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# CENTAURUS

**CENTAURUS ENERGY INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

**(EXPRESSED IN UNITED STATES DOLLARS)**

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## **Independent Auditor's Report**

To the Shareholders of Centaurus Energy Inc.

### **Opinion**

We have audited the consolidated financial statements of Centaurus Energy Inc. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of income and comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

### **Basis for opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other matter**

The consolidated financial statements of the Company for the year ended December 31, 2024, were audited by another auditor who expressed an unmodified opinion on those statements on August 13, 2025.

### **Material uncertainty related to going concern**

We draw attention to Note 1 in the consolidated financial statements, which indicates that as of December 31, 2025, the Company has a working capital deficiency and accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material uncertainty related to going concern section, we have determined that there were no additional key audit matters to communicate in our report.

## **Other information**

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Soheil Talebi.

**McGovern Hurley LLP**



**Chartered Professional Accountants  
Licensed Public Accountants**

Toronto, Ontario  
April 27, 2026



**CENTAURUS ENERGY INC**  
Consolidated Statements of Financial Position

USD 000s	Note	As at December 31 2025	As at December 31 2024
<b>Assets</b>			
Current assets			
Cash		13	31
ORRI receivable - current	6	783	696
Investments		5	-
<b>Total current assets</b>		<b>801</b>	<b>727</b>
Digital assets	5	401	393
ORRI receivable – long-term	6	10,999	10,958
<b>Total non-current assets</b>		<b>11,400</b>	<b>11,351</b>
<b>Total Assets</b>		<b>12,201</b>	<b>12,078</b>
<b>Liabilities</b>			
Current liabilities			
Trade and other payables	11	1,550	1,718
Short term debt	8	2,837	2,694
Loan payable	7	1,155	1,089
Taxes payable		23	21
<b>Total Liabilities</b>		<b>5,566</b>	<b>5,522</b>
<b>Shareholders' Equity</b>			
Share capital	9	230,835	235,668
Contributed surplus		18,596	18,596
Accumulated other comprehensive loss		(26,941)	(26,941)
Accumulated deficit		(215,855)	(220,768)
<b>Total Shareholders' Equity</b>		<b>6,635</b>	<b>6,556</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>12,201</b>	<b>12,078</b>

Nature of Operations and Going Concern (note 1)  
Commitments and Contingencies (note 14)  
Subsequent events (note 17)

*See the accompanying Notes to the Consolidated Financial Statements*

Approved on behalf of the Board:

“David Tawil”  
Director

“Steven Balsam”  
Director

**CENTAURUS ENERGY INC**

Consolidated Statements of income and comprehensive income

For the years ended December 31, 2025 and 2024

USD 000s, except per share amounts	Note	2025	2024
<b>Income</b>			
Finance income from ORRI receivable	6	789	653
Digital asset revenue	5	10	6
<b>Total income</b>		<b>799</b>	<b>659</b>
<b>Expenses</b>			
General and administrative	11, 16	546	471
Interest expense	10	210	206
Change in fair value of derivative	8	-	(5)
Foreign exchange loss (gain)		73	(36)
Other gains and losses		(155)	(186)
<b>Total expenses</b>		<b>674</b>	<b>450</b>
<b>Income before income taxes</b>		<b>125</b>	<b>209</b>
Income tax expense	13	-	-
<b>Net and Comprehensive Income</b>		<b>125</b>	<b>209</b>
<b>Net Income per share:</b>			
Basic and Diluted income per share		0.12	0.19
Weighted average number of shares outstanding – Basic and Diluted		1,054,770	1,076,770

*See the accompanying Notes to the Consolidated Financial Statements*



## CENTAURUS ENERGY INC

### Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2025 and 2024

	Share Capital (note 9)	Contributed Surplus	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity
USD 000s					
Balance at December 31, 2023	239,029	18,596	(26,941)	(224,325)	6,359
Net and Comprehensive income for the year	-	-	-	209	209
Treasury shares acquired	(3,361)	-	-	3,347	(14)
<b>Balance at December 31, 2024</b>	<b>235,668</b>	<b>18,596</b>	<b>(26,941)</b>	<b>(220,768)</b>	<b>6,556</b>
Net and Comprehensive income for the year	-	-	-	125	125
Treasury shares acquired	(4,833)	-	-	4,788	(45)
<b>Balance at December 31, 2025</b>	<b>230,835</b>	<b>18,596</b>	<b>(26,941)</b>	<b>(215,855)</b>	<b>6,635</b>

