



Unaudited Interim Condensed Consolidated Financial Statements

MCF Energy Ltd.

For the three and six months ended June 30, 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 and six months ended June 30, 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 | June 30, 2025 | December 31, 2024 |
|--|------------|---------------|-------------------|
| | | \$ | \$ |
| Current Assets | | | |
| Cash and cash equivalents | | 808 | 1,740 |
| Other current assets | | 368 | 141 |
| Assets held for sale | 6 | 4,295 | - |
| | | 5,471 | 1,881 |
| Non-Current Assets | | | |
| Restricted cash | 3 | - | 32 |
| Deposit | 4 | 1,843 | 1,716 |
| Investment in associate | 7 | 4,733 | 4,426 |
| Cash call receivable | | 157 | 193 |
| Exploration and evaluation assets | 8 | 17,914 | 27,945 |
| | | 30,118 | 36,193 |
| Current Liabilities | | | |
| Accounts payable and accrued liabilities | | 2,490 | 1,232 |
| Deferred consideration | 5(a), 5(b) | 1,769 | 1,666 |
| Liabilities associated with assets held for sale | 6 | 3,124 | - |
| | | 7,383 | 2,898 |
| Non-Current Liabilities | | | |
| Decommissioning liability | 9 | 90 | 602 |
| Royalty | 6(b) | 1,893 | 1,893 |
| Deferred tax liability | | 3,912 | 5,773 |
| | | 13,278 | 11,166 |
| Shareholders' Equity | | | |
| Share capital | 10 | 49,278 | 49,278 |
| Equity reserve | 10 | 4,879 | 4,879 |
| Accumulated other comprehensive income | | 2,243 | 657 |
| Deficit | | (39,560) | (29,787) |
| | | 16,840 | 25,027 |
| | | 30,118 | 36,193 |

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

COMMITMENTS (Note 15)

SUBSEQUENT EVENTS (Note 17)

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 | Three months ended June 30, | | Six months ended June 30, | |
|--|------|-----------------------------|-------------|---------------------------|-------------|
| | | 2025 | 2024 | 2025 | 2024 |
| | | \$ | \$ | \$ | \$ |
| Expenses | | | | | |
| General and administration | 12 | 511 | 940 | 1,262 | 2,264 |
| Exploration and evaluation expense | 8 | 48 | - | 48 | - |
| Finance expense | 9 | 1 | - | 2 | - |
| | | (560) | (940) | (1,312) | (2,264) |
| Other items | | | | | |
| Foreign exchange loss | | 1 | - | (1) | (22) |
| Interest income | | - | 13 | 7 | 74 |
| Share of loss from equity accounted associate | 7 | (13) | 35 | (24) | (6) |
| Loss on remeasurement of deferred consideration | 5(a) | (84) | (45) | (103) | (79) |
| | | (96) | 3 | (121) | (33) |
| Net loss before tax from continuing operations | | (656) | (937) | (1,433) | (2,297) |
| Income Tax | | | | | |
| Deferred income tax recovery | | 14 | - | 42 | 50 |
| Net loss from continuing operations | | (642) | (937) | (1,391) | (2,247) |
| Net loss from discontinued operations | 6 | (8,335) | (28) | (8,382) | (47) |
| Net loss for the period | | (8,977) | (965) | (9,773) | (2,294) |
| Other comprehensive income (loss) | | | | | |
| Foreign exchange translation on continuing operations | | 423 | 46 | 1,157 | 32 |
| Comprehensive income (loss) from continuing operations | | (219) | (891) | (234) | (2,215) |
| Comprehensive income (loss) from discontinued operations | 6 | (8,344) | 97 | (7,953) | 78 |
| Comprehensive income (loss) for the period | | (8,563) | (794) | (8,187) | (2,137) |
| Net loss per share | | | | | |
| Continuing operations - basic and diluted | | (0.00) | (0.00) | (0.00) | (0.01) |
| Discontinued operations - basic and diluted | | (0.03) | (0.00) | (0.03) | (0.00) |
| Net loss per share - basic and diluted | | (0.03) | (0.00) | (0.03) | (0.01) |
| Weighted average number of common shares outstanding - basic and diluted | | 283,901,804 | 243,564,353 | 283,901,804 | 236,515,974 |

