company's management and have not been reviewed by the Company's auditor.

MCF Energy Ltd.

Interim Condensed Consolidated Statements of Financial Position

(Unaudited, expressed in thousands of Canadian Dollars)

	Note	March 31, 2025	December 31, 2024
		\$	\$
Current Assets			
Cash and cash equivalents		1,055	1,740
Other current assets		162	141
		1,217	1,881
Non-Current Assets			
Restricted cash	3	33	32
Deposit	4	1,787	1,716
Investment in associate	6	4,599	4,426
Cash call receivable		201	193
Exploration and evaluation assets	7	29,282	27,945
		37,119	36,193
Current Liabilities			
Accounts payable and accrued liabilities		1,438	1,232
Deferred consideration	5(a), 5(b)	1,684	1,666
		3,122	2,898
Non-Current Liabilities			
Decommissioning liability	8	652	602
Royalty	6(b)	1,893	1,893
Deferred tax liability		6,049	5,773
		11,716	11,166
Shareholders' Equity			
Share capital	9	49,278	49,278
Equity reserve	9	4,879	4,879
Accumulated other comprehensive income		1,829	657
Deficit		(30,583)	(29,787)
		25,403	25,027
		37,119	36,193

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

COMMITMENTS (Note 14)

Approved on behalf of the Board of Directors:

/s/ J. Jay Park

Director

/s/ D. Jeffrey Harder

Director

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

MCF Energy Ltd.

Interim Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Unaudited, expressed in thousands of Canadian Dollars, except for weighted average number of common shares and per share amounts)

	Note	March 31, 2025	Three months ended March 31, 2024
		\$	\$
Expenses			
General and administration	11	802	1,343
Finance expense	8	21	-
		(823)	(1,343)
Other items			
Foreign exchange loss		(3)	(22)
Interest income		7	61
Share of loss from equity accounted associate	6	(11)	(41)
Loss on remeasurement of deferred consideration	5(a)	(19)	(34)
		(26)	(36)
Loss before tax		(849)	(1,379)
Income Tax			
Deferred income tax recovery		53	50
Loss for the period		(796)	(1,329)
Other comprehensive income (loss)			
Foreign exchange translation		1,172	(14)
Comprehensive income (loss) for the period		376	(1,343)
Basic and diluted loss per share		(0.00)	(0.01)
Weighted average number of common shares outstanding - basic and diluted		283,901,804	229,541,697

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

MCF Energy Ltd.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficit)

(Unaudited, expressed in thousands of Canadian Dollars, except for number of shares)

	Note	Number of Shares	Amount	Equity Reserve	Accumulated Other Comprehensive Income	Deficit	Total Shareholders' Equity (Deficit)
			\$	\$	\$	\$	\$
Balance, December 31, 2023		222,798,364	37,711	4,345	(3)	(17,605)	24,448
Shares issued pursuant to share purchase agreement	5(b)	17,850,000	4,909		-	-	4,909
Loss for the period		-	-	-	(14)	(1,329)	(1,343)
Balance, March 31, 2024		240,648,364	42,620	4,345	(17)	(18,934)	28,014
Balance, December 31, 2024		283,901,804	49,278	4,879	657,0000	(29,787)	25,027
Income (loss) for the period		-	-	-	1,172	(796)	376
Balance, March 31, 2025		283,901,804	49,278	4,879	1,829	(30,583)	25,403

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

MCF Energy Ltd.

Interim Condensed Consolidated Statements of Cash Flows

(Unaudited, expressed in thousands of Canadian Dollars)

	Note	Three months ended March 31, 2025	March 31, 2024
		\$	\$
Operating activities			
Loss for the period		(796)	(1,329)
Items not involving cash:			
Shares issued for consulting services		-	96
Share of loss in associate	6	11	41
Deferred income tax recovery		(53)	(50)
Remeasurement of deferred consideration	5(a)	19	34
Finance expense	8	21	-
Changes in non-cash working capital items:			
Other current asset		(18)	49
Accounts payable and accrued liabilities		172	283
		(644)	(876)
Investing activities			
Deferred consideration payments	5(a)	-	(592)
Acquisition of 146092 B.C. Ltd. net of cash acquired	5(b)	-	(1,761)
Net cash consumed upon acquisition of MCF Energy GmbH		-	(50)
Acquisition of Exploration and evaluation assets	7	(77)	(2,604)
		(77)	(5,007)
Change in cash		(721)	(5,883)
Effects of variation in the exchange rate on cash		36	1
Cash and cash equivalents, beginning		1,740	8,095
Cash and cash equivalents, ending		1,055	2,213

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

MCF Energy Ltd.

