



Unaudited Interim Condensed Consolidated Financial Statements

MCF Energy Ltd.

For the three and nine months ended September 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 nine months ended September 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	September 30, 2025	December 31, 2024
		\$	\$
Current Assets			
Cash and cash equivalents		351	1,740
Other current assets		73	141
		424	1,881
Non-Current Assets			
Restricted cash	3	-	32
Deposit	4	1,878	1,716
Investment in associate	7	5,791	4,426
Cash call receivable		160	193
Derivative assets	6	157	-
Exploration and evaluation assets	8	17,958	27,945
		26,368	36,193
Current Liabilities			
Accounts payable and accrued liabilities		1,356	1,232
Deferred consideration	5, 6	1,161	1,666
		2,517	2,898
Non-Current Liabilities			
Decommissioning liability	9	93	602
Royalty	5(b), 6	-	1,893
Deferred tax liability		3,989	5,773
		6,599	11,166
Shareholders' Equity			
Share capital	10	50,429	49,278
Equity reserve	10	4,889	4,879
Accumulated other comprehensive income		1,936	657
Deficit		(37,485)	(29,787)
		19,769	25,027
		26,368	36,193

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

COMMITMENTS (Note 15)

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)

		Three months ended September 30,		Nine months ended September 30,	
	Note	2025	2024	2025	2024
		\$	\$	\$	\$
Expenses					
General and administration	12	454	938	1,716	3,202
Exploration and evaluation expense	8	-	-	48	-
Finance expense	9	2	-	4	-
		(456)	(938)	(1,768)	(3,202)
Other items					
Foreign exchange loss		(11)	(6)	(12)	(28)
Interest income		2	31	9	105
Share of loss from equity accounted associate	7	(12)	(7)	(36)	(13)
Loss on remeasurement of deferred consideration	5(a)	(92)	(206)	(195)	(285)
Loss on remeasurement of derivative asset	6	(102)	-	(102)	-
		(215)	(188)	(336)	(221)
Net loss before tax from continuing operations		(671)	(1,126)	(2,104)	(3,423)
Income Tax					
Deferred income tax recovery (expense)		31	(119)	73	(69)
Net loss from continuing operations		(640)	(1,245)	(2,031)	(3,492)
Net income (loss) from discontinued operations	6	2,715	(109)	(5,667)	(156)
Net income (loss) for the period		2,075	(1,354)	(7,698)	(3,648)
Other comprehensive income (loss)					
Foreign exchange translation on continuing operations		337	585	1,494	617
Comprehensive income (loss) from continuing operations		(303)	(660)	(537)	(2,875)
Comprehensive income (loss) from discontinued operations	6	2,736	105	(5,217)	183
Comprehensive income (loss) for the period		2,433	(555)	(5,754)	(2,692)
Net loss per share					
Continuing operations - basic and diluted		(0.00)	(0.00)	(0.01)	(0.01)
Discontinued operations - basic and diluted		0.01	(0.00)	(0.02)	(0.00)
Net income (loss) per share - basic and diluted		0.01	(0.01)	(0.03)	(0.01)
Weighted average number of common shares outstanding - basic and diluted		290,312,130	270,324,498	286,062,060	247,867,741

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
Issuance of shares - private placement at \$0.15		29,848,686	4,029	-	-	-	4,029
Issuance of warrants - private placement at \$0.15		-	-	448	-	-	448
Shares issued to settle outstanding debt		10,445,254	1,410	-	-	-	1,410
Warrants issued to settle outstanding debt		-	-	157	-	-	157
Share issuance costs		-	(201)	34	-	-	(167)
Warrant issuance costs		-	-	(23)	-	-	(23)
Exercise of options		500,000	182	(82)	-	-	100
Net income (loss) for the period		-	-	-	956	(3,648)	(2,692)
Balance, September 30, 2024		283,901,804	49,278	4,879	953	(21,253)	33,857
Balance, December 31, 2024		283,901,804	49,278	4,879	657	(29,787)	25,027
Issuance of shares - private placement at \$0.05		23,990,000	1,200	-			1,200
Share issuance costs			(49)	10			(39)
Reclassification of cumulative translation adjustment on disposal of subsidiary					(665)		(665)
Net income (loss) for the period		-	-	-	1,944	(7,698)	(5,754)
Balance, September 30, 2025		307,891,804	50,429	4,889	1,936	(37,485)	19,769

