SHOAL POINT ENERGY LTD.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED APRIL 30, 2023 AND 2022

UNAUDITED – EXPRESSED IN CANADIAN DOLLARS

NOTICE TO READER

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

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

"Brian Usher-Jones"	"Mark Jarvis"
Director	CEO, Chairman and Director

SHOAL POINT ENERGY LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Expressed in Canadian Dollars)

		April 30, 2023		January 31, 2023
ASSETS				
CURRENT				
Cash and cash equivalents	**$**	**98,151**	$	16,239
Accounts receivable		**44,634**		43,451
Prepaid expenses		**5,089**		11,099
		147,874		70,789
RECLAMATION DEPOSIT (Note 4)		**50,000**		50,000
OIL & NATURAL GAS PROPERTIES AND EQUIPMENT (Note 5)		**9,313**		9,337
	$	**207,187**	$	130,126
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities (Note 9)	**$**	**393,979**	$	473,354
GOVERNMENT LOAN PAYABLE (Note 6)		**30,000**		30,000
		423,979		503,354
SHAREHOLDERS' DEFICIENCY				
Share capital (Note 7)		**63,417,065**		63,201,937
Warrants (Note 7)		**11,963,593**		11,906,321
Contributed surplus (Note 7)		**5,031,991**		5,031,991
Accumulated other comprehensive loss		**(42,768)**		(40,588)
Deficit		**(80,586,673)**		(80,472,889)
		(216,792)		(373,228)
	$	**207,187**	$	130,126

REPORTING ENTITY AND GOING CONCERN (Note 1)

COMMITMENTS AND CONTINGENCIES (Note 8)

SUBSEQUENT EVENTS (Notes 7)

Approved on behalf of the board:

"Brian Usher-Jones"	*"Mark Jarvis"*
Director	CEO, Chairman and Director

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

SHOAL POINT ENERGY LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED APRIL 30, 2023 AND 2022
(Unaudited – Expressed in Canadian Dollars)

	April 30, 2023	April 30, 2022
Revenues (Note 5)	$ 9,910	$ -
Lease operating expenses	(3,524)	-
Gross profit	6,386	-
Expenses		
Depreciation (Note 5)	149	214
Property investigation cost	44,434	7,972
Foreign exchange loss	951	1,178
Management salaries (Note 9)	13,561	11,686
Office, general and administrative	34,710	27,375
Professional fees (Note 9)	18,828	24,589
Rent	7,635	6,972
	(120,268)	(79,986)
Loss from operations	(113,882)	(79,986)
Interest and other income	98	60
Net loss for the period	(113,784)	(79,926)
Other comprehensive (loss) income		
Exchange differences on translation of foreign operations	(2,180)	1,484
Comprehensive loss for the period	$ (115,964)	$ (78,442)
Loss per share		
Basic and diluted (Note 10)	$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding	45,788,100	40,362,168

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

SHOAL POINT ENERGY LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Unaudited – Expressed in Canadian Dollars)