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) | 20,309,500 | 6,147 | | - | - | 6,147 |
| Exercise of options | | 500,000 | 182 | (82) | - | - | 100 |
| Net income (loss) for the period | | - | - | - | 157 | (2,294) | (2,137) |
| Balance, June 30, 2024 | | 243,607,864 | 44,040 | 4,263 | 154 | (19,899) | 28,558 |
| Balance, December 31, 2024 | | 283,901,804 | 49,278 | 4,879 | 657 | (29,787) | 25,027 |
| Net income (loss) for the period | | - | - | - | 1,586 | (9,773) | (8,187) |
| Balance, June 30, 2025 | | 283,901,804 | 49,278 | 4,879 | 2,243 | (39,560) | 16,840 |

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 | Six months ended June 30, 2025 | 2024 |
|---|------|-----------------------------------|---------|
| | | \$ | \$ |
| Operating activities | | | |
| Loss from continuing operations | | (1,391) | (2,247) |
| Items not involving cash: | | | |
| Shares issued for consulting services | | - | 96 |
| Share of loss in associate | 7 | 24 | 6 |
| Deferred income tax recovery | | (42) | (50) |
| Remeasurement of deferred consideration | 5(a) | 103 | 79 |
| Exploration and evaluation expense | | 48 | - |
| Finance expense | 9 | 2 | - |
| Changes in non-cash working capital items: | | | |
| Other current asset | | (223) | (6) |
| Accounts payable and accrued liabilities | | 958 | 644 |
| Cash flows from continuing operations | | (521) | (1,478) |
| Cash flows from discontinued operations | 6 | (119) | (1) |
| Cash flows used in operating activities | | (640) | (1,479) |
| Investing activities | | | |
| Deferred consideration payments | 5(a) | - | (592) |
| Funds received for farmout option | 8 | 277 | - |
| Expenditures on exploration and evaluation assets | 8 | (526) | (3,706) |
| Cash paid for acquisition of 146092 B.C. Ltd. | | - | (1,782) |
| Cash flows from continuing operations | | (249) | (6,080) |
| Cash flows from discontinued operations | 6 | (91) | 2 |
| Cash flows used in investing activities | | (340) | (6,078) |
| Financing activities | | | |
| Proceeds from exercise of options | | - | 100 |
| Cash flows used in financing activities | | - | 100 |
| Change in cash | | (980) | (7,457) |
| Effects of variation in the exchange rate on cash | | 58 | 18 |
| Cash classified as assets held for sale | 6 | (10) | - |
| Cash and cash equivalents, beginning | | 1,740 | 8,095 |
| Cash and cash equivalents, ending | | 808 | 656 |

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 and Six months ended June 30, 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 June 30, 2025, the Company had a working capital deficit of \$1,912 (December 31, 2024 - working capital deficit of \$1,017), including cash and cash equivalents of \$808 (December 31, 2024 - \$1,740), assets held for sale of \$4,295 (December 31, 2024 - \$nil), and liabilities associated with assets held for sale of \$3,124 (December 31, 2024 - \$nil). During the six months ended June 30, 2025, the Company incurred net losses from continuing operations of \$1,391 (June 30, 2024 - \$2,247) and net losses, including discontinued operations of \$9,773 (June 30, 2024 - \$2,294). The Company used \$640 in operating activities (June 30, 2024 - \$1,479) and had an accumulated deficit of \$39,560 (December 31, 2024 - \$29,787). Additionally, the Company has commitments (refer to Note 15) 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 except for new accounting policies adopted as outlined in Note 2(e).

The Consolidated Financial Statements were authorized for issue by the Board of Directors on August 28, 2025.

MCF Energy Ltd.

Notes to the Interim Condensed Consolidated Financial Statements

Three and Six months ended June 30, 2025 and 2024

(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 Tezební 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 Tezební 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) New accounting policies

i. Assets held for sale and discontinued operations

The Company classifies non-current assets (or disposal groups) and associated liabilities as held for sale if their carrying amount will be recovered through a sale transaction instead of continuing use. In order to meet the classification criteria of an asset held for a sale a sale transaction must be highly probable, which is indicated by the Company being committed to a plan to sell the assets (or disposal group), initiating a program to locate a buyer, the assets (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to their current fair value, and a sale is expected to be completed within one year from the date of classification. Additionally, the assets (or disposal group) must be available for immediate sale in its present condition.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell.