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)

		Nine months ended September 30,	
	Note	2025	2024
		\$	\$
Operating activities			
Loss from continuing operations		(2,031)	(3,492)
Items not involving cash:			
Shares issued for consulting services		-	281
Share of loss in associate	7	36	13
Deferred income tax recovery		(73)	69
Remeasurement of deferred consideration	5(a)	195	285
Remeasurement of derivative asset	6	102	-
Exploration and evaluation expense	8	48	-
Finance expense	9	4	-
Changes in non-cash working capital items:			
Other current asset		62	81
Accounts payable and accrued liabilities		(482)	217
Cash flows from continuing operations		(2,139)	(2,546)
Cash flows from discontinued operations	6	(119)	(112)
Cash flows used in operating activities		(2,258)	(2,658)
Investing activities			
Deferred consideration payments	5(a)	(523)	(1,351)
Funds received for farmout option	8	625	754
Contributions to Investment in associates	7	(960)	-
Expenditures on exploration and evaluation assets	8	(253)	(3,827)
Cash paid for acquisition of 146092 B.C. Ltd.	5(b)	-	(1,782)
Cash received for sale of subsidiary, net of transaction costs	6	891	-
Cash flows from continuing operations		(220)	(6,206)
Cash flows from discontinued operations	6	(101)	2
Cash flows used in investing activities		(321)	(6,204)
Financing activities			
Proceeds of shares and warrants issued, net of share issue costs	10(b)	1,160	4,287
Proceeds from exercise of options		-	100
Cash flows generated from financing activities		1,160	4,387
Change in cash		(1,419)	(4,475)
Effects of variation in the exchange rate on cash		30	1
Cash and cash equivalents, beginning		1,740	8,095
Cash and cash equivalents, ending		351	3,621

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 Nine months ended September 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 September 30, 2025, the Company had a working capital deficit of \$2,093 (December 31, 2024 - working capital deficit of \$1,017), including cash and cash equivalents of \$351 (December 31, 2024 - \$1,740). During the nine months ended September 30, 2025, the Company incurred net losses from continuing operations of \$2,031 (September 30, 2025 - \$3,492) and net losses, including discontinued operations of \$7,698 (September 30, 2024 - \$3,648). The Company used \$2,258 in operating activities (September 30, 2024 - \$2,658) and had an accumulated deficit of \$37,485 (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 November 26, 2025.

MCF Energy Ltd.

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 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

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(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 and discontinued operations

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. 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 nine months ended September 30, 2025, the Company disposed of its Czech operations resulting in the reduction of restricted cash balance of \$33 (533 Kč) (Note 6), leaving \$nil classified as restricted cash as at September 30, 2025 (December 31, 2024 - \$32 (533 Kč)). The Company was required to maintain a balance of restricted cash to comply with the territory mining bureau in the Czech Republic. The funds were set aside to be used for future abandonment and reclamation activities.

MCF Energy Ltd.

Notes to the Interim Condensed Consolidated Financial Statements

Three and Nine months ended September 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 \$1,878 (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. During the nine months ended September 30, 2025, the Company paid an additional \$523 (EURO €322) to the former shareholders of Genexco.

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.

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 \$1,161 (EUR €711) 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, valued using a discount rate of 15%, based on the expected timing of when the production license is expected to be received.

Based on the contingent payments remaining, the deferred consideration relating to the acquisition is \$1,161 (EUR €711) at September 30, 2025 (December 31, 2024 - \$1,488 (EUR €997)) comprised sole of the 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 \$92 (September 30, 2024 - \$206) and \$195 (September 30, 2024 - \$285) during the three months and nine months ended September 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 licences 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.

Notes to the Interim Condensed Consolidated Financial Statements

Three and Nine months ended September 30, 2025 and 2024

(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 nine months ended September 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 September 30, 2025 the performance bonus, which was included within deferred consideration on the Consolidated Financial Statements, is valued at \$nil (December 31, 2024 - \$178) as a result of the disposition of the Czech Operations (Note 6).

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.

MCF Energy Ltd.