*See the accompanying Notes to the Consolidated Financial Statements*



**CENTAURUS ENERGY INC**  
Consolidated Statements of Cash Flows  
For the years ended December 31, 2025 and 2024

USD 000s	Note	2025	2024
<b>Cash provided by (used in):</b>			
<b>Operating Activities</b>			
Net Income		125	209
Items not affecting cash:			
Digital asset revenue	5	(10)	(6)
Accrued interest	7, 8	209	198
Unrealized loss on foreign exchange		2	-
Unrealized gain on derivative		-	(5)
Write off of accounts payable		-	(184)
Accretion on ORRI receivable	6	(789)	(780)
Change in non-cash working capital	13	(166)	179
Net cash used in operating activities		(629)	(389)
<b>Investing Activities</b>			
Purchase of digital assets		-	(387)
Purchase of investments		(5)	-
Proceeds from ORRI receivable	6	661	415
Net cash from investing activities		656	28
<b>Financing Activities</b>			
Advances from Loan payable	7	-	393
Purchase of Common Shares	9	(45)	(14)
Net cash (used in) from financing activities		(45)	379
Change in cash		(18)	18
Cash, beginning of year		31	13
Cash, end of year		13	31

*Supplemental Cash Flow Information (note 12)*

*See the accompanying Notes to the Consolidated Financial Statements*



## CENTAURUS ENERGY INC

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in thousands of United States dollars ("USD"), except per share amounts and as otherwise stated)

### 1. Nature of Operations and Going Concern

Centaurus Energy Inc. (the "Company," the "Corporation," or "Centaurus") was involved in the exploration, development and production of oil and natural gas in Argentina until January 2023. The Company is currently focused on managing the future proceeds from the Overriding Royalty Interest payable by Pan American Energy, (the "PAE ORRI") (see note 6), which may include investment in new endeavors and or capital returns. Centaurus's registered office is 1250, 639 – 5th Avenue S.W., Calgary, Alberta, T2P 0M9.

#### *Going concern*

The Company has a working capital deficiency of \$4,764 (2024 - \$4,795) and an accumulated deficit of \$216 million (2024 - \$221 million). The Company's ability to continue its operations and realize its assets is dependent upon the continued support of the holders of the short term debts. Particularly, as detailed below, the Company has two loans outstanding that may be demanded to be paid. The Company has not received any such demand and has no reason to believe that any such demand is forthcoming in the near-term. Nevertheless, this factor indicates a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern.

### 2. Basis of Preparation

#### **Statement of Compliance**

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and are presented in United States Dollars ("USD") unless otherwise indicated.

The consolidated financial statements were approved and authorized for issue by the Company's Board of Directors on April 27, 2026.

#### **Basis of Presentation**

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that Centaurus Energy Inc. will be able to realize its assets and discharge its liabilities in the normal course of business.

#### **Basis of Measurement**

The consolidated financial statements have been prepared on the historical cost basis, except as described in the accompanying notes.

#### **Basis of Consolidation**

Subsidiaries are entities controlled by Centaurus. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The consolidated financial statements include the accounts of the Company and its controlled entities.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements, unless IFRS indicates otherwise.



## CENTAURUS ENERGY INC

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in thousands of United States dollars ("USD"), except per share amounts and as otherwise stated)

### 2. Basis of Preparation (continued)

#### Basis of Consolidation (continued)

Details of controlled entities are as follows:

Entity	Province/ Country of incorporation	Functional currency	Percentage owned	
			December 31, 2025	December 31, 2024
Madalena Petroleum Ltd. ("MPL") (i)	Canada	USD	-	100%
Madalena Petroleum Americas Limited ("MPAL") (i)	Barbados	USD	-	100%
Madalena Petroleum Holdings Limited (i)	Barbados	USD	-	100%
Centaurus Energy Inc, Sucursal Argentina	Argentina	USD	100%	100%

- (i) The Company's Barbados' subsidiaries were dissolved on October 29, 2025, and accordingly have not been consolidated subsequent to October 29, 2025. The operating results of these subsidiaries are included in the consolidated statement of loss and comprehensive loss up until the date of dissolution.

#### Functional and Presentation Currency

The functional and presentation currency of the Company and its subsidiaries is the USD.

### 3. Critical Accounting Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the change is identified, and prospectively in future periods. Judgments are made by management to determine the likelihood of whether deferred income tax assets at the end of the reporting period will be realized from future taxable earnings.

The following are critical judgments and estimates that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

#### Contingencies

Due to the nature of the Company's operations, various legal and tax matters are outstanding from time to time. In the event that management's estimate of the probability of a financial impact of these matters changes, the Company will recognize the effects of the changes in its consolidated financial statements on the date such changes occur. See note 14.



## CENTAURUS ENERGY INC

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in thousands of United States dollars ("USD"), except per share amounts and as otherwise stated)

### 3. Critical Accounting Estimates and Judgments (continued)

#### Deferred taxes

Management is required to make estimations regarding the tax basis of assets and liabilities and related deferred income tax assets and liabilities, the measurement of income tax expense, and indirect taxes. A number of these estimates require management to make estimates of future taxable profit, and if actual results are significantly different than estimates, the ability to realize the deferred tax assets recorded on the statements of financial position could be impacted. The Company is subject to assessments by tax authorities who may interpret tax law differently. These factors may affect the final amount or the timing of tax payments.