MCF Energy Ltd.

Notes to the Interim Condensed Consolidated Financial Statements

Three and Six months ended June 30, 2025 and 2024

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

The Company considers its disposal groups as discontinued operations if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area or operations, or
- Is a subsidiary acquired exclusively with a view to resale

Net income (loss) arising from discontinued operations is excluded from net income (loss) from continuing operations and are presented as a single amount under "Net income (loss) from discontinued operations" within the consolidated statements of income (loss) and comprehensive income (loss).

(f) 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 except for new areas of significant judgment and estimates as outlined below.

New significant judgments and estimates made by management affecting the Consolidated Financial Statements include:

i. Assets held for sale

The classification and measurement of assets held for sale requires significant judgment and estimates and is therefore subject to uncertainty. Management assesses whether a non-current asset (or disposal group) meets the criteria for classification as an asset held for sale when a sale transaction is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. If these criteria are met, management estimates the fair value less costs to sell of the asset (or disposal group) using valuation techniques specific to the assets (or disposal group) and contemplated transactions. Such estimates may involve the use of market data, indicative offers, option pricing models (e.g., Black Scholes), or discounted cash flow models. For the current reporting period, management applied a Black-Scholes option pricing model to estimate the fair value less costs to sell of a disposal group. These valuation techniques are subject to inherent measurement uncertainty. Where fair value less costs to sell is lower than the carrying amount of an asset held for sale, impairment is recognized in the Company's financial statements.

3. RESTRICTED CASH

During the six months ended June 30, 2025, the Company transferred its restricted cash balance of \$33 (533 Kč) to assets held for sale (Note 6), leaving \$nil classified as restricted cash as at June 30, 2025 (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.

MCF Energy Ltd.

Notes to the Interim Condensed Consolidated Financial Statements

Three and Six months ended June 30, 2025 and 2024

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

4. DEPOSIT

The Company has previously made a security deposit of \$1,843 (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 10(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 \$1,843 (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 \$1,100 (EUR €686) 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 a cash payment \$1,497 (EUR €1,000), which was fully paid as at December 31, 2024.

Based on the contingent payments remaining, the deferred consideration relating to the acquisition is \$1,591 (EUR €993) at June 30, 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 \$84 (June 30, 2024 - \$45) and \$103 (June 30, 2024 - \$79) during the three months and six months ended June 30, 2025 respectively, and 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.

MCF Energy Ltd.

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

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 six months ended June 30, 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 June 30, 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.

On July 25, 2025, the Company sold its Czech operations as more fully outlined in Note 6 and Note 17.

MCF Energy Ltd.

Notes to the Interim Condensed Consolidated Financial Statements

Three and Six months ended June 30, 2025 and 2024

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

6. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

During the three months ended June 30, 2025, the Company committed to a plan to sell its Czech assets comprising the Company's shareholdings in Orionos Energy s.r.o, its subsidiary Lomenska Tezební s.r.o, and all associated assets, licenses, and inventory. Subsequent to June 30, 2025, a sale transaction was completed as outlined in Note 17, resulting in the disposition of the Company's subsidiaries located in the Czech Republic.

As at June 30, 2025, the Company has classified its assets in Czechia as a disposal group of assets held for sale (the "Disposal Group") on the consolidated statements of financial position. The Disposal Group was measured at the lower of its carrying amount and fair value less cost to sell. The fair value was calculated based on the arms length sale transaction which includes consideration in the form of a cash payment of \$1,000 and certain royalty and option interests with an aggregate fair value of \$259, for a total estimated fair value of \$1,259. The option interest was valued using a Black-Scholes option pricing model with the following inputs: volatility of 70%, risk-free interest rate of 2.59%, exercise price of \$750, and a two year term. The Company incurred \$88 in costs to sell, resulting in the Disposal Group's fair value less cost to sell of \$1,171. The Disposal Group's carrying amount was calculated to be \$9,459, leading to an impairment loss of \$8,289, which has been recorded within net loss on discontinued operations within the consolidated statement of loss and comprehensive loss.