Notes to the Interim Condensed Consolidated Financial Statements

Three and Nine months ended September 30, 2025 and 2024

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

6. DISPOSITIONS AND DISCONTINUED OPERATIONS

On July 25, 2025, the Company finalized the sale of its Czech operations, comprising the Company's holdings in Orionos Energy s.r.o ("Orionos") and its subsidiary, Lomenská Těžební s.r.o. ("Lomenska"), together with all associated assets, licences, and inventory (the "Disposal Group").

As consideration for the shares of Orionos and the corresponding assets and liabilities of the Disposal Group, the Company received a cash payment of \$1,000, and a 10% gross overriding royalty ("GORR") on the portion of realized gas revenue using the Dutch Title Transfer Facility price in excess of US\$13.50 per mmbtu, applicable to future production from newly drilled wells, or deepened existing wells, on the licences currently held by Orionos and Lomenska. The GORR is capped at US\$4,000 (\$5,568). The Company also has a put option for two years to sell the GORR to the purchaser for \$750, while the purchaser has a call option for two years to terminate the GORR by payment to the Company of \$1,500. Additionally, as part of the sale of the Czech Operations, the Company and the Manager terminated their previous agreement resulting in the extinguishment of the Company's royalty obligation and performance milestone obligations of \$1,893 and \$178 respectively.

No value has been ascribed to the GORR or call option forming part of the consideration received. The put option provided to the Company was initially valued at \$259 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 \$109 in costs to sell the Disposal Group and recorded an impairment loss of \$6,239 on the Disposal Groups' associated exploration and evaluation assets upon initial classification as an asset held for asset. The impairment loss has been included within the net loss on discontinued operations within the consolidated statement of loss and comprehensive loss.

The following summarizes the assets and liabilities of the Disposal Group that were derecognized upon completion of the sale during the nine months ended September 30, 2025:

Consideration	Amount
	\$
Cash, net of costs to sell	891
Put option	259
Extinguishment of performance milestone obligations	178
Extinguishment of royalty obligations	1,893
	3,221
Net assets of Disposal Group:	
Cash	10
Other current assets	50
Restricted cash	33
Exploration and evaluation assets	6,252
Accounts payable and accrued liabilities	(24)
Income taxes payable	(29)
Decommissioning liability	(589)
Deferred tax liability	(2,482)
Net assets of Disposal Group	3,221

As at September 30, 2025, the put option was valued at \$157, resulting in a loss on remeasurement of derivative assets of \$102 during the three and nine months ended September 30, 2025 based on the following inputs in the Black-Scholes option pricing model: volatility of 46%, risk-free interest rate of 2.47%, exercise price of \$750, and a remaining term of 1.67 years.

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

As a result of the disposition of the Disposal Group, the Company ceased its operations in Czechia. Accordingly, the results of the Disposal Group have been presented as a single amount in discontinued operations in the consolidated statements of loss and comprehensive loss.

The following is a breakdown of net loss from discontinued operations for the three months ended September 30, 2025 and 2024:

For the three months ended September 30,	2025	2024
	\$	\$
Expenses		
General and administration	-	80
Finance expense	-	29
	-	(109)
Other items		
Impairment recovery (loss)	2,050	-
Reclassification of cumulative translation adjustment	665	-
	2,715	-
Net income (loss) before tax from discontinued operations	2,715	(109)
Income Tax		
Current income tax expense	-	-
Deferred income tax recovery	-	-
Net income (loss) from discontinued operations	2,715	(109)
Other comprehensive income		
Foreign exchange translation on discontinued operations	21	214
Comprehensive income from discontinued operations	2,736	105

MCF Energy Ltd.

Notes to the Interim Condensed Consolidated Financial Statements

Three and Nine months ended September 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 nine months ended September 30, 2025 and 2024:

For the nine months ended September 30,	2025	2024
	\$	\$
Expenses		
General and administration	40	114
Finance expense	41	42
	(81)	(156)
Other items		
Impairment loss	(6,239)	-
Foreign exchange loss	(1)	-
Reclassification of cumulative translation adjustment	665	-
	(5,575)	-
Net loss before tax from discontinued operations	(5,656)	(156)
Income Tax		
Current income tax expense	(28)	-
Deferred income tax recovery	17	-
Net loss from discontinued operations	(5,667)	(156)
Other comprehensive income		
	450	339
Foreign exchange translation on discontinued operations		
Comprehensive income (loss) from discontinued operations	(5,217)	183