#### Going Concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and to meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

#### Digital assets

The digital assets are susceptible to significant price volatility and risk of loss of the digital assets. As these assets are held with third party custodian, the Company relies on its custodian as the primary source for price information.

In determining the recoverable amount of the Digital assets, management makes significant estimates and assumptions, which includes considering available market data and relevant economic conditions. These significant estimates and judgements could impact the Company's future results if the current estimates of future performance and fair value change.

#### Impairment of ORRI receivable

The Company applies judgement to measure estimated credit loss on the ORRI receivable at an amount equal to the lifetime expected credit loss ("ECL"). The Company applies judgement to evaluate the receivable at year end. When determining whether the credit risk of a long-term receivable has increased significantly, the Company considers both quantitative and qualitative criteria, including changes in credit rating, observable adverse events, and significant changes in expected performance or financial condition of the counterparty.

### 4. Material Accounting Policies

#### (a) Foreign Currency

Centaurus and each of its subsidiaries use US dollar as their functional currency. Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss.



## CENTAURUS ENERGY INC

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in thousands of United States dollars ("USD"), except per share amounts and as otherwise stated)

### 4. Material Accounting Policies (continued)

#### (b) Cash

Cash in the statement of financial position comprise cash held at banks and short-term deposits with an original maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts. There are no cash equivalents as at December 31, 2025, and 2024.

#### (c) Digital assets

Digital assets consist of cryptocurrency coins, a type of currency only available in digital form. Digital assets are accounted for under IAS 38 Intangible Assets. Digital assets are initially recorded at cost, which is the fair value of the digital asset on the date acquired.

Digital assets have an indefinite useful life. In making this determination, management considered the nature of the asset, contractual rights and expected use.

Subsequent to initial recognition, digital assets are carried at their cost less any accumulated impairment losses. Digital assets are evaluated against their recoverable amount on an annual basis or whenever there are indicators of impairment. All cryptocurrency denominated assets are classified as non-current.

##### *Income from digital asset mining*

The Company participates in cryptocurrency (crypto) staking arrangements by committing its crypto holdings to a validator node in order to earn staking rewards. Staking rewards are earned in the form of additional crypto tokens. The received crypto is treated as an intangible asset and is subsequently measured using the Company's cost model less impairment.

#### (d) Impairment of non-financial assets

Non-financial assets includes the Company's digital assets and are subject to impairment tests on an annual basis and whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of its value in use and fair value less costs of disposal, the asset is written down to its recoverable amount.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss in respect of other assets is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.



## CENTAURUS ENERGY INC

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in thousands of United States dollars ("USD"), except per share amounts and as otherwise stated)

### 4. Material Accounting Policies (continued)

#### (e) Fair value

The Company's accounting policies and disclosures may require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. In establishing fair value, the Company uses a fair value hierarchy based on the levels as defined below:

- Level 1 fair value measurements are based on unadjusted quoted market prices.
- Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices.
- Level 3 fair value measurements are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash, trade and other payables, current loan, short term debt and taxes payable approximate their fair value due to their short-term nature. The loan payable is measured at Level 3.

There were no transfers of fair value measurements between level 1, level 2, and level 3 of the fair value hierarchy in the year ended December 31, 2025 and 2024.

#### (f) Financial Instruments

##### *Recognition and Derecognition:*

The Company recognizes a financial asset or financial liability on the statement of financial position on the trade date when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value and are derecognized either when the Company has transferred substantially all of the risks and rewards of ownership of the financial asset or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled, or expired.

##### *Classification of Financial Assets*

The Company determines the classification of its financial assets at initial recognition. Financial assets are classified according to the following measurement categories:

- amortized cost;
- those to be measured subsequently at fair value, either through profit or loss ("FVTPL"); or
- through other comprehensive income ("FVTOCI").

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized.



## CENTAURUS ENERGY INC

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in thousands of United States dollars ("USD"), except per share amounts and as otherwise stated)

### 4. Material Accounting Policies (continued)

cost at each subsequent reporting period. Interest income and expense are recognized using the effective interest rate (EIR) method. The EIR is the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument, or a shorter period where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of the financial liability. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

#### *Classification of Financial Liabilities*

After the initial recognition at fair value, financial liabilities are classified and measured at either:

- amortized cost; or
- FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives) with the change in fair value attributable to changes in the Company's credit risk recognized in other comprehensive income (OCI).