The related assets and liabilities that are presented as held for sale of the Disposal Group as at June 30, 2025 are as follows:

| | Amount |
|--|--------|
| | \$ |
| Cash and cash equivalents | 10 |
| Other current assets | 50 |
| Restricted cash | 33 |
| Exploration and evaluation assets | 4,202 |
| Assets held for sale | 4,295 |
| Accounts payable and accrued liabilities | 24 |
| Income taxes payable | 29 |
| Decommissioning liability | 589 |
| Deferred tax liability | 2,482 |
| Assets held for sale | 3,124 |

The Company has presented the operations of the Disposal Group as discontinued operations as a single amount in the consolidated statements of loss and comprehensive loss, comprising the post-tax loss of discontinued operations and post-tax loss recognized on the measurement to fair value less costs to sell.

MCF Energy Ltd.

Notes to the Interim Condensed Consolidated Financial Statements

Three and Six months ended June 30, 2025 and 2024

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

The following is a breakdown of net loss from discontinued operations:

| For the three months ended June 30, | 2025 | 2024 |
|---|----------------|-------------|
| | \$ | \$ |
| Expenses | | |
| General and administration | (11) | 15 |
| Finance expense | 20 | 13 |
| | (9) | (28) |
| Other items | | |
| Impairment loss | (8,289) | - |
| Foreign exchange loss | - | - |
| | (8,289) | - |
| Net loss before tax from discontinued operations | (8,298) | (28) |
| Income Tax | | |
| Current income tax expense | (28) | - |
| Deferred income tax recovery | (9) | - |
| Net loss from discontinued operations | (8,335) | (28) |
| Other comprehensive income | | |
| Foreign exchange translation on discontinued operations | (9) | 125 |
| Comprehensive income (loss) from discontinued operations | (8,344) | 97 |
| | | |
| For the six months ended June 30, | 2025 | 2024 |
| | \$ | \$ |
| Expenses | | |
| General and administration | 40 | 34 |
| Finance expense | 41 | 13 |
| | (81) | (47) |
| Other items | | |
| Impairment loss | (8,289) | - |
| Foreign exchange loss | (1) | - |
| | (8,290) | - |
| Net loss before tax from discontinued operations | (8,371) | (47) |
| Income Tax | | |
| Current income tax expense | (28) | - |
| Deferred income tax recovery | 17 | - |
| Net loss from discontinued operations | (8,382) | (47) |
| Other comprehensive income | | |
| Foreign exchange translation on discontinued operations | 429 | 125 |
| Comprehensive income (loss) from discontinued operations | (7,953) | 78 |

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The following is a breakdown of cash flows from discontinued operations:

| For the six months ended June 30, | 2025 | 2024 |
|--|--------------|------------|
| | \$ | \$ |
| Operating activities | | |
| Loss from discontinued operations | (8,382) | (47) |
| Items not involving cash: | | |
| Deferred income tax recovery | (17) | - |
| Finance expense | 41 | 13 |
| impairment loss | 8,289 | - |
| Change in non-cash working capital: | | |
| Other current assets | (38) | (7) |
| Accounts payable and accrued liabilities | (12) | 40 |
| Cash flows from discontinued operations | (119) | (1) |
| Investing activities | | |
| Expenditures on exploration and evaluation assets | (91) | (19) |
| Cash acquired from acquisition of 146092 B.C. Ltd. | - | 21 |
| Cash flows from discontinued operations | (91) | 2 |
| Change in cash | (210) | 1 |
| Effects on variation in exchange rates on cash | 23 | 24 |
| Cash and cash equivalents, beginning | 197 | - |
| Cash and cash equivalents, ending | 10 | 25 |

7. 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 June 30, 2025, Energieprojekt was recorded at a value of \$4,733 (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 | (24) |
| Foreign exchange translation | 331 |
| Balance, June 30, 2025 | 4,733 |

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The following tables summarize the financial information of Energieprojekt:

| As at | June 30, 2025 | December 31, 2024 |
|------------------------------|---------------|-------------------|
| | \$ | \$ |
| Cash and cash equivalents | 121 | 193 |
| Other current assets | 747 | 705 |
| Non-current assets | 3,420 | 2,367 |
| Current liabilities | (41) | (125) |
| Non-current loan liabilities | (4,529) | (3,294) |
| Net assets ⁽¹⁾ | (282) | (154) |

| For the six months ended | June 30, 2025 | June 30, 2024 |
|--------------------------|---------------|---------------|
| | \$ | \$ |
| Expenses | 121 | 29 |
| Net loss ⁽¹⁾ | 121 | 29 |