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The following is a breakdown of cash flows from discontinued operations for the nine months ended September 30, 2025 and 2024:

For the nine months ended September 30,	2025	2024
	\$	\$
Operating activities		
Loss from discontinued operations	(5,667)	(156)
Items not involving cash:		
Deferred income tax recovery	(17)	-
Finance expense	41	42
impairment loss	6,239	-
Reclassification of cumulative translation adjustment	(665)	-
Change in non-cash working capital:		
Other current assets	(38)	1
Accounts payable and accrued liabilities	(12)	1
Cash flows from discontinued operations	(119)	(112)
Investing activities		
Expenditures on exploration and evaluation assets	(91)	(19)
Cash acquired from acquisition of 146092 B.C. Ltd.	-	21
Cash lost as a result of disposal of Czech operations	(10)	-
Cash flows from discontinued operations	(101)	2
Change in cash	(220)	(110)
Effects on variation in exchange rates on cash	23	214
Cash and cash equivalents, beginning	197	-
Cash and cash equivalents, ending	-	104

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*.

During the nine months ended September 30, 2025, the Company made an additional cash contribution of \$960 (EUR €600) to purchase additional shares of Energieprojekt in order to maintain its 20% equity position. As at September 30, 2025, Energieprojekt was recorded at a value of \$5,791 (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
Capital contribution	960
Share of loss on investment in associates	(36)
Foreign exchange translation	441
Balance, September 30, 2025	5,791

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The following tables summarize the financial information of Energieprojekt:

As at	September 30, 2025	December 31, 2024
	\$	\$
Cash and cash equivalents	253	193
Other current assets	1,232	705
Non-current assets	8,019	2,367
Current liabilities	(42)	(125)
Non-current loan liabilities	(5,115)	(3,294)
Net assets ⁽¹⁾	4,347	(154)

For the nine months ended	September 30, 2025	September 30, 2024
	\$	\$
Expenses	180	67
Net loss ⁽¹⁾	180	67

⁽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 September 30, 2025

	Amount
	\$
Genexco's share of net assets	869
Fair value adjustment from acquisition	4,368
Foreign exchange translation	554
Balance, September 30, 2025	5,791

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8. EXPLORATION AND EVALUATION ASSETS

The following tables summarizes the capitalized costs associated with the Company's exploration and evaluation ("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 on Disposal Group (Note 6)	(6,239)
Dispositions (Note 6)	(6,013)
Foreign exchange translation	2,108
Balance, September 30, 2025	17,417
Exploration Costs	
Balance December 31, 2023	464
Additions	4,744
Impairment	(4,833)
Foreign exchange translation	9
Balance December 31, 2024	384
Additions ⁽¹⁾	344
Dispositions (Note 6)	(239)
Foreign exchange translation	52
Balance, September 30, 2025	541
Carrying Value	
Balance December 31, 2023	19,316
Balance December 31, 2024	27,945
Balance, September 30, 2025	17,958

⁽¹⁾ Included within the additions of E&E assets during the nine months ended September 30, 2025, is \$91 relating to expenditures incurred pertaining to discontinued operations of the Disposal Group (Note 6).

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

As at September 30, 2025

	Canada	Austria	Czechia	Germany	Total
	\$	\$	\$	\$	\$
E&E assets	-	-	-	17,958	17,958

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 nine months ended September 30, 2025, the Company received an additional \$625 (EUR €400) 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 nine months ended September 30, 2025, the Company incurred \$1,624 (EUR €1,039) 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 September 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 nine months ended September 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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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 September 30, 2025, there were no triggers identified and therefore, an impairment test was not performed.

During the nine months ended September 30, 2025, a total impairment loss on reclassification of the Disposal Group to assets held for sale of \$6,239 was recognized and allocated to E&E assets (Note 6) as a result of the sale of the Company's Czechia operations.

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 liabilities using a credit-adjusted risk-free rate of 15%, including a credit spread of 12.7% as at September 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 \$1,707 (EUR €1,045) (December 31, 2024 – \$1,560 (EUR €1,045)) for its German assets and \$103 (EUR €63) (December 31, 2024 – \$94 (EUR €63)) for its Austrian 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
Dispositions (Note 6)	(589)
Foreign exchange translation	34
Balance, September 30, 2025	90

⁽¹⁾ Included within accretion expense during the nine months ended September 30, 2025, is \$41 relating to the discontinued operations of the Disposal Group (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 September 30, 2025, there were 307,891,804 (December 31, 2024 - 283,901,804) Class A shares outstanding and no Class B shares outstanding.