### (f) Financial Instruments

#### *Transaction costs*

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost or at FVTOCI are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

The Company's financial assets consist of cash, ORRI receivable which are classified and measured at amortized cost. The Company's financial liabilities consist of trade and other payables and short-term debt which are classified and measured at amortized cost using the effective interest method. The loan payable is measured at FVTPL. The investments are classified and measured at FVTPL. Interest expense and income is reported in profit or loss as finance costs.

#### *Impairment of Financial Assets*

The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments at amortized cost. ECLs reflect the present value of all cash shortfalls related to default events either:

- over the following twelve months for receivables for which credit risk has not significantly increased since initial recognition or
- over the expected life of a debt instrument depending on the credit deterioration from inception, for receivables with significant increase in credit risk or that are credit-impaired.

The ECL recorded reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.



## CENTAURUS ENERGY INC

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in thousands of United States dollars ("USD"), except per share amounts and as otherwise stated)

### 4. Material Accounting Policies (continued)

The Company assesses, on an instrument-by-instrument basis, whether there has been a significant increase in credit risk since initial recognition of a financial instrument at each reporting date. Increases or decreases in the allowance for credit losses are recognized in the consolidated statement of net loss and comprehensive loss.

If a receivable is deemed credit-impaired, the carrying amount is reduced through an allowance account and the loss is recognized in profit or loss. Interest income on such assets continues to be recognized based on the amortized cost (net of loss allowance) using the original effective interest rate.

#### (g) Share capital

When shares recognized as equity are repurchased, the amount of consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. No gain or loss shall be recognised in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in retained earnings.

#### (h) Share based compensation

Share-based payments include option and stock grants granted to directors, employees and consultants. The Company accounts for share-based compensation using a fair value-based method with respect to all share-based payments.

The fair values of stock options are calculated using Black-Scholes model at the date of grant and are charged to operations over the vesting period, with the offsetting credit charged to contributed surplus. If, and when the stock options are exercised, the applicable amounts are transferred from contributed surplus to share capital.

#### (i) Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax also includes the amounts paid or accrued for minimal presumed income tax, which is an Argentine tax on net assets, levied on those companies with no taxable income.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.



## CENTAURUS ENERGY INC

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in thousands of United States dollars ("USD"), except per share amounts and as otherwise stated)

### 4. Material Accounting Policies (continued)

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

#### (j) Earnings Per Share

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. The Company does not currently have any anti-dilutive instruments outstanding. Therefore basic EPS is equal to diluted EPS.

#### (k) Operating Segments

The Company has determined that it operates as a single operating segment, as defined in IFRS 8 Operating Segments. The Chief Operating Decision Maker (CODM) reviews financial information on a consolidated basis for the purpose of allocating resources and assessing performance.

#### (l) Adoption of new and revised standards

The Company has adopted the following amendment to IFRS Accounting Standards that are mandatorily effective for accounting periods beginning on or after January 1, 2025. Their adoption has not had a material impact on disclosures or amounts reported in these financial statements.

Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates (IAS 21) – In August 2023, the IASB issued amendments to IAS 21, The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability. These amendments sought to clarify how an entity assesses whether a currency is exchangeable and how to determine a spot exchange rate if exchangeability is lacking. A disclosure is required to enable users of the financial statements to understand the difficulty determining an appropriate exchange rate and the possible impact on the entity's financial performance, position, or cash flow when a currency is not considered exchangeable. The Company does not currently have any fiat currency deemed to have a lack of exchangeability.



## CENTAURUS ENERGY INC

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(Expressed in thousands of United States dollars ("USD"), except per share amounts and as otherwise stated)

### 4. Material Accounting Policies (continued)

#### (m) Future accounting standards and pronouncements

The Company has not yet adopted certain new standards, amendments, and interpretations to existing standards as outlined below, which have been published but are only effective for accounting periods beginning on or after January 1, 2026, or later periods. The Company is currently in the process of assessing the impact of the amendments on the financial statements and notes to the financial statements.

#### *Sale of Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

#### *IFRS 18 Presentation and disclosure in financial statements*

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements (“IFRS 18”) which introduces:

- new requirements on presentation within the statement of profit or loss;
- disclosure standards regarding management defined performance measures; and
- principles for aggregation and disaggregation of financial information in the financial statements and the notes.

IFRS 18 will be effective for annual reporting periods beginning on or after January 1, 2027, but companies can apply it earlier. IFRS 18 replaces IAS 1. It carries forward many requirements from IAS 1 unchanged. The Company is assessing the impact of the adoption of this standard.

#### *Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*

In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures. The amendments clarify the derecognition of financial liabilities and introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (CLIs). Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified at FVOCI.

The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required.



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(Expressed in thousands of United States dollars ("USD"), except per share amounts and as otherwise stated)

### 4. Material Accounting Policies (continued)

#### (m) Future accounting standards and pronouncements (continued)

##### *Annual Improvements to IFRS Accounting Standards*

The IASB issued narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash Flows.