Notes to the Interim Condensed Consolidated Financial Statements

Three months ended March 31, 2025 and 2024

(Unaudited, expressed in thousands of Canadian Dollars, except for per share amounts)

1. NATURE OF OPERATIONS AND GOING CONCERN

MCF Energy Ltd. (the "Company" or "MCF" or "MCF Energy") was incorporated under the British Columbia Business Corporations Act on December 17, 2007. The Company is a junior resource company engaged in the identification, and the exploration and development, of both proven and unproven reserves via drilling and/or acquisition with a focus on the European oil and gas sector.

The address of the Company's registered office is 25th floor, 700 West Georgia Street, Vancouver, BC, V7Y 1B3, and head office is 3123 - 595 Burrard Street, Vancouver, BC, V7X 1J1.

The Company is trading on the TSX Venture Exchange under the trading symbol "MCF", on the Frankfurt Stock Exchange under the trading symbol "DC6", and on the OTCQX under the trading symbol "MCFNF."

These unaudited interim condensed consolidated financial statements (the "Consolidated Financial Statements") have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2025, the Company had a working capital deficit of \$1,905 (December 31, 2024 - working capital deficit of \$1,017), including cash and cash equivalents of \$1,055 (December 31, 2024 - \$1,740). During the three months ended March 31, 2025, the Company incurred net loss of \$796 (March 31, 2024 - \$1,329), and cash used in operating activities of \$644 (March 31, 2024 - \$876) with an accumulated deficit of \$30,583 (December 31, 2024 - \$29,787). In addition, the Company has commitments (refer to Note 14) and has yet to establish any revenue generating operations.

The continued operations of the Company and its ability to fund contractually agreed to exploration and/or development activities, are dependent on its currently available cash and cash equivalent resources and ability to generate future cash flows from operations, through successful exploration and/or development activities, or obtain additional financing. Additional financing to meet the Company's liabilities and commitments as they become due in the Company's pursuit of revenue generating operations will be required. There is a risk that capital spending on exploration activities may not be successful, and that additional financing will not be available in a timely manner or on terms acceptable to the Company. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statements of financial position. 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.

2. BASIS OF PRESENTATION

(a) *Statement of compliance*

The Consolidated Financial Statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*. Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board, have been omitted or condensed. These Consolidated Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2024. The same accounting policies and methods of computation were followed in the preparation of the Consolidated Financial Statements as were followed in the preparation of and as described in Note 3 of the Company's audited consolidated financial statements for the year ended December 31, 2024.

The Consolidated Financial Statements were authorized for issue by the Board of Directors on May 29, 2025.

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Notes to the Interim Condensed Consolidated Financial Statements

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(Unaudited, expressed in thousands of Canadian Dollars, except for per share amounts)

(b) Basis of measurement

The Consolidated Financial Statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, the Consolidated Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Basis of consolidation

The Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiaries 1408978 B.C. Ltd., MCF Energy Czechia Ltd (formerly 1460292 B.C. Ltd.), Genexco GmbH, MCF Energy GmbH, Lomenska Tezebni s.r.o., and Orionos Energy s.r.o.

Control of a subsidiary exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are considered. The financial statements of subsidiaries, including entities which the Company controls, are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

(d) Functional and presentation currency

Items included in the Consolidated Financial Statements are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The Consolidated Financial Statements are presented in Canadian dollars, the Functional Currency of 1408978 B.C., and MCF Energy Czechia Ltd (formerly 1460292 B.C. Ltd.) is the Canadian dollar, the Functional Currency of Genexco GmbH and MCF Energy GmbH is the Euro, and the Functional Currency of Lomenska Tezebni s.r.o., and Orionos Energy s.r.o is the Czech Koruna (Kč).

Transactions in currencies other than the Functional Currency are recorded at the rates of exchange prevailing on the transaction dates. All assets and liabilities are translated into the presentation currency using the exchange rate in effect on the reporting date, shareholders' equity accounts are translated using the historical rates of exchange and expenses are translated at the average rate for the period.