	Share capital		Warrants					
	Number* of shares	**Amount**	**Number of warrants**	**Amount**	**Contributed Surplus**	**Accumulated Other Comprehensive Loss**	**Deficit**	**Total**
Balance, January 31, 2022	36,293,249	$ 62,675,239	8,175,578	$ 11,903,439	$ 4,923,720	$ (51,161)	$ (79,561,199)	$ (109,962)
Shares issued for cash (Note 7)	9,058,334	543,500	9,058,334	-	-	-	-	543,500
Less: issuance costs - cash	-	(13,920)	-	-	-	-	-	(13,920)
Less: issuance costs - warrants	-	(2,882)	222,000	2,882	-	-	-	-
Canceled warrants	-	-	(18,214)	-	-	-	-	-
Comprehensive loss for the period	-	-	-	-	-	1,484	(79,926)	(78,442)
Balance, April 30, 2022	45,351,583	63,201,937	17,437,698	11,906,321	4,923,720	(49,677)	(79,641,125)	341,176
Expired warrants	-	-	(343,750)	-	-	-	-	-
Stock-based compensation (Note 7)	-	-	-	-	108,271	-	-	108,271
Comprehensive loss for the period	-	-	-	-	-	9,089	(831,764)	(822,675)
Balance, January 31, 2023	45,351,583	63,201,937	17,093,948	11,906,321	5,031,991	(40,588)	(80,472,889)	(373,228)
Shares issued for cash (Note 7)	5,550,000	222,000	5,550,000	55,500	-	-	-	277,500
Less: issuance costs - cash	-	(5,100)	-	-	-	-	-	(5,100)
Less: issuance costs - warrants	-	(1,772)	102,000	1,772	-	-	-	-
Expired warrants	-	-	(222,000)	-	-	-	-	-
Comprehensive loss for the period	-	-	-	-	-	(2,180)	(113,784)	(115,964)
Balance, April 30, 2023	**50,901,583**	**$ 63,417,065**	**22,523,948**	**$ 11,963,593**	**$ 5,031,991**	**$ (42,768)**	**$ (80,586,673)**	**$ (216,792)**

* Effective April 3, 2023, the Company consolidated its common shares on the basis of one new common share for every two old common shares issued and outstanding at that time (Note 7). All references to share and per share amounts in these consolidated financial statements have been retroactively restated to reflect the share consolidation.

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

SHOAL POINT ENERGY LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED APRIL 30, 2023 AND 2022
(Unaudited – Expressed in Canadian Dollars)

		2023		2022
Cash flows from operating activities				
Net loss for the period	$	(113,784)	$	(79,926)
Adjustments not effecting cash:				
Depreciation		149		214
Changes in non-cash working capital				
Accounts receivable		(1,183)		(3,052)
Prepaid expenses		6,010		5,665
Accounts payable and accrued liabilities		(79,375)		(2,231)
Cash flows used in operating activities		(188,183)		(79,330)
Cash flows from investing activity				
Oil and natural gas properties		-		(55,723)
Cash flows used in investing activity		-		(55,723)
Cash flows from financing activities				
Proceeds from share issuances		277,500		543,500
Share issuance costs - cash		(5,100)		(13,920)
Cash flows provided by financing activities		272,400		529,580
Increase in cash and cash equivalents		84,217		394,527
Effect of exchange rate changes on cash		(2,305)		944
Cash and cash equivalents, beginning of period		16,239		46,601
Cash and cash equivalents, end of period	$	98,151	$	442,072

The components of cash and cash equivalents are as follows:

Cash	$	87,061	$	431,069
Term deposit		11,090		11,003
	$	98,151	$	442,072

Non-cash investing and financing activities				
Fair value of agents' warrants	$	1,772	$	2,882
Accounts payable related to oil & natural gas properties	$	-	$	21,583

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

1. REPORTING ENTITY AND GOING CONCERN

Shoal Point Energy Ltd. (the "Company") was incorporated on December 22, 2006 under the Business Corporations Act (Alberta). The Company was incorporated for the purpose of acquisition, exploration and development of oil and natural gas properties. The Company is headquartered at Suite 203 – 700 West Pender Street, Vancouver, B.C. V6C 1G8. On October 26, 2010, the Company filed articles of continuance in Ontario. On November 23, 2010, the Company began trading on the Canadian Securities Exchange ("CSE") under the symbol SHP. On February 27, 2023, the Company filed articles of continuance to British Columbia.

Effective April 3, 2023, the Company consolidated its common shares on the basis of one new common share for every two old common shares issued and outstanding at that time (Note 7). All references to share and per share amounts in these consolidated financial statements have been retroactively restated to reflect the share consolidation.

The condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. This assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. The Company has incurred operating losses since inception, including $113,784 for the three months ended April 30, 2023 and has accumulated a deficit of $80,586,673 as at April 30, 2023. As at April 30, 2023 the Company has cash and cash equivalents of $98,151 and a working capital deficit of $246,105.