The amendments to IFRS 9 address a conflict between IFRS 9 and IFRS 15 Revenue from Contracts with Customers over the initial measurement of trade receivables; and how a lessee accounts for the derecognition of a lease liability under paragraph 23 of IFRS 9.

The amendments are effective for annual periods beginning on or after January 2026.

### 5. Digital Assets

The Company's holdings of digital assets consist of the Ethereum (ETH):

	Number of ETH coins	USD 000s
At January 1, 2024	-	-
Purchased	134.2537	388
Staking rewards	1.4655	6
Foreign exchange	-	(1)
<b>At December 31, 2024</b>	<b>135.7192</b>	<b>393</b>
Staking rewards	3.1383	10
Foreign exchange	-	(2)
<b>At December 31, 2025</b>	<b>138.8575</b>	<b>401</b>

As at December 31, 2025 2.9581 (2024 – 2.8480) ETH were staked on the Ethereum network.



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Notes to the Consolidated Financial Statements

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### 6. ORRI Receivable

On April 28, 2021, the Company sold its 29% interest in the Coiron Amargo Sur Este Oil and Gas Field in Neuquén, Argentina ("CASE") to Pan American Energy S.L. Sucursal Argentina ("PAE") under an agreement. The agreement was later amended on March 23, 2022.

As part of the consideration, PAE agreed to pay the Company \$16,830 in the form of overriding royalty payments ("ORRI"), paid on a semi-annual basis as follows:

- 1.25% of the net proceeds received by PAE up to a total of \$8
- 2.5% of the net proceeds received by PAE thereafter until the ORRI is paid in full

There is an annual interest adjustment of 1.5% for years 2023-2028, a 3% rate for years 2029-2033, and a 4.5% rate for years 2024 to 2040. PAE's payment obligations are satisfied upon the earlier of:

- Payment in full of \$16,830 ORRI Payments;
- December 31, 2040; and
- the termination of the CASE operating agreement by the Argentina Government

On initial recognition, the Company recorded the fair value of the ORRI payments at \$10,400, being the present value of the estimated semi annual ORRI payments, using the interest rate of 7% over 18 years. The ORRI receivable is subsequently carried at amortized cost. The Company used a weighted average valuation technique to fair value the incoming cash flow.

The continuity of the ORRI receivable can be summarized as follows:

Date	Beg. Balance	Initial Recognition	Payment received	Interest & Accretion	End. Balance	Current	Long Term
	\$	\$	\$	\$	\$	\$	\$
December 31, 2022	-	10,400	(121)	563	10,842	304	10,538
December 31, 2023	10,842	-	(304)	751	11,289	415	10,874
December 31, 2024	11,289	-	(415)	780	11,654	696	10,958
December 31, 2025	11,654	-	(661)	789	11,782	783	10,999



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### 7. Loan payable

On October 19, 2020, the Corporation signed a loan agreement with David Tawil, the Chief Executive Officer, bearing interest at 7% per annum ("Tawil Loan 1"), due on demand.

On March 20, 2024, David Tawil entered into a new loan agreement with Centaurus, providing up to \$1.5 million of a revolving loan ("Tawil Loan 2"). The loan charges interest at greater of: (i) 7% per annum or (ii) 65% of the capital appreciation on the corresponding ETH the Company purchased funded by the loan, due on demand and secured by the assets of the Company.

The Company designated the entire hybrid contract as at FVTPL.

At December 31, 2025 and 2024, the loan payable was due on demand and accordingly, the fair value was determined to be the total principal amount plus accrued interest.

The continuity of the loan payable can be summarized as follows:

USD 000s	Tawil Loan 1	Tawil Loan 2	Total
At December 31, 2023	641	-	641
Proceeds	-	393	393
Interest/Change in FV	39	16	55
<b>At December 31, 2024</b>	<b>680</b>	<b>409</b>	<b>1,089</b>
Interest/Change in FV	39	27	66
<b>At December 31, 2025</b>	<b>719</b>	<b>436</b>	<b>1,155</b>

### 8. Short term debt

On May 8, 2017, Centaurus entered into a series of agreements (the "Transactions") with Hispania Petroleum S.A., ("Hispania"), which provided for a total package of debt of up to \$23 million, with interest accruing at 7% per annum and principal and interest on each drawdown repayable thirty-six months after drawdown. The \$23 million debt consists of \$6.5 million working capital loan and \$16.5 million capex loan.

#### *Working capital loan*

Centaurus entered into a working capital loan of up to \$6.5 million (the "Working Capital Loan"). The Working Capital Loan is a multi-drawdown facility, repayable thirty-six months after the first drawdown.

In June 2019, the Company borrowed \$1.7 million under the Working Capital Loan. As at December 31, 2025, \$1.7 million has been drawn on the Working Capital loan. The Working Capital loan is therefore due on demand as at December 31, 2025 and 2024.