Exchange gains and losses on translation to the presentation currency, if any, are included as a separate component of accumulated other comprehensive income.

(e) Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Estimates and assumptions 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. However, actual outcomes can differ significantly from these estimates.

The significant areas of judgment and estimates considered by management in preparing the Consolidated Financial Statements are consistent with those disclosed in Note 2(e) of the Company's audited consolidated financial statements for the year ended December 31, 2024.

3. RESTRICTED CASH

As at March 31, 2024, the Company held a restricted cash balance of \$33 (533 Kč) (December 31, 2024 - \$32 (533 Kč)). The Company is required to maintain a balance of restricted cash to comply with the territory mining bureau in the Czech Republic. The funds are set aside to be used for future abandonment and reclamation activities.

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4. DEPOSIT

The Company has previously made a security deposit of \$1,787 (EUR €1,150) (December 31, 2024 - \$1,716 (EUR €1,150)) as collateral with the state mining authority in Brandenburg, Germany, to ensure the Company's fulfillment of environmental obligations pursuant to the Reudnitz permit.

5. ACQUISITIONS

a) Genexco

On April 3, 2023, the Company acquired all of the issued and outstanding shares of Genexco GmbH ("Genexco"), a private German oil and gas company. The total consideration for the acquisition included deferred consideration of \$5,886, assessed at the time of the acquisition, payable in a combination of cash and common shares of the Company.

Settlement of \$4,423 of the deferred consideration was contingent on certain events occurring, including the Company obtaining two exploration licences in certain specific geographic areas before October 1, 2024. At December 31, 2023, the Company had obtained the two exploration licences, resulting in the issuance of 2,459,500 shares and payment of \$1,958 (EUR €1,339) in relation to the deferred contingent consideration before December 31, 2023. As at December 31, 2023, the Company was obligated to pay an additional \$2,418 (EUR €1,654) and issue an additional 2,459,500 shares in relation to the contingent consideration related to the exploration licences being obtained. On April 1, 2024, the Company issued an aggregate of 2,459,500 shares, with a value of \$1,238, to settle the share issuance portion of amounts owed to the former shareholders of Genexco. Additionally, during the year ended December 31, 2024, the Company paid \$1,351 (EUR €904) in cash relating to the deferred consideration to the former shareholders of Genexco. Further, on July 31, 2024, as part of a debt settlement agreement outlined within Note 9(b), the Company issued an aggregate of 9,215,840 Units (as defined below) to the former shareholders of Genexco to settle \$1,382 (EUR €928) worth of payments owed as deferred consideration.

An additional \$1,787 (EUR €1,150) is an earn out provision with a set milestone that is based on the award of an additional production licence, which has not yet been received. This earn out provision is recorded at a value of \$1,030 (EUR €663) on the Consolidated Financial Statements (December 31, 2024 - \$1,031 (EUR €691)), as part of the deferred consideration, which is the present value of the earn out provision owed, using at a rate of 15%, based on the expected timing of when the production license is expected to be received.

Deferred consideration that was not contingent on certain events occurring was \$1,497 (EUR €1,000) in cash, but has been fully paid as at December 31, 2024.

Based on the contingent payments remaining, the deferred consideration relating to the acquisition is \$1,507 (EUR €969) at March 31, 2025 (December 31, 2024 - \$1,488 (EUR €997)) comprised of guaranteed future cash payments, achieved milestone cash payments, and estimated earn-out payments. The revaluation of the deferred contingent consideration in the statement of financial position resulted in an increase in the liability of \$19 during the three months ended March 31, 2025 (March 31, 2024 - \$34), which was recognized in the statement of loss and comprehensive loss.

b) MCF Energy Czechia Ltd. (formerly 1460292 B.C. Ltd.)

On February 27, 2024, the Company acquired all of the issued and outstanding shares of MCF Energy Czechia Ltd. (formerly 1460292 B.C. Ltd.), a privately held Czech oil and gas company. MCF Energy Czechia Ltd. is the owner of three production and three exploration licenses within the Vienna Basin of Czechia in the Carpathian Mountains. The Company obtained control of the operations of MCF Energy Czechia Ltd., on February 27, 2024 and has included the results of MCF Energy Czechia Ltd. within the Consolidated Financial Statements since that date. The acquisition was accounted for as a business combination, with the Company being considered the acquirer for accounting purposes, and the assets acquired, and the liabilities assumed being recorded at fair value at the acquisition date.