The Company has a need for equity capital and financing for working capital and exploration and development of its properties. Due to continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. To continue as a going concern, the Company needs to raise the capital necessary to continue in its oil and natural gas exploration business and ultimately to achieve positive cash flow from operations. These factors indicate the existence of a material uncertainty that may give rise to significant doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company's audited annual financial statements for the year ended January 31, 2023. They do not include all the information required for complete annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and therefore should be read together with the audited annual financial statements for the year ended January 31, 2023.

These condensed interim consolidated financial statements were authorized for issue by the board of directors on June 27, 2023.

Basis of Measurement

The condensed interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable.

Consolidation

These condensed interim consolidated financial statements include the financial statements of the Company and its wholly-owned and controlled subsidiary, Shoal Point U.S.A. Inc., incorporated in Wyoming, USA on April 2, 2019.

Control is achieved when the Company has the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is obtained, and continue to be consolidated until the date that such control ceases. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation.

Use of estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, the reported amounts of expenses during the reporting period and contingent assets and liabilities. Significant estimates include the recoverability of the carrying value of oil and natural gas properties, and the recognition and valuation of provisions for restoration and environmental liabilities.

The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Actual results could significantly differ from those estimates.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include the classification of expenditures on oil and natural gas assets and the going concern assumption.

3. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. All of the cash is deposited in bank accounts held with major banks in Canada and USA. Since all of the Company's cash is held by two major banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity risk

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

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

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company has operations in Canada and the United States and incurs operating and exploration expenditures in both currencies. The fluctuation of the Canadian dollar in relation to the American dollar will have an impact upon the results of the Company. A fluctuation in the exchange rates between Canada and the American dollar of 10% would result in a $11,000 change in the Company's profit or loss. The

Company does not use any techniques to mitigate foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any significant interest rate risk.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence, safeguard the Company's ability to support the exploration and development of its exploration and evaluation assets and to sustain future development of the business. The capital structure of the Company consists of equity and debt obligations, net of cash.

There were no changes in the Company's approach to capital management during the period and there were no externally imposed restrictions.

Classification of financial instruments

The following financial assets and liabilities are classified under Amortized cost: cash and cash equivalents, reclamation deposit, accounts payable and accrued liabilities, and government loan payable.

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

4. RECLAMATION DEPOSIT

The reclamation deposit consists of a $50,000 deposit with the Department of Natural Resources of Newfoundland and Labrador posted in August 2016.

(Unaudited – Expressed in Canadian Dollars)

5. OIL AND NATURAL GAS PROPERTIES AND EQUIPMENT

	Oil and natural gas properties	Equipment and software	Total
Cost			
Balance at January 31, 2022	$ -	$ 30,657	$ 30,657
Additions	375,412	-	375,412
Foreign exchange	10,540	-	10,540
Impairment	(378,609)	-	(378,609)
Balance at January 31, 2023	7,343	30,657	38,000
Foreign exchange	125	-	125
Balance at April 30, 2023	$ 7,468	$ 30,657	$ 38,125

	Oil and natural gas properties	Equipment and software	Total
Accumulated Depreciation			
Balance at January 31, 2022	$ -	$ 27,808	$ 27,808
Depreciation for the year	-	855	855
Balance at January 31, 2023	-	28,663	28,663
Depreciation for the period	-	149	149
Balance at April 30, 2023	$ -	$ 28,812	$ 28,812
Carrying Amounts			
As at January 31, 2023	$ 7,343	$ 1,994	$ 9,337
As at April 30, 2023	$ 7,468	$ 1,845	$ 9,313

Newfoundland, Canada

The Company currently holds exploration license 1070 ("EL 1070") off the west coast of Newfoundland which totals approximately 150,000 acres. In November of 2013, the Minister of Natural Resources announced that applications for hydraulically fracturing wells would not be accepted which effectively imposed a moratorium. In October 2014, the Government of Newfoundland appointed five members to the Newfoundland and Labrador Hydraulic Fracturing Review Panel ("NLFRP") to study the socio-economic and environmental impacts of hydraulic fracturing in western Newfoundland. The report was made public on May 31, 2016 and recommends, among other things, significant further study before hydraulic fracturing could be considered. The Company originally anticipated that it would use hydraulic fracturing to achieve commercial production. The Company submitted a summary planning document to the applicable regulators in Newfoundland and Labrador ("C-NLOPB") which did not involve hydraulic fracturing. The Board of the C-NLOPB met on July 25, 2017 and voted to reject the Company's application to drill a new well.

