CENTAURUS

CENTAURUS ENERGY INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2026 AND 2025

(UNAUDITED)

NOTICE OF NO AUDITORS' REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim condensed financial statements of Centaurus Energy have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

CENTAURUS ENERGY INC

Condensed Interim Consolidated Statements of Financial Position
(Unaudited)

USD 000s	Note	At June 30 2026	At December 31 2025
Assets			
Current assets			
Cash and cash equivalents		**11**	13
Investments		**7**	5
Loan receivable		**19**	-
ORRI receivable - current	4	**985**	783
Total current assets		**1,022**	801
Digital assets	3	**153**	401
Property, plant and equipment		**3**	-
ORRI receivable – long term	4	**10,885**	10,999
Total non-current assets		**11,041**	11,400
Total assets		**12,063**	12,201
Liabilities			
Current liabilities			
Current Loan	5	**1,188**	1,155
Short term debt	6	**-**	2,837
Trade and other payables		**1,492**	1,550
Taxes payable		**38**	23
Total current liabilities		**2,718**	5,566
Total liabilities		**2,718**	5,566
Shareholders' Equity			
Share capital	7	**230,903**	230,835
Contributed surplus		**18,596**	18,596
Accumulated other comprehensive loss		**(26,941)**	(26,941)
Deficit		**(213,313)**	(215,855)
Total Shareholders' equity		**9,345**	6,635
Total Liabilities and Shareholders' Equity		**12,063**	12,201

See the accompanying Notes to the Condensed Interim Consolidated Financial Statements.

On behalf of the Board:

David Tawil
Director

Steven Balsam
Director

CENTAURUS ENERGY INC.

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Unaudited)

USD 000s, except per share amounts	Note	Three months ended June 30 2026	Three months ended June 30 2025	Six months ended June 30 2026	Six months ended June 30 2025
Revenues					
Digital asset revenue received	3	**1**	2	**3**	5
Investment gain (loss)		**(42)**	-	**(41)**	-
Finance income from ORRI receivable	4	**197**	-	**395**	-
		156	2	**357**	5
Expenses					
General and administrative	9	**196**	169	**456**	294
Finance (income) expenses	10	**48**	(115)	**101**	(205)
Foreign exchange loss (gain)		**(9)**	-	**(6)**	-
Share-based compensation	14	**4**	-	**68**	-
Digital assets impairment	3	**127**		**127**	
Other gains and losses	6	**(3,031)**	-	**(3,031)**	-
		(2,665)	54	**(2,285)**	89
Gain (Loss) before income taxes		**2,821**	(52)	**2,642**	(84)
Income tax recovery (expense)					
Current		**-**	-	**-**	-
Deferred		**-**	-	**-**	-
		-	-	**-**	-
Gain (Loss)		**2,821**	(52)	**2,642**	(84)
Comprehensive Gain (Loss)		**2,821**	(52)	**2,642**	(84)
Net Gain (Loss) per share					
Basic and diluted – continuing	7	**2.55**	(0.05)	**2.39**	(0.08)
Weighted average number of shares outstanding – Basic and Diluted – 000s	7	**1,105**	1,051	**1,105**	1,051

See the accompanying Notes to the Condensed Interim Consolidated Financial Statements.

CENTAURUS ENERGY INC.

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

USD 000s	Share Capital (note 7)	Contributed Surplus	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity
Balance at December 31, 2025	230,835	18,596	(26,941)	(215,855)	6,635
Net and Comprehensive loss for the quarter	-	-	-	2,642	2,642
Share-based compensation (note 14)	68	-	-	-	68
Treasury shares acquired	-	-	-	-	-
Balance at June 30, 2026	**230,903**	**18,596**	**(26,941)**	**(213,213)**	**9,345**
Balance at December 31, 2024	**235,668**	**19,596**	**(26,941)**	**(220,768)**	**6,556**
Net and Comprehensive loss for the quarter	-	-	-	**(84)**	**(84)**
Treasury shares acquired	(4,833)	-	-	**4,788**	**(45)**
Balance at June 30, 2025	**230,835**	**18,596**	**(26,941)**	**(216,064)**	**6,427**

See the accompanying Notes to the Condensed Interim Consolidated Financial Statements.