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The Company issued 17.5 million common shares at a price of \$0.275 per share to the vendor and made a cash payment of \$1,782 (US\$1,325).

As part of the acquisition, the Company issued 350,000 common shares as an advisory success fee. The value of this fee of \$96 is recorded as part of general and administrative expenses in the statements of loss during the three months ended March 31, 2024.

In addition, the vendor was granted a net profit royalty from successful wells varying between 2.5% and 10% for seven years, and a flat 2.5% thereafter. If, by the later of 24 months from closing, or fiscal year end 2025, less than \$5,000 has been deployed in connection with the Company's assets or operations in the Czech Republic, the royalty gets extended one year before reverting to a flat 2.5%. If after 36 months from closing, less than \$5,000 has been deployed, the Manager shall have the option to purchase 50% of the working interest in certain lands for \$500. Based on the terms of the net profit royalty, the royalty payments are considered deferred consideration for the acquisition of MCF Energy Czechia Ltd.

Additionally, the vendor is owed a performance bonus of up to \$800 upon achievement of certain milestones including receiving certain drill permits to become drill ready, establishing a certain number of proved reserves, and generating certain sales volumes within a prescribed timeline. At the time of acquisition, the Company valued the performance milestones at \$188 based on the likelihood of achieving certain milestones. As at March 31, 2025 the performance bonus, which is recorded as deferred consideration on the Consolidated Financial Statements, is valued at \$178 (December 31, 2024 - \$178).

A Czech company (the "Manager"), familiar with local operations, will manage the Czech assets from its office in Prague. The Manager's compensation includes a set fee of \$65 per month in cash, and cash bonuses, based on performance, up to a maximum of \$800.

The following table summarizes the allocation of the purchase price to the fair value of the identifiable assets acquired and liabilities assumed at the date of acquisition. Determinations of fair value often require management to make assumptions and estimates about future events. The below purchase price allocation is based on management's best estimate at the time of the preparation of the Consolidated Financial Statements.

Consideration	Amount
	\$
Cash	1,782
Performance milestones	188
Royalty	1,893
Shares	4,813
	8,676
Net assets of MCF Energy Czechia Ltd. (formerly 1460292 B.C. Ltd.) at February 27, 2024:	
Cash	21
Restricted cash	31
Other current assets	8
Exploration and evaluation assets	11,351
Accounts payable and accrued liabilities	(1)
Decommissioning liability	(447)
Deferred tax liability	(2,287)
Net assets acquired	8,676

The acquisition of MCF Energy Czechia Ltd. has contributed revenues of \$nil and net losses of \$169 since February 27, 2024. Had the acquisition closed on January 1, 2024, estimated contributed revenues would have been \$nil and estimated contributed net losses would have been \$282 for the year ended December 31, 2024.

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Notes to the Interim Condensed Consolidated Financial Statements

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6. INVESTMENT IN ASSOCIATE

As a result of the acquisition of Genexco (Note 5(a)) in April 2023, the Company acquired a 20% equity interest in Energieprojekt Lech Kinsau 1 GmbH (formerly Genexco Gas GmbH) ("Energieprojekt"), a private German oil and gas company. The Company measures its investment in Energieprojekt using the equity method in accordance with IAS 28 – *Investments in Associates and Joint Ventures*. As at March 31, 2025, Energieprojekt was recorded at a value of \$4,599 (December 31, 2024 - \$4,426) as shown in the table below:

	Amount
	\$
Balance, December 31, 2023	4,371
Share of loss on investment in associates	(36)
Foreign exchange translation	91
Balance, December 31, 2024	4,426
Share of loss on investment in associates	(11)
Foreign exchange translation	184
Balance, March 31, 2025	4,599

The following tables summarize the financial information of Energieprojekt:

As at	March 31, 2025	December 31, 2024
	\$	\$
Cash and cash equivalents	182	193
Other current assets	706	705
Non-current assets	2,943	2,367
Current liabilities	(627)	(125)
Non-current loan liabilities	(3,417)	(3,294)
Net assets ⁽¹⁾	(213)	(154)