## CENTAURUS ENERGY INC

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in thousands of United States dollars ("USD"), except per share amounts and as otherwise stated)

### 8. Short term debt (continued)

#### *Capex loan*

Centaurus entered into a convertible loan with Hispania of up to \$16.5 million (the "Capex Loan") for purposes of funding of certain of Centaurus' capital expenditure obligations and acquisitions. Up to May 8, 2023, both Hispania and the Company had the right, at any time to convert the Capex loan into Units. The Capex Loan is no longer convertible.

On April 7, 2019, the Company amended the convertible loan agreement and included KD Energy as an additional loan party to the agreement. KD Energy is controlled by Alejandro Penafiel and Jose Penafiel, who were officers of the Company until their employment was terminated on March 24, 2020.

In June 2019, the Company borrowed \$0.3 million under the Capex Loan. As at December 31, 2025, \$0.3 million has been drawn on the Capex Loan. The Capex loan is therefore due on demand as at December 31, 2025 and 2024.

On initial recognition, the Company recorded the derivative liability at fair value and the liability as the residual. Subsequently, the liability is measured at amortized cost.

The following table presents the reconciliation of the beginning and ending balances of the components of the loans as at December 31, 2025, and 2024:

USD 000s	Liability	Derivative Liability	Total
At December 31, 2023	2,552	5	2,557
Interest accrued 2024	142	(5)	137
At December 31, 2024	2,694	-	2,694
Interest accrued 2025	143	-	143
<b>At December 31, 2025</b>	<b>2,837</b>	<b>-</b>	<b>2,837</b>

### 9. Share Capital

The Company is authorized to issue an unlimited number of common shares and preferred shares. The holders of common shares are entitled to receive dividends as declared by the Company and are entitled to one vote per share. No preferred shares were outstanding as at December 31, 2025, or December 31, 2024. No dividends have been declared by the Company at December 31, 2025, or December 31, 2024.



## CENTAURUS ENERGY INC

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

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### 9. Share Capital (continued)

	Number of Shares	Share Capital 000s
Balance at December 31, 2023	1,088,070	239,029
Share buy back	(11,300)	(3,361)
Balance at December 31, 2024	<b>1,076,770</b>	235,668
Share buy back	<b>(22,000)</b>	<b>(4,833)</b>
<b>Balance at December 31, 2025</b>	<b>1,054,770</b>	<b>230,835</b>

#### Purchase of Common Shares

On May 28, 2024, the TSX Venture Exchange ("TSX-V") accepted the Company's notice to extend and implement a normal course issuer bid ("NCIB") to purchase, for cancellation, up to 108,545 of its common shares, representing 10% of Centaurus' Public Float (calculated in accordance with the rules of the TSX-V), over a twelve month period commencing on May 30, 2024. The NCIB expired on May 30, 2025. The average price paid for the common shares during the period was CAD\$2.85 per share.

As of December 31, 2025, the Company had 1,088,070 shares outstanding (2024 – 1,088,070) of which 37,300 common shares were held in treasury (2024 – 15,300).

#### Earnings Per Share

As at December 31, 2025 and 2024, there is no resulting dilutive impact of the short-term loan. The following table provides the weighted average number of common shares used in the per share calculations:

	Year ended December 31	
	2025	2024
Weighted average number of common shares - basic and diluted – 000s	<b>1,055</b>	1,077
Net income - USD 000s	<b>125</b>	209
Per share – basic - (\$/share)	<b>0.12</b>	0.19



## CENTAURUS ENERGY INC

Notes to the Consolidated Financial Statements

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### 10. Interest Expenses

Interest Expenses are made up of the following:

USD 000s	Year ended December 31	
	2025	2024
Bank charges and fees	1	3
Accrued interest	209	203
	210	206

### 11. Related Parties

Key management personnel are those persons that have authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly. As at December 31, 2025, the Company's key management personnel consist of its directors and senior management. The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence were:

David Tawil (CEO): \$246,600

Jeffrey Borack (CFO): \$5,000

As at December 31, 2025, the interest expense accrued on the two David Tawil loans (see note 7) was \$66,341 (2024 - \$55,000).

As at December 31, 2025, the Company owes David Tawil the sum of \$913,563 (2024 - \$1,019,000) for consulting fees. That debt is included within "Trade and other payables".