Shares issued during the nine months ended September 30, 2025

On September 5, 2025, the Company closed the first tranche of a non-brokered private placement (the "Private Placement") and issued 21,990,000 units at a price of \$0.05 per unit for aggregate gross proceeds of \$1,100. 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 \$0.06 until September 5, 2027.

On September 11, 2025, the Company closed the second tranche of the Private Placement and issued 2,000,000 units for aggregate gross proceeds of \$100. The warrants issued in connection with the second tranche of the Private Placement have the same terms as those issued in the first tranche except, they expire on September 11, 2027.

The aggregate proceeds received of \$1,200 in connection with the Private Placement have been fully allocated to the value of the shares issued, with no value attributed to the warrants. The Company incurred total issuance costs of \$49 in relation to the Private Placement, which includes \$19 of finders' fees and finders' warrants with a value of \$10. Total issuance costs incurred has been fully allocated to the value of the shares issued, with no value attributed to the warrants. The finders' warrants have the same terms as the Class A common share purchase warrants included in the Units.

Shares issued during the year ended December 31, 2024

On July 31, 2024, the Company closed a non-brokered private placement (the "2024 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 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 2024 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)).

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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, September 30, 2025	14,200,000	0.21

The following tables summarize information about the Company's stock options outstanding at September 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 nine months ended September 30, 2025

On September 5, 2025, and September 11, 2025, the Company issued 21,990,000 and 2,000,000 common share purchase warrants, respectively, as part of the Private Placement. Each warrant is exercisable for one Class A common share at a price of \$0.06 per share. The warrants issued on September 5, 2025 expire on September 5, 2027, while the warrants issued on September 11, 2025 expire on September 11, 2027. No value or issuance costs were allocated to the warrants as outlined within Note 10(b). As part of the Private Placement, the Company issued 383,400 finders' warrants valued at \$10 using the Black-Scholes valuation model. Each finders' warrant entitles the holder thereof to acquire one Class A common share at a price of \$0.06 per share until September 5, 2027 (Note 10(b)).

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 2024 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 2024 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)).

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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).

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 10(b))	29,848,686	0.16
Finders' warrants issued with the Private Placement (Note 10(b))	666,906	0.16
Issued with the Debt Settlement (Note 9(b))	10,445,254	0.16
Balance, December 31, 2024	40,960,846	0.16
Issued with the Private Placement (Note 10(b))	23,990,000	0.06
Finders' warrants issued with the Private Placement (Note 10(b))	383,400	0.06
Balance, September 30, 2025	65,334,246	0.12

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 nine months ended September 30, 2025 and 2024:

	Nine months ended September 30, 2025	Nine months ended September 30, 2024
	\$	\$
Consulting fees	360	493
Director fees	69	69
	429	562

- (b) As at September 30, 2025, there is \$549 (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 nine months ending September 30, 2025 and 2024.
- (d) As outlined in Note 10(b), the Company completed the 2024 Private Placement during the year ended December 31, 2024. Certain directors of the Company participated in the 2024 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.

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12. GENERAL AND ADMINISTRATION EXPENSES

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

	Nine months ended September 30, 2025 ⁽¹⁾	Nine months ended September 30, 2024 ⁽¹⁾
	\$	\$
Consulting fees	1,237	1,866
Professional fees	217	553
Office and administration	105	157
Director fees	69	69
Regulatory and filing fees	55	96
Travel	33	34
Marketing and investor relations	-	331
Administrative success fee	-	96
	1,716	3,202

⁽¹⁾ The Company incurred general and administrative expenses of \$40 during the nine months ended September 30, 2025 (September 30, 2024 - \$114) relating to the discontinued operations of the Disposal Group (Note 6). The general and administrative expenses for the comparative period for the nine months ended September 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. Derivative assets and deferred consideration are held at fair value.

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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 September 30, 2025, the Company had cash of \$351 to settle current accounts payable and accrued liabilities of \$1,356 and had working capital deficit of \$2,093. 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.

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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 September 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 \$1,878 (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

16. SEGMENTED INFORMATION

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