For the three months ended	March 31, 2025	March 31, 2024
	\$	\$
Expenses	54	207
Net loss ⁽¹⁾	54	207

⁽¹⁾ Balances represent 100% share of Energieprojekt

The following table reconciles the Company's share of the net assets of Energieprojekt the investment in associate balance as at March 31, 2025

	Amount
	\$
Genexco's share of net assets	(42)
Fair value adjustment from acquisition	4,368
Foreign exchange translation	273
Balance, March 31, 2025	4,599

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(Unaudited, expressed in thousands of Canadian Dollars, except for per share amounts)

7. EXPLORATION AND EVALUATION ASSETS

The following tables summarizes the capitalized costs associated with the Company's E&E assets:

	Amount \$
Acquisition Costs	
Balance December 31, 2023	18,852
Additions	11,351
Impairment	(3,345)
Foreign exchange translation	703
Balance, December 31, 2024	27,561
Foreign exchange translation	1,236
Balance, March 31, 2025	28,797
Exploration Costs	
Balance December 31, 2023	464
Additions	4,744
Impairment	(4,833)
Foreign exchange translation	9
Balance December 31, 2024	384
Additions	77
Foreign exchange translation	24
Balance, March 31, 2025	485
Carrying Value	
Balance December 31, 2023	19,316
Balance December 31, 2024	27,945
Balance March 31, 2025	29,282

The Company's E&E assets are held in the following geographical locations:

As at December 31, 2024

	Canada	Austria	Czechia	Germany	Total
	\$	\$	\$	\$	\$
E&E assets	-	-	12,432	16,850	29,282

As at December 31, 2024

	Canada	Austria	Czechia	Germany	Total
	\$	\$	\$	\$	\$
E&E assets	-	-	11,772	16,173	27,945

Reudnitz Production Licence, Germany

Through its subsidiary, Genexco, the Company owns a 100% interest in a production licence in Reudnitz, Germany

During the year ended December 31, 2024, the Company entered into a Heads of Agreement with Lime Petroleum Holdings AS ("Lime") for an option (the "Option") to farm in on Genexco's 100% interest in Reudnitz gas exploration licence in Germany. Lime has the Option to assume a working interest share in Reudnitz and the production licence of up to 80% of the total working interest in Reudnitz and the production licence.

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(Unaudited, expressed in thousands of Canadian Dollars, except for per share amounts)

In consideration for the Option:

- Lime paid Genexco \$747 (EUR €500), which is the estimated cost of a work-over on well RZ2 in Reudnitz
- If Lime exercises its Option after the work-over and the production licence is granted, Lime will carry all costs and expenses related to the pilot development of the reservoir in the Production Licence up to \$8,547 (EUR €5,500).

If Lime exercises its Option, Lime will become operator of Reudnitz Production Licence, unless it declines to assume operatorship, at which point Genexco will continue as operator.

During the year ended December 31, 2024, the Company received \$747 (EUR €500) from Lime for the Option and is intended to be used to fund a work-over. As at March 31, 2025, the Company has not incurred any costs relating to the specific work-over associated with the Lime Option. The funds received from Lime have been recorded as a joint venture ("JV") payable included within amounts payable and accrued liabilities. As the expenditures related to the work-over are incurred, and recognized within E&E assets, the JV payable will be reduced by the respective amount. As at March 31, 2025, the total amount included and remaining within amounts payable and accrued liabilities, relating to the JV payable is \$777 (EUR €500) (December 31, 2024 - \$747 (EUR €500)).

Lech East Exploration Licence, Germany

On August 1, 2023, Genexco, the Company's wholly owned subsidiary, was awarded a natural gas exploration concession, Lech East. Lech East is approximately 100 km² in size located in Southwest Bavaria, Germany, granted by the Bavarian State Ministry of Economic Affairs, Regional Development and Energy for an initial term of three years.

Welchau Area, Molasse Basin, Austria

As part of an assignment of projects by Kepis & Pobe Financial Group Inc. ("KPFG") in January 2023, the Company obtained the right to earn an interest in a licence in the Welchau Area in Austria. Under the terms of the agreement, the Company will fund up to 50% of exploration drilling costs for the initial Welchau well. Upon paying 50% share of the cost, the Company will earn a 50% share of cost hydrocarbons and a 25% share of profit hydrocarbons. ADX VIE GmbH ("ADX") is designated as the initial operator and holds the licence.