The EL 1070 in Newfoundland is considered to be an exploration and evaluation asset, as it is still in the exploration stage.

After assessing the C-NLOPB decision, the Company, on April 10, 2019, submitted a letter to the Board proposing to do other work on EL 1070 while remaining in diligent pursuit of well 3K-39. The proposal was rejected by the C-NLOPB, and no substantive expenditure on further exploration has been planned; accordingly the previously capitalized cost of $2,176,303 was written off during the year ended January 31, 2020.

In early 2023, the Company has been engaging with the Government of Newfoundland and Labrador regarding compensation for its frustrated efforts to develop its hydrocarbon assets on the west coast of Newfoundland. While the Company is pursuing compensation from the Government of Newfoundland and Labrador, to date the government of Newfoundland and Labrador has declined to enter into negotiations with the Company regarding compensation and there is no certainty that a settlement will be reached.

Mount Evans, Kansas, USA

On June 7, 2019, the Company entered into a farm in agreement with Shelby Resources LLC in the Mount Evans prospect in Kansas. The farm in agreement has a five-year term.

Pursuant to the terms of the agreement, the Company would earn a 65% working interest of an 80% net revenue interest by paying US$75,000 (paid), financing a 3D seismic shoot over approximately 5,700 acres at an estimated cost of US$420,000 (paid), and drilling the first well to casing point to a depth of approximately 4,700 feet or the bottom of the Arbuckle Formation for an estimated cost of US$135,000 (paid). Completing and equipping the first well and all operations on subsequent wells would be paid for by the Company proportionate to its 65% working interest. The Area of Mutual Interest was 121 square miles. During the year ended January 31, 2020, the Company completed all earn-in requirements earning a 65% working interest in the joint venture.

The Mount Evans project is considered to be an exploration and evaluation asset, as it is still in the exploration stage.

During the year ended January 31, 2021, the Company determined that its first well in the Mount Evans project had not performed as expected. In February 2021, the Company and its partner elected to plug and abandon the second well, which commenced drilling in February 2021. The third well, which commenced drilling in September 2021, at the Mount Evans project has also been abandoned. Due to the under performance of the wells at the Mount Evans project, the Company had decided to abandon the project and had written off the previously capitalized cost of $1,494,834 during the year ended January 31, 2022. The wells have been plugged and a net recovery of $48,473 was received for disposal of equipment, net of reclamation cost during the year ended January 31, 2023.

Pratt County, Kansas, USA

On March 10, 2022, the Company committed to participate in the first of three oil and gas prospects in Pratt County, Kansas, operated by Shelby Resources LLC. Participation in the first prospect gives the Company the option of participating in the other two prospects in the package. In April 2022, the Company exercised its option to participate in the second Pratt County prospect. In May 2022, the Company exercised its option to participate in the third Pratt County prospect. Total acquisition costs of US$19,500 have allowed the Company to earn a working interest of 6.5% of an 81% net revenue interest in each of the wells and possible offset locations in the second and third Pratt County prospects.

The Pratt County project is considered a developed oil and natural gas property, as they have been determined to meet certain technical feasibility and commercial viability thresholds as determined by management.

Due to the underperformance of four of the six wells at the Pratt County project, the Company had decided to write down the previously capitalized cost to $7,343, resulting in an impairment of $378,609 during the year ended January 31, 2023. An impairment test was carried out on the Company's Pratt County project on January 31, 2023. The recoverable amount of the CGU was based on its fair value less costs to sell and the fair value was determined based on net revenue recovered from the producing wells subsequent to January 31, 2023. Management expects the net salvage value of the equipment when the wells are plugged to be no lower than the cost of abandonment, as such, no reclamation obligation has been recorded. During the three months ended April 30, 2023, the Company recorded $9,910 (2022 – $nil) in revenues.