⁽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 June 30, 2025

| | Amount |
|--|--------|
| | \$ |
| Genexco's share of net assets | (56) |
| Fair value adjustment from acquisition | 4,368 |
| Foreign exchange translation | 421 |
| Balance, June 30, 2025 | 4,733 |

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8. 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 |
| Impairment from reclassification to held for sale (Note 6) | (8,289) |
| Reclassified to held for sale (Note 6) | (3,963) |
| Foreign exchange translation | 1,788 |
| Balance, June 30, 2025 | 17,097 |
| Exploration Costs | |
| Balance December 31, 2023 | 464 |
| Additions | 4,744 |
| Impairment | (4,833) |
| Foreign exchange translation | 9 |
| Balance December 31, 2024 | 384 |
| Additions ⁽¹⁾ | 616 |
| Reclassified to held for sale (Note 6) | (239) |
| Foreign exchange translation | 56 |
| Balance, June 30, 2025 | 817 |
| Carrying Value | |
| Balance December 31, 2023 | 19,316 |
| Balance December 31, 2024 | 27,945 |
| Balance, June 30, 2025 | 17,914 |

⁽¹⁾ Included within the additions of E&E assets during the six months ended June 30, 2025, is \$91 relating to expenditures incurred pertaining to the Disposal Group which has been reclassified as held for sale.

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

As at June 30, 2025

| | Canada | Austria | Czechia | Germany | Total |
|------------|--------|---------|---------|---------|--------|
| | \$ | \$ | \$ | \$ | \$ |
| E&E assets | - | - | - | 17,914 | 17,914 |

As at December 31, 2024

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

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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.

In consideration for the Option:

- Lime paid Genexco \$747 (EUR €500) during the year ended December 31, 2024, 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 \$8,817 (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 six months ended June 30, 2025, the Company received an additional \$277 (EUR €180) from Lime. Amounts received from Lime are initially recorded as a joint venture ("JV") payable included within accounts payable and accrued liabilities. As expenditures related to the work-over are incurred and capitalized within E&E assets, the JV payable is reduced accordingly. During the six months ended June 30, 2025, the Company incurred \$1,549 (EUR €1,005) in costs relating to the specific work-over associated with the Lime Option, resulting in the full utilization of the JV funding received from Lime. As at June 30, 2025, the balance of the JV payable included within accounts payable and accrued liabilities was \$nil (EUR €nil) (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 six months ended June 30, 2025, the Company incurred \$48 in exploration and evaluation expenses, which were offset against the cash call receivable arising from prior years' cash calls on the Welchau-1 well.

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Czech licences

Through the acquisition of MCF Energy Czechia Ltd. (formerly 1460292 B.C. Ltd.), the Company acquired 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. Subsequent to June 30, 2025, the Company sold its Czech operations as outlined within Note 6 and Note 17.

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 June 30, 2025, there were no triggers identified and therefore, an impairment test was not performed.

Impairment loss on reclassification to assets held for sale of \$8,289 was recognized and allocated to E&E assets (Note 6) as a result of the sale of the Company's Czechia operations completed subsequent to June 30, 2025 (Note 17).

9. 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 June 30, 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 \$1,675 (EUR €1,045) (December 31, 2024 – \$1,560 (EUR €1,045)) for its German assets, \$101 (EUR €63) (December 31, 2024 – \$94 (EUR €63)) for its Austrian assets, and \$1,607 (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 ⁽¹⁾ | 43 |
| Reclassified to held for sale (Note 6) | (589) |
| Foreign exchange translation | 34 |
| Balance, June 30, 2025 | 90 |

- ⁽¹⁾ Included within accretion expense is \$41 relating to the discontinued operations of the Disposal Group, which have been reclassified as held for sale (Note 6).

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10. 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 June 30, 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 six months ended June 30, 2025

There were no shares issued during the six months ended June 30, 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

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 10(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 10(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 10(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.