On January 5, 2024, the Company and ADX amended the agreement to outline the Company's commitment to finance 50% of the Welchau-1 well expenses, up to \$7,300 (EUR €5,100), in exchange for increasing the Company's economic interest in the Welchau investment area to 25% from 20%. During the year ended December 31, 2024, the Company reached the revised well cost cap and as a result, the Company and ADX will cover their respective shares of 25% and 75% for the expenses related to the Welchau investment area.

During the year ended December 31, 2024, the Company paid \$4,581 (EUR €3,069) related to cash calls for drilling expenses for the Welchau-1 well, including \$1,497 (EUR €1,025) as a funding contribution towards the Welchau-1 well paid on signing the amended agreement.

During the three months ended March 31, 2025, the Company has not paid any amounts relating to cash calls for drilling expenses for the Welchau-1 well.

Czech licences

Through the acquisition of MCF Energy Czechia Ltd. (formerly 1460292 B.C. Ltd.), the Company has three production licences and three exploration licences in the Vienna Basin of Czechia within the Carpathian Mountains. Refer to Note 5(b) for details surrounding this acquisition.

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Impairment

E&E assets are tested for impairment when internal or external indicators of impairment exist as well as upon reclassification to oil and gas interests in PP&E. At March 31, 2025, there were no triggers identified and therefore, an impairment test was not performed.

8. DECOMMISSIONING LIABILITY

The Company has obligations to abandon and remediate the impact from historic drilling and production activities on certain of its licences. The Company calculated the present value of these decommissioning liability using a credit-adjusted risk-free rate of 15%, including a credit spread of 12.7% as at March 31, 2025 (December 31, 2024 – 12.7%). The Company's credit spread is determined using the Company's implied cost of borrowing at the end of the reporting period.

The Company has estimated the decommissioning expenditures based on current cost estimates valued at \$1,624 (EUR €1,045) (December 31, 2024 – \$1,560 (EUR €1,045)) for its German assets, \$98 (EUR €63) (December 31, 2024 – \$94 (EUR €63)) for its Austrian assets, and \$1,559 (EUR €1,003) (December 31, 2024 – \$1,497 (EUR €1,003)) for its Czech assets. Current cost estimates are inflated to the amounts expected to be incurred at the estimated time of abandonment between 10 and 30 years using an estimated inflation rate of 3% (December 31, 2024 – 3%).

A summary of the changes in decommissioning liability is shown below:

	Amount
	\$
Balance, December 31, 2023	51
Additions	28
Liabilities acquired (Note 5(b))	447
Accretion expense	62
Foreign exchange translation	14
Balance, December 31, 2024	602
Accretion expense	21
Foreign exchange translation	29
Balance, March 31, 2025	652

9. EQUITY

(a) Authorized

Unlimited number of voting Class A common shares with no par value.

Unlimited number of voting Class B common shares with no par value.

(b) Issued and fully paid common shares

As at March 31, 2025, there were 283,901,804 (December 31, 2024 - 283,901,804) Class A shares outstanding and no Class B shares outstanding.

Shares issued during the three months ended March 31, 2025

There were no shares issued during the three months ended March 31, 2025.

Shares issued during the year ended December 31, 2024

On July 31, 2024, the Company closed a non-brokered private placement (the "Private Placement") and issued 29,848,686 units at a price of \$0.15 per unit for aggregate gross proceeds of \$4,477. Each unit (a "Unit") consists of one Class A common share and one Class A common share purchase warrant, with each warrant entitling the holder

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thereof to acquire an additional common share at an exercise price of \$0.16 until July 31, 2026. Of the total gross proceeds raised, \$4,029 has been allocated to the value of the shares issued, with the residual \$448 allocated to the value of the warrants (Note 9(d)). The Company incurred total issuance costs of \$224 in relation to the Private Placement, which includes \$100 of finders' fees and finders' warrants with a value of \$34. \$201 has been attributed to the value of the shares issued and \$23 has been attributed to the value of the warrants (Note 9 (d)). The finders' warrants have the same terms as the Class A common share purchase warrants included in the Units.