CENTAURUS ENERGY INC.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)

USD 000s	Note	Three months ended June 30 2026	Three months ended June 30 2025	Six months ended June 30 2026	Six months ended June 30 2025
Cash provided by (used in):					
Operating					
Net Gain (Loss)		**2,821**	(52)	**2,642**	(84)
Items not affecting cash:					
Accrued inteest		**48**	52	**99**	104
Digital asset revenue received		**(2)**	(3)	**(3)**	(5)
Digital asset impairment		**127**	-	**127**	-
Share-based compensation		**4**		**68**	
Non-cash increase of contingent liability		**(1)**		**15**	
ORRI Accretion		**(198)**	(195)	**(395)**	(389)
Investments (gain) loss		**-**		**(1)**	
KD Energy Loan removal		**(2,904)**		**(2,904)**	
Change in non-cash working capital	8	**(54)**	98	**(58)**	77
Cash flow from (used in) operating activities		**(160)**	(100)	**(410)**	(297)
Investing					
Proceeds from long term receivable		**-**	-	**307**	321
Property, plant and equipment additions		**-**		**(3)**	
Sales of digital assets		**124**		**124**	
Loan receivable		**(19)**		**(19)**	
Change in Investments		**2**	-	**(1)**	-
Net cash from (used in) investing activities		**107**	-	**408**	321
Financing					
Treasury shares - Purchase of own shares		**-**	(14)	**-**	(45)
Net cash used in financing activities		**-**	(14)	**-**	(45)
Change in cash and cash equivalents		**(53)**	(114)	**(2)**	(21)
Cash and cash equivalents, beginning of period		**64**	124	**13**	31
Cash and cash equivalents, end of period		**11**	10	**11**	10

See the accompanying Notes to the Condensed Interim Consolidated Financial Statements.

1. Reporting Entity

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 (the "ORRI") payable by Pan American Energy, ("PAE"), 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.

The consolidated financial statements include the results of the wholly-owned subsidiary, Centaurus Energy Inc, Sucursal Argentina

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.

2. Basis of Preparation

These condensed interim consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP") 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.

The Company incurred a net gain of $2,642 for the period ended June 30, 2026 (2025 loss of $52), has a working capital deficiency of $1,696 (December 2025 - $4,764) and an accumulated deficit of $213 million (December 2025 - $216 million).

Statement of Compliance

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

These condensed interim consolidated financial statements follow the same accounting policies and method of computation as the annual consolidated financial statements for the year ended December 31, 2025. The disclosures provided below are incremental to those included with the annual consolidated financial statements. Certain information and disclosures normally included in the notes to the annual consolidated financial statements have been condensed or have been disclosed on an annual basis only. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2025, which have been prepared in accordance with IFRS, as issued by IASB.

The condensed interim consolidated financial statements were approved and authorized for issue by the Company's Board of Directors on August 4, 2026.

Basis of Measurement

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

2. Basis of Preparation (continued)

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.

Details of controlled entities are as follows:

Entity	Province/ Country of incorporation	Functional currency	Percentage owned	
			June 30, 2026	December 31, 2025
Centaurus Energy Inc, Sucursal Argentina	Argentina	USD	100%	100%

Functional and Presentation Currency
The functional and presentation currency is the USD.

Use of 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.

Critical judgments and key sources of estimation uncertainty in applying accounting policies

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.

2. Basis of Preparation (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 that may interpret tax law differently. These factors may affect the final amount or the timing of tax payments.

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.

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 - accounting

Digital assets consist of cryptocurrency denominated assets and are included in current assets. Digital assets are accounted under IAS 38 Intangible Assets. Digital assets are initially recorded at cost, which is the fair value of the digital asset received. Subsequent to initial recognition, digital assets are carried at their cost less any accumulated impairment losses.

Impairment of Non-Financial Assets

The determination as to the existence and measurement of any impairment requires management to make significant estimates and assumptions, which includes estimated future cash flows, discount rates and estimated useful life. These significant estimates and judgements could impact the Company's future results if the current estimates of future performance and fair value change. This could affect the amount of amortization expense and any impairment charges on intangible assets in future periods.

Share Based Compensation

The grant date fair value of equity settled options granted to employees and directors is recognized as share-based compensation expense with a corresponding increase in contributed surplus over the vesting period. A forfeiture rate is estimated on the grant date and is subsequently adjusted each period to eventually reflect the actual number of options that vest. Upon exercise of the stock options, the consideration received plus the amount previously recorded in contributed surplus is recorded as an increase in share capital.