### 12. Supplemental Cash Flow Information

*Changes in non-cash working capital*

USD 000s	Year ended December 31	
	2025	2024
Change in fair value of derivative	-	(5)
Trade, tax and other payables	(166)	179
Change in non-cash working capital	(166)	174



## CENTAURUS ENERGY INC

Notes to the Consolidated Financial Statements

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### 13. Income Taxes

The provision for income tax differs from the result that would be obtained by applying the combined Canadian federal and provincial tax rate of 23% to the loss before income taxes. The difference results from the following:

	Year ended December 31	
	2025	2024
Income (Loss) before income tax – continuing operations	125	209
Tax rate	23%	23%
Expected income tax recovery (expense)	29	48
Recovery (expense) resulting from:		
Expenses not deductible for tax purposes	7	-
Unrecognized deferred tax benefit and other	(37)	(40)
Deductible/non-taxable differences on foreign operation	1	(8)
<b>Total income tax recovery (expense)</b>	<b>-</b>	<b>-</b>
Attributable to:		
Current tax recovery (expense)	-	-
Deferred tax recovery (expense)	-	-
<b>Total income tax recovery (expense)</b>	<b>-</b>	<b>-</b>

Deferred tax assets have not been recognized on the temporary differences and credits:

No deferred tax liability has been recognized for temporary differences associated with investments in subsidiaries and joint ventures as the Company is in a position to control the entities and it is considered probable that these timing differences will not reverse in the foreseeable future.

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	Year ended December 31	
	2025	2024
Non-capital loss carry-forwards	71,489	67,489
Other temporary differences	5,224	5,904
<b>Total</b>	<b>76,713</b>	<b>73,393</b>

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

As at December 31, 2025, the Company had estimated non-capital losses for Canadian income tax purposes of approximately \$71,489 (2024 - \$67,489) available to use against future taxable income. The non-capital losses expire between 2026 and 2045.

As at December 31, 2025, the Company had estimated non-capital losses for Argentinian income tax purposes of approximately \$nil (2024 - \$nil) available to use against future taxable income.



## CENTAURUS ENERGY INC

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### 14. Commitments and Contingencies

The Company is subject to various claims, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable and the amounts are estimable. Although the outcome of such matters cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material adverse effect on the Company's financial condition, operations or liquidity.

#### *KD Energy International Capital Limited*

On March 25, 2020, the Corporation announced that Jose Peñafiel and Alejandro Peñafiel had been terminated and had ceased to be officers and directors of the Corporation. On March 26, 2020, the Company received a notice of default and reservation of rights from KD Energy and Hispania.

The Transactions are the current subject of claims and counterclaims among the Company, Hispania, KD Energy, the Penafiels and other related parties in the courts of Alberta.

#### *KD Energy International, Capital Limited, Jose David Penafiel, Alejandro Augusto Penafiel, and Totisa Holdings S.A. v Centaurus Energy Inc*

In a Canadian court, KD Energy has made a claim for repayment of funds advanced to Centaurus allegedly under a CapEx loan in the amount of \$2,093,015, plus 7% interest from 7 April 2020 to date of trial, or alternatively claim by Totisa in unjust enrichment for funds advanced in the amount of \$2,093,015 plus interest under the Judgment Interest Act, plus costs. In addition, in the same case, Jose Penafiel has claimed for wrongful dismissal damages of \$315,000 plus aggravated and punitive damages of \$300,000, and Alejandro Penafiel has claimed for wrongful dismissal damages of \$180,000 plus aggravated and punitive damages of \$150,000, plus interest. In this case, Centaurus defeated a summary judgment application by Totisa.

#### *KD Energy International Capital Limited and Hispania Petroleum S.A. v Centaurus Energy Inc.*

In the same Canadian court, KD Energy and Hispania have made claims for repayment of debt in the amount of \$2,411,770 plus interest of 7% per annum accruing from 27 June 2022 to date of trial, for funds advanced to Centaurus under either a CapEx loan or Working Capital Loan facility, plus costs. This relief sought is duplicative of the relief sought previously.

Centaurus filed a Statement of Defence and Counterclaim, seeking to set off any amounts owing, seeking damages of at least \$3,000,000 and punitive damages against the Plaintiffs, and seeking to consolidate the Actions. The Plaintiffs filed a Statement of Defence to Counterclaim and Reply to Defence. Centaurus filed a Reply to Statement of Defence to Counterclaim.

The Company has not accrued a provision relating to this claim as the Company believe the claim is without merit. Any differences from management's best estimate will be accounted for in the period they are determined



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### 15. Financial Instruments and Risk Management

The Company is exposed to various risks that arise from its business environment and the financial instruments it holds. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework, policies and procedures. The following outlines the Company's risk exposures and explains how these risks and its capital structure are managed.

#### Capital Management

The Company manages its capital structure to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital of the Company consists of issued share capital.

The Company manages its capital structure to maximize its financial flexibility, making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital but rather relies on the expertise of the Company's management to sustain the future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended December 31, 2025 and 2024. At December 31, 2025 and 2024, the Company is not subject to externally imposed capital requirements.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

As of December 31, 2025, the Company believes it is compliant with the policies of the TSXV.