On July 31, 2024, the Company settled outstanding debt owed to various creditors in the aggregate amount of \$1,567 through the issuance of 10,445,254 Units (the "Debt Settlement"). \$1,382 of the amount settled relates to amounts owed from deferred consideration (Note 5(a)), while the remaining amount of \$185 relates to the settlement of accounts payable balances. Of the total debt settled, \$1,410 has been allocated to the value of shares issued and \$157 has been allocated to the value of the warrants (Note 9(d)).

On April 3, 2024, 500,000 stock options for Class A common shares were exercised for gross proceeds of \$100.

On April 1, 2024, the Company issued an aggregate of 2,459,500 Class A common shares at a deemed price of \$0.60 per common share to the former Genexco shareholders as a result of meeting a predetermined contingent consideration milestone for the Genexco acquisition (Note 5(a)).

On February 26, 2024, the Company issued 17.5 million Class A common shares at \$0.275 as part of the acquisition of MCF Energy Czechia Ltd. (Note 5(b)). Additionally, the Company issued 350,000 Class A common shares as an advisory success fee. The value of this fee of \$96 is recorded as part of general and administrative expenses in the statement of loss and comprehensive loss in the period.

(c) Stock Options

The Company has adopted a share option plan for which options to acquire up to a total of 10% of the issued share capital, at the award date, may be granted to eligible optionees from time to time. Generally, share options granted have a maximum term of ten years, and a vesting period and exercise price determined by the directors.

A summary of the changes in options is presented below:

	Options Outstanding	Weighted Average Exercise Price
		\$
Balance, December 31, 2023	15,350,000	0.21
Exercised	(500,000)	0.20
Balance, December 31, 2024	14,850,000	0.21
Cancelled	(650,000)	0.26
Balance, March 31, 2025	14,200,000	0.21

The following tables summarize information about the Company's stock options outstanding at March 31, 2025:

Options Outstanding	Options Exercisable	Exercise Price	Expiry Date
		\$	
12,600,000	12,600,000	0.20	January 3, 2033
1,600,000	1,600,000	0.29	September 26, 2033
14,200,000	14,200,000		

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(d) Warrants

Warrants issued during the three months ended March 31, 2025

There were no warrants issued during the three months ended March 31, 2025.

Warrants issued during the year ended December 31, 2024

On July 31, 2024, the Company issued 29,848,686 common share purchase warrants as part of the Private Placement. Each warrant is exercisable for one Class A common share at a price of \$0.16 per share until July 31, 2026. The warrants were allocated a value of \$448 as outlined within Note 9(b). Issuance costs of \$23 were attributed to the warrants, resulting in a net value of \$425 recorded on the statement of financial position as at December 31, 2024. As part of the Private Placement, the Company issued 666,906 finders' warrants valued at \$34 using the Black-Scholes valuation model. Each finders' warrant entitles the holder thereof to acquire one Class A common share at a price of \$0.16 per share until July 31, 2026 (Note 9(b)).

The following weighted average assumptions were used in the Black-Scholes valuation model for the valuation of the finders' warrants: risk-free interest rate of 3.46%, warrant life of 2 years, annualized volatility of 75% and a dividend rate of 0.00%.

On July 31, 2024, the Company issued 10,445,254 common share purchase warrants as part of the Debt Settlement (Note 9(b)). Each warrant is exercisable for one Class A common share at a price of \$0.16 per share until July 31, 2026. The warrants were allocated a value of \$157 as outlined within Note 9(b).

A summary of the changes in warrants is presented below.

	Warrants Outstanding	Weighted Average Exercise Price
		\$
Balance, December 31, 2023	982,940	0.62
Expired	(982,940)	0.62
Issued with the Private Placement (Note 9(b))	29,848,686	0.16
Finders' warrants issued with the Private Placement (Note 9(b))	666,906	0.16
Issued with the Debt Settlement (Note 9(b))	10,445,254	0.16
Balance, December 31, 2024 and March 31, 2025	40,960,846	0.16

10. RELATED PARTY TRANSACTIONS

(a) Key management consists of personnel having the authority and responsibility for planning, directing, and controlling the activities of the Company, which are the directors and executive officers of the Company. The table below outlines the compensation to key management for the three months ended March 31, 2025 and 2024:

	Three months ended March 31, 2025	Three months ended March 31, 2024
	\$	\$
Consulting fees	165	164
Director fees	23	23
	188	187

(b) As at March 31, 2025, there is \$286 (December 31, 2024 - \$143) included in accounts payable and accrued liabilities owing to key management.