2. Basis of Preparation (continued)

Property, plant and equipment assets ("PP&E")

PP&E assets are measured at cost less accumulated depletion, depreciation and amortization and accumulated net impairment losses.

3. Digital Assets

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

	Number of ETH coins	USD 000s
At January 1, 2025	135.7192	**393**
Staking rewards	3.1383	10
Foreign exchange	-	(2)
At December 31, 2025	**138.8575**	**401**
Staking rewards	1.3852	**3**
Sales	(42.9581)	**(124)**
Impairment	-	**(127)**
Foreign exchange	-	**-**
At June 30, 2026	**97.2846**	**153**

As at June 30, 2026, the Company advanced a total $388,074 for the purchase of Ethereum which was delegated in accordance with the revenue recognition policy to earn staking rewards. As at June 30, 2026, the Company has a balance of $152,652 due from Bitbuy (a crypto exchange subsidiary of WonderFi Technologies Inc.(WNDR)) secured by a total of 97.2846 Ether (ETH) valued at $152,652.

During the quarter, the Company sold approximately 43 ETH.

During the period ended June 30, 2026, the Company earned staking revenue of $2,877.

4. 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 million.
- 2.5% of the net proceeds received by PAE thereafter until the ORRI is paid in full

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

4. ORRI Receivable (continued)

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
June 30, 2026	11,782	-	(307)	395	11,870	985	10,885

5. 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 June 30, 2026 and December 31, 2025, the loan payable was due on demand and accordingly, the fair value was determined to be the total principal amount plus accrued interest.

5. Loan payable (continued)

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

USD 000s	Tawil Loan 1	Tawil Loan 2	Total
At December 31, 2025	719	436	1,155
Proceeds	-	-	-
Interest	19	14	33
At June 30, 2026	**738**	**450**	**1,188**
Current	738	450	1,188
Long-term	**-**	-	-
Total	**738**	**450**	**1,188**

6. 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.

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 June 30, 2026, $0.3 million has been drawn on the Capex Loan.

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.

6. Short term debt (continued)

In June 2021, KD Energy, Totisa Holdings S.A., David Peñafiel, and Alejandro August Peñafiel commenced an action against Centaurus in the Alberta Court of King's Bench ("Action No. 2101-08114"), claiming more than USD $3,000,000 for alleged breaches of a loan agreement, as amended, and employment contracts between the parties. In July 2022, KD Energy and Hispania Petroleum S.A. commenced a second action in the same Court ("Action No. 2201-07894"), claiming more than USD $2,000,000 for alleged breaches of the same loan agreement.

On June 17, 2026, Applications Judge S. Latimer dismissed both Action No. 2101-08114 and Action No. 2201-07894, awarding costs to Centaurus of CAD $3,905 and CAD $2,160, respectively. As a result, all claims brought by KD Energy and its associated parties against Centaurus have been resolved in the Company's favour.

As of June 29, 2026, the appeal period for the dismissal orders lapsed without any notice of appeal.

Given the aforementioned situation, Centaurus has removed the KD Energy loan liability (plus interest accrued up to the date of the court ruling) from the current financial statements. The impact of this removal is presented in the Statements of Income (Loss) under the "Other gains and losses" line for $2,903,165.

The following table presents the reconciliation of the beginning and ending balances of the components of the loans as at June 30, 2026, and December 31, 2025:

USD 000s	Liability	Derivative Liability	Total
At December 31, 2025	2,837	-	2,837
Interest	66	-	66
KD Energy Loan removal	(2,903)		(2,903)
At June 30, 2025	**-**	**-**	**-**

7. 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 at June 30, 2026 or December 31, 2025. No dividends have been declared by the Company at June 30, 2026 or December 31, 2025.

	Number of Shares	Share Capital 000s
Balance at December 31, 2024	1,072,770	235,668
Share buy back	(22,000)	(4,833)
Balance at December 31, 2025	1,050,770	230,835
Share Issued - Stock options exercise	54,403	68
Share buy back	-	-
Balance at June 30, 2026	**1,105,173**	**230,903**

7. Share Capital (continued)

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 at June 30, 2026, the Company had 1,142,473 shares outstanding (2025 – 1,088,070) of which 37,300 common shares were held in treasury (2025 – 37,300).