6. GOVERNMENT LOAN PAYABLE

In April 2020, the Company received a loan of $40,000 through the Canadian Emergency Business Account Program ("CEBA Loan"), which provides financial relief for Canadian small businesses during the COVID-19 pandemic. The CEBA Loan has an initial term date on December 31, 2023 (the "Initial Term Date") and may be extended to December 31, 2025. The CEBA Loan is non-revolving, with an interest rate being 0% per annum prior to the Initial Term Date and 5% per annum thereafter during any extended term, which is calculated daily and paid monthly. The CEBA Loan can be repaid at any time without penalty and, if at least 75% of the CEBA Loan is paid prior to the Initial Term Date, the remaining balance of the CEBA Loan will be forgiven. The Company expects to repay the CEBA Loan prior to the Initial Term Date and therefore has recorded a forgiveness of government loan for $10,000 during the year ended January 31, 2022, reducing the outstanding balance to $30,000.

(Unaudited – Expressed in Canadian Dollars)

7. EQUITY INSTRUMENTS

(a) Share Capital

Shares issued during the three months ended April 30, 2023

On April 24, 2023, the Company closed a non-brokered private placement and issued 5,550,000 units for total gross proceeds of $277,500. Each unit consisted of one share and one share purchase warrant. Each full warrant is exercisable at a price of $0.06 for two years following completion of the private placement. $222,000 has been allocated to shares and $55,500 has been allocated to the warrants. A finder's fee of $5,100 and 102,000 broker warrants were paid for a portion of the placement. Each broker warrant is exercisable at $0.06 per share until April 24, 2024. The fair value of these warrants was accounted for as a share issuance cost and has been determined to be $1,772 and was estimated using the Black Scholes Option Pricing Model with the following weighted average assumptions: risk free rate of 3.69%; expected term of 1 year; exercise price of $0.06 per share; volatility of 142%; and expected future dividends of $nil.

Shares issued during the year ended January 31, 2023

On March 22, 2022, the Company closed a non-brokered private placement and issued 9,058,334 units for total gross proceeds of $543,500. Each unit consisted of one share and one share purchase warrant. Each full warrant is exercisable at a price of $0.10 with an expiry on the third anniversary of the date of closing of the transaction. $A finder's fee of $13,920 and 222,000 Finders Warrants were paid pursuant to the private placement. Each broker warrant was exercisable at $0.10 per share until March 22, 2023. The fair value of these warrants was accounted for as a share issuance cost and has been determined to be $2,882 and was estimated using the Black Scholes Option Pricing Model with the following weighted average assumptions: risk free rate of 2.21%; expected term of 1 year; exercise price of $0.10 per share; volatility of 94%; and expected future dividends of $nil.

(b) Share consolidation

Effective April 3, 2023, the Company consolidated its common shares on the basis of one new common share for every two old common shares issued and outstanding at that time. All references to share and per share amounts in these consolidated financial statements have been retroactively restated to reflect the share consolidation.

(c) Stock option plan and stock-based compensation

The Company has a stock option plan to provide employees, directors, officers and others providing consulting services with options to purchase common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock on the day of grant and the maximum term of an option is five years. The maximum number of shares which may be issued under the program shall not exceed 10% of the issued and outstanding shares.

The following table summarizes information concerning the Company's stock options outstanding:

	April 30, 2023		January 31, 2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	4,075,000	$ 0.16	3,100,000	$ 0.18
Options expired	(1,175,000)	0.14	(350,000)	0.22
Options granted	-	-	1,325,000	0.10
Options outstanding, ending	2,900,000	$ 0.16	4,075,000	$ 0.16
Options exercisable, ending	2,900,000	$ 0.16	4,075,000	$ 0.16

Details of options outstanding as at April 30, 2023 are as follows:

(Unaudited – Expressed in Canadian Dollars)

Weighted average exercise price	Weighted average contractual life	Number of options outstanding
$0.14	0.05 years	50,000[1]
$0.26	1.30 years	475,000
$0.20	2.85 years	1,050,000
$0.10	4.33 years	1,325,000
$0.16	3.23 years	2,900,000

(1) These options expired unexercised subsequent to April 30, 2023.