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- (c) Certain key management personnel hold a 1.0% royalty on some of the Company's projects. No amounts have been paid or are owed in relation to this royalty as at and during the three months ending March 31, 2025 and 2024.
- (d) As outlined in Note 9(b), the Company completed the Private Placement during the year ended December 31, 2024. Certain directors of the Company participated in the Private Placement by providing \$300 in proceeds to the Company and were thus issued 2,002,000 common shares and 2,002,000 common share purchase warrants.

11. GENERAL AND ADMINISTRATION EXPENSES

Included in general and administration expenses for the three months ended March 31, 2025 and 2024 are as follows:

	Three months ended March 31, 2025	Three months ended March 31, 2024
	\$	\$
Consulting fees	571	672
Professional fees	112	201
Office and administration	74	38
Director fees	23	23
Regulatory and filing fees	22	53
Marketing and investor relations	-	250
Administrative success fee	-	96
Travel	-	10
	802	1,343

12. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base to continue investor, creditor, and market confidence and to sustain the future development of the business. The Company's objectives when managing capital are to:

- Deploy risked capital to maximize the potential return on investment to its shareholders;
- Maintain financial flexibility in order to preserve the Company's ability to meet financial obligations; and
- Maintain a capital structure that provides financial flexibility to execute potential strategic acquisitions.

The Company's strategy is designed to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying petroleum and natural gas prospects. MCF considers its capital structure to include shareholders' equity, stock options, and working capital. In order to maintain or adjust its capital structure, the Company may from time-to-time issue new Common

Shares, acquire or dispose of assets, farm-out a portion of its working interest in one or more asset, seek debt-based financing, and adjust its capital spending to manage working capital.

In order to facilitate the management of its capital expenditures and working capital, the Company prepares annual budgets which are updated quarterly depending upon varying factors including current and forecast crude oil and natural gas prices, capital expenditures and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

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13. FINANCIAL INSTRUMENTS

Financial Risk Management

Cash and cash equivalents, restricted cash, sales tax recoverable, cash call receivable, and accounts payable and accrued liabilities are held at amortized cost which approximates fair value due to the short-term nature of these instruments. Deferred consideration is held at fair value.

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities,

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs that are not based on observable market data.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company is exposed to credit risk on cash. The Company reduces its credit risk on cash by maintaining its bank account with a large international financial institution and temporarily holds cash in the Company lawyer's trust account. The maximum exposure to credit risk is equal to the carrying value of its cash and cash equivalents and sales tax recoverable.

Liquidity Risk

As at March 31, 2025, the Company had cash of \$1,055 to settle current liabilities of \$3,122 and had working capital deficit of \$1,905. The Company manages liquidity risk through the management of its capital structure. The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities.

Refer to Note 1 – Nature of Operations and Going Concern.

Currency Risk

Currency risk is the risk that financial instruments that are denominated in a currency other than the Canadian dollar, which is the Company's reporting currency, will fluctuate due to changes in exchange rates. The Company has future funding commitments in Euro currency. Management monitors foreign exchange exposure, and if appropriate, may enter into derivative contracts.

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Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity prices, and equity prices.

I. Interest Rate Risk

Interest rate risk consists of two components:

- (a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Due to the short-term nature of the Company's financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of March 31, 2025. Future cash flows from interest income on cash will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on the preservation of capital, and liquidity. Interest rate risk is assessed as low.

II. Equity Price Risk

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. The Company is not exposed to price risk.

14. COMMITMENTS

- (a) The Company is obligated to fund its decommissioning liabilities associated with the Reudnitz prospect. Genexco, its wholly owned subsidiary, has a total of \$1,787 (EUR €1,150) on account with the local mining authority.
- (b) In addition to joint interest costs, the Company is obligated to fund up to 50% of cost overruns, relating to its joint interest operation, under the terms of its joint development agreement for the Welchau prospect

15. SEGMENTED INFORMATION

As at March 31, 2025, the Company primarily operates in one reportable operating segment, being oil and gas exploration in Europe.