Earnings Per Share

As at June 30, 2026, there is no dilutive impact of the convertible debentures or share options. The following table provides the weighted average number of common shares used in the per share calculations:

	Three months ended June 30		Six months ended June 30	
	2026	**2025**	**2026**	**2025**
Weighted average number of common shares - basic – 000s	**1,105**	1,051	**1,105**	1,051
Net income - USD 000s	**2,821**	(52)	**2,642**	(84)
Per share – basic ($/share)	**2.55**	(0.05)	**2.39**	(0.08)

8. Supplemental Cash Flow Information

Changes in non-cash working capital

	Three months ended June 30		Six months ended June 30	
USD 000s	**2026**	**2025**	**2026**	**2025**
Trade and other payables	**(54)**	98	**(58)**	77
Change in non-cash working capital[1]	**(54)**	98	**(58)**	77

9. General and Administrative Expenses

Centaurus's condensed interim consolidated statements of income (loss) and comprehensive income (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 on the condensed interim consolidated statements of income (loss) and comprehensive income (loss). The following table details the amount of total employee compensation costs included in the operating and general and administrative expense line items in the condensed interim consolidated statements of income (loss) and comprehensive income (loss).

	Three months ended June 30		Six months ended June 30	
USD 000s	2026	2025	2026	2025
General & administrative expenses				
Compensation costs	83	62	250	123
Audit	29	16	29	30
Professional services	32	13	42	45
Consulting fees	52	77	77	89
Director fees	-	-	38	-
Other	-	1	20	7
	196	169	456	294

10. Finance (Income) Expenses

Finance (Income) and Expenses are made up of the following:

	Three months ended June 30		Six months ended June 30	
USD 000s	2026	2025	2026	2025
Bank charges	1	-	2	1
Accrued interest	47	52	99	104
	48	(115)	101	(25)

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 June 30, 2026, 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) - Compensation: $250,200

David Tawil (CEO) – Director fee: $12,500

Jeffrey Borack (CFO): -

William Schibin (Director): $12,500

Steven Balsam (Director): $12,500

As at June 30, 2026, the interest expense accrued on the two David Tawil loans (see note 5) was $32,897 (as at June 30, 2025 - $32,897).

As at June 30, 2026, the Company owes David Tawil the sum of $953,763 (as at December 31, 2025 - $913,563) for consulting fees. That debt is included within "Trade and other payables".

12. 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

12. Commitments and Contingencies (continued)

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.

On June 17, 2026, Applications Judge S. Latimer dismissed both actions, awarding costs to Centaurus of CAD $3,905 and CAD $2,160, respectively. As a result, all claims brought by KD Energy and its associated parties against Centaurus have been resolved in the Company's favour.

As at June 29, 2026, the appeal period for the dismissal orders lapsed without any notice of appeal.

The Company has reversed provisions relating to the debt claims previously recorded and has never accrued a provision relating to the employment-related claim, as the Company believed that the claim was without merit.

13. 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 update to risk exposures and explains how they 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 period ended June 30, 2026. At June 30, 2026, the Company is not subject to externally imposed capital requirements.

13. Financial Instruments and Risk Management (continued)

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 March 31, 2026, 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, accounts receivable, and accounts payable and accrued liabilities that are denominated in Canadian dollars ("CAD"), U.S. Dollars ("USD") 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.

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 $nil for the period ended June 30, 2026 ($nil – December 31, 2025).

13. Financial Instruments and Risk Management (continued)

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.

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.

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.

14. Share-based Compensation

Under the Company's stock option plan, directors, officers, employees and certain consultants are eligible to receive options to acquire common stock of the Company. The exercise price of the granted options is no less than the closing trading price per share on the last day preceding the date of the grant. Total options granted cannot exceed 10% of the issued and outstanding common shares of the Company. Options granted to directors, officers, employees and consultants vest over three years on each anniversary of the grant date. Options expire three to five years from the grant date. There are no cash settlement alternatives for employees under the Company's stock option plan.

On March 30, 2026, David Tawil was granted options to purchase 54,403 shares at an exercise price of USD 1.25, with a March 30, 2031, expiry date. Tawil exercised the options and the TSXV Exchange approved the issuance of the 54,403 shares on April 15, 2026.

Movements in the number of stock options outstanding and their related weighted average exercise prices are summarized as follows:

	Number of options 000s	Weighted average exercise price
Outstanding as at December 31, 2025	-	-
Granted	54,403	1.25
Exercised	(54,403)	1.25
Outstanding at June 30, 2026	**-**	**-**