The grant date fair value of share purchase options granted during the year ended January 31, 2023 has been estimated using the Black-Scholes Option Pricing Model with the following weighted-average assumptions: market value of underlying stock of $0.09; risk free rate of 3.40%; expected term of 5 years; exercise price of the option of $0.10 per share; volatility of 149%; and expected future dividends of nil, for a weighted average grant date fair value of $0.08 per option. These stock options vested upon grant.

(d) Warrants

The following table summarizes warrants that have been issued, exercised or have expired during the year ended January 31, 2023 and the three months ended April 30, 2023:

	April 30, 2023		January 31, 2023	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	17,093,948	$ 0.14	8,175,578	$ 0.24
Warrants issued	5,652,000	0.06	9,280,334	0.10
Warrants expired	(222,000)	0.10	(343,750)	0.12
Warrants canceled	-	-	(18,214)	0.20
Warrants outstanding, ending	22,523,948	$ 0.12	17,093,948	$ 0.14

At April 30, 2023, the following warrants were outstanding:

Exercise price	Number outstanding	Weighted average remaining contractual life (in years)
$0.12	3,017,187[1]	1.27
$0.24	2,128,750[2]	0.13
$0.20	2,667,677	0.82
$0.10	9,058,334	1.90
$0.06	102,000	0.99
$0.06	5,550,000	1.99
	22,523,948	1.54

(1) During the year ended January 31, 2023, 343,750 of these warrants expired unexercised. For 3,017,187 of these warrants, the expiry date has been extended from August 7, 2022 to August 7, 2024 and exercise price has been amended from $0.30 to $0.12. The warrants are subject to an accelerated expiry provision whereas in the event the market price of the shares is above $0.15 for a ten day trading period, the expiry date of the warrants will be accelerated to 30 days. The 30 day period will commence 7 days following the end of the ten day trading period.

(2) These warrants expired unexercised subsequent to April 30, 2023.

(Unaudited – Expressed in Canadian Dollars)

8. COMMITMENTS AND CONTINGENCIES

The Company was named as a defendant in a lawsuit relating to seismic data which the litigant, Geophysical Services Inc., claims was disclosed by NWest Oil & Gas Inc. ("NWest") to the Company when the Company acquired certain acreage from NWest in a prior year. Management believes the claim to be frivolous towards the Company and without merit. The Company has filed a Summary Dismissal Application with the Alberta Court. A date for hearing of this Application has not been set. Management has performed an assessment of the probability of an unfavourable outcome of the claim and has determined that the likelihood and financial impact cannot be reasonably estimated at the reporting period date; hence, no loss provision has been recorded.

9. RELATED PARTY TRANSACTIONS

Key management consists of the Company's directors and officers. Details of key management compensation are as follows:

		April 30, 2023		April 30, 2022
Management salaries	**$**	**11,658**	$	11,605
Professional fees		**-**		53
	$	**11,658**	$	11,658

Included in accounts payable and accrued liabilities at April 30, 2023 is $nil (January 31, 2023 - $12,170) due to a company in which the CFO of the Company is an owner and an officer of the Company.

10. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share has been calculated by dividing the net loss per the financial statements by the weighted average number of common shares outstanding during the period. The fully diluted loss per share would be calculated using a common share balance increased by the number of common shares that could be issued on the exercise of outstanding warrants and options of the Company. As the Company is in a loss position for the three months ended April 30, 2023 and 2022, the inclusion of options and warrants in the calculation of diluted earnings per share would be anti-dilutive, and accordingly, were excluded from the diluted loss per share calculation.