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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, June 30, 2025 | 14,200,000 | 0.21 |

The following tables summarize information about the Company's stock options outstanding at June 30, 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 | | |

(d) Warrants

Warrants issued during the six months ended June 30, 2025

There were no warrants issued during the six months ended June 30, 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 10(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 10(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 10(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 10(b).

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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 June 30, 2025 | 40,960,846 | 0.16 |

11. 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 six months ended June 30, 2025 and 2024:

| | Six months ended June 30, 2025 | Six months ended June 30, 2024 |
|-----------------|-----------------------------------|-----------------------------------|
| | \$ | \$ |
| Consulting fees | 332 | 328 |
| Director fees | 46 | 46 |
| | 378 | 374 |

- (b) As at June 30, 2025, there is \$386 (December 31, 2024 - \$143) included in accounts payable and accrued liabilities owing to key management.
- (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 six months ending June 30, 2025 and 2024.
- (d) As outlined in Note 10(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.

12. GENERAL AND ADMINISTRATION EXPENSES

Included in general and administration expenses for the six months ended June 30, 2025 and 2024 are as follows:

| | Six months ended June 30, 2025 ⁽¹⁾ | Six months ended June 30, 2024 ⁽¹⁾ |
|----------------------------------|--|--|
| | \$ | \$ |
| Consulting fees | 978 | 1,232 |
| Professional fees | 130 | 395 |
| Office and administration | 67 | 103 |
| Director fees | 46 | 46 |
| Regulatory and filing fees | 41 | 68 |
| Marketing and investor relations | - | 301 |
| Administrative success fee | - | 96 |
| Travel | - | 23 |
| | 1,262 | 2,264 |

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- (1) The Company incurred general and administrative expenses of \$40 during the six months ended June 30, 2025 (June 30, 2024 - \$34) relating to the discontinued operations of the Disposal Group (Note 6). The general and administrative expenses for the comparative period for the six months ended June 30, 2024 has been revised to reflect only the expenditures pertaining to continuing operations.

13. 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:

- i) Deploy risked capital to maximize the potential return on investment to its shareholders;
- ii) Maintain financial flexibility in order to preserve the Company's ability to meet financial obligations; and
- iii) 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.

14. FINANCIAL INSTRUMENTS

Financial Risk Management

Cash and cash equivalents, restricted cash, sales tax recoverable, cash call receivable, 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.

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Liquidity Risk

As at June 30, 2025, the Company had cash of \$808 to settle current accounts payable and accrued liabilities of \$2,490 and had working capital deficit of \$1,912. 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.

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 June 30, 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.

15. 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 \$1,843 (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

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16. SEGMENTED INFORMATION

As at June 30, 2025, the Company primarily operates in one reportable operating segment, being oil and gas exploration in Europe.

17. SUBSEQUENT EVENTS

- (a) On July 25, 2025 the Company sold its Czech assets comprising the Company's shareholdings in Orionos Energy s.r.o, its subsidiary Lomenska Tezebni s.r.o, and all associated assets, licenses, and inventory to Third Source Energy ("TSE"). The consideration received for the companies Czech assets include a cash payment of \$1,000 and a 10% gross overriding royalty ("GORR") on the production of realized gas revenue using the Dutch Title Transfer Facility price in excess of USD \$13.50 per mmbtu, applicable to future production from newly drilled wells, or deepened existing wells, on the licenses currently held by Orionos and Lomenska. The GORR is capped at \$5,478 (US\$4,000). Additionally, the Company has a put option for two years to sell the GORR to TSE for \$750, while TSE has a call option for two years to terminate the GORR by payment to the Company of \$1,500. Furthermore, the management services agreement between the Company and TSE was terminated as part of the sales transaction.
- (b) On August 25, 2025, the Company announced its intention to complete a non-brokered financing for up to \$1,200,00 (the "Offering"). The Offering will consists of 24,000,000 Units at a price of \$0.05 per Unit. Each Unit will consist of one common share and one full common share purchase warrant with each warrant entitling the holder to acquire an additional common share at an exercise price of \$0.06 for a period of 24 months from the date of issuance.
- (c) During July, 2025 and August 2025, the Company contributed \$962 (EUR €600) to purchase additional shares of Energieprojekt Lech Kinsau 1 GmbH in order to maintain its 20% equity position – See Note 7.