#### Financial instruments

The Company's financial instruments are exposed to the following risks:

##### **Foreign currency 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 is exposed to foreign currency risk on fluctuations related to cash, and accounts payable and accrued liabilities that are denominated in Canadian dollars ("CAD") and Argentina Pesos ("ARS").

The Company's reported results will be affected by fluctuations in the CAD, and ARS to USD exchange rate. Management has assessed the impact of foreign currency risk and determined it to be minimal.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risk.



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### 15. Financial Instruments and Risk Management (continued)

#### *Risk management policy*

The Company is exposed to credit risk, liquidity risk, and digital asset risk. The Company's senior Management monitors these risks.

#### *Credit risk*

Credit risk is the risk of an unexpected loss if a third party fails to meet its contractual obligations, including cash. The risk regarding cash is mitigated by holding the majority of the Company's cash with high credit financial institutions. The Company's exposure to credit risk is influenced mainly by the ORRI receivable. The Company evaluates the credit risk associated with the ORRI receivable based on both historical loss experience, current situation, and forward-looking information including:

- External data, which included oil and gas industry data and external economic, Argentina and other data was examined and relied on.
- Counterparty's creditworthiness and financial condition
- Payment history and contractual compliance

Management analyzed the PAE's creditworthiness and the default risk of the ORRI payment, as these factors may have an influence on credit risk. Based on management's analysis, the default risk of the ORRI receivable is low. PAE is considered to have low credit risk and the loss allowance recognised is based on the 12 months expected loss.

The Company has recorded an expected credit loss of \$nil for the year ended December 31, 2025 (\$nil – December 31, 2024).

#### *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.

Historically, the Company's source of funding has been the issuance of equity securities for cash and debt. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. The Company's liabilities includes trade and other payables, sales tax payable, loan payable and short term debt which are all due within one year.

#### *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's exposure to interest rate risk is limited and only relates to its ability to earn interest income on cash balances at variable rates. Changes in short term interest rates will not have a significant effect on the fair value of the Company's cash account. The interest rate on the Company's loans is fixed in nature and have limited exposure to changes in interest rates.



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### 15. Financial Instruments and Risk Management (continued)

#### *Price risk*

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to any significant price risks with respect to its financial instruments.

#### *Digital asset risk*

Digital assets are measured at cost less impairment. Digital asset prices are affected by various forces including global supply and demand, interest rates, exchanges rates, inflation or deflation and the political and economic conditions. Further, digital assets have no underlying backing or contracts to enforce recovery of invested amounts. The profitability of the Company is related to the current and future market price of digital assets; in addition, the Company may not be able to liquidate its holdings of digital assets at its desired price if necessary. Investing in digital assets is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for such currencies change rapidly and are affected by a variety of factors, including regulation and general economic trends. Digital assets have a limited history, their fair values have historically been volatile, and the value of digital assets held by the Company could decline rapidly. A decline in the market prices of digital assets could negatively impact the Company's future operations. Historical performance of digital assets is not indicative of their future performance.

Many digital asset networks are online end-user-to-end-user networks that host a public transaction ledger (blockchain) and the source code that comprises the basis for the cryptographic and algorithmic protocols governing such networks. In many digital asset transactions, the recipient or the buyer must provide its public key, which serves as an address for a digital wallet, to the seller. In the data packets distributed from digital asset software programs to confirm transaction activity, each party to the transaction must sign transactions with a data code derived from entering the private key into a hashing algorithm, which signature serves as validation that the transaction has been authorized by the owner of the digital asset. This process is vulnerable to hacking and malware and could lead to theft of the Company's digital wallets and the loss of the Company's digital asset.

Digital assets are loosely regulated and there is no central marketplace for exchange. Supply is determined by a computer code, not a central bank. Additionally, exchanges may suffer from operational issues, such as delayed execution, that could have an adverse effect on the Company.

Additionally, to the extent that the digital asset exchanges representing a substantial portion of the volume in digital asset trading are involved in fraud or experience security failures or other operational issues, such digital asset exchanges' failures may result in loss or less favorable prices of digital assets, or may adversely affect the Company, its operations and its investments.



## CENTAURUS ENERGY INC

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### 16. General and Administrative Expenses

Centaurus's consolidated statements of loss and comprehensive loss are prepared primarily by nature of expenses, with the exception of employee compensation costs which are included in both the operating and general and administrative expense line items in the consolidated statements of income and comprehensive income. The following table details the amount of total employee compensation costs included in the operating and general and administrative expenses line items in the consolidated statements of income and comprehensive income.

USD 000s	Year ended December 31	
	2025	2024
Compensation costs	247	251
Consulting fees	108	82
Professional services	183	91
Other	8	47
	546	471

### 17. Subsequent events

On March 30<sup>th</sup>, 2026, the Company granted 54,403 options to a Director at an exercise price of \$1.25, vesting immediately with a 5 year expiry period. The options were exercised for total proceeds of \$68.