

NORTH TEXAS ENERGY, INC.
CONSOLIDATED BALANCE SHEETS
(Not Audited)

	December 31, 2024	December 31, 2023
Assets		
Current assets		
Cash	\$ 30,962	\$ 2,887
Total current assets	<u>30,962</u>	<u>2,887</u>
Oil and gas properties, full cost method		
Costs not being amortized	2,705,691	2,024,054
Accumulated depletion, depreciation and amortization	<u>(25,498)</u>	<u>(22,597)</u>
Total oil and gas properties	<u>2,680,193</u>	<u>2,001,427</u>
Total assets	<u>\$ 2,711,155</u>	<u>\$ 2,004,344</u>
Liabilities and shareholders' equity		
Current liabilities		
Accounts Payable and Accrued Liabilities	\$ 373,532	\$ 308,825
Term Note - Commercial Bank	160,000	260,000
Installment Note - Commercial Bank - Current Portion	21,920	-
Other Accrued Liabilities	<u>52,186</u>	<u>-</u>
Total current liabilities	607,638	568,825
Long Term Debt		
Installment Note - Commercial Bank - Long Term Portion	75,416	
Asset Retirement Obligations	<u>27,111</u>	<u>21,043</u>
Total liabilities	<u>710,165</u>	<u>589,868</u>
Commitments and contingencies	-	-
Shareholders' equity		
Common stock, \$0.00001 par value, 100,000,000 shares authorized, 53,325,247 and 16,564,213 shares issued, respectively	533	165
Additional paid-in capital	4,621,738	4,174,903
Accumulated deficit	<u>(2,621,281)</u>	<u>(2,761,592)</u>
Total shareholders' equity	2,000,990	2,004,344
Total liabilities and shareholders' equity	<u>\$ 2,711,155</u>	<u>\$ 2,004,344</u>

See notes to the consolidated financial statements.

NORTH TEXAS ENERGY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Not Audited)

	For the Year Ended December 31,	
	2024	2023
Revenues	\$ 19,340	\$ 42,055
Operating expenses:		
Depletion and accretion	2,901	6,308
Legal and professional fees	6,600	5,000
General and administrative expenses	14,845	16,732
Total operating expenses	24,406	28,040
Net Profit (Loss)	\$ (5,006)	\$ 14,015
Basic and diluted loss per common share	\$	\$
Weighted average number of common shares outstanding - basic and diluted		

See notes to the consolidated financial statements.

NORTH TEXAS ENERGY INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDER EQUITY
(Not Audited)

	Common Stock		Additional Paid-In	Accumulate d	
	Shares	Amount	Capital	Deficit	Total
Balance, December 31, 2022	13,016,703	\$ 130	\$ 3,705,903	(2,630,290)	\$ 1,075,743
Issuance of common Stock for cash	3,533,010	35	334,000	-	334,035
Net Profit (Loss)	-	-	-	14,015	14,015
Balance December 31, 2023	16,564,013	165	4,039,903	(2,616,275)	1,423,793
Issuance of Common Stock for cash	36,755,534	368	581,835		582,203
Net loss	-	-	-	(5,006)	(5,006)
Balance December 31, 2024					
Balance, December 31, 2024	53,319,547	\$ 533	\$ 4,621,738	\$ (2,621,281)	\$ 2,000,990

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See notes to the consolidated financial statements.

NORTH TEXAS ENERGY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Not Audited)

	For the Year Ended December 31,	
	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities:		
Net Profit (Loss)	\$ (5006)	\$ 14,015
Adjustments to reconcile net loss to net cash used in operating activities:		
Depletion and accretion	2901	6,308
Shares issued for services	-	-
Changes in operating assets and liabilities:		
Accounts receivable	-	-
Accounts payable and accrued liabilities	64,707	308,825
Royalty payable	-	-
Net Cash Used in Operating Activities	<u>66,812</u>	<u>329,148</u>
Cash Flows From Investing Activities:		
Payments for unproved oil and gas properties	621,562	664,148
Net Cash Used in Investing Activities	<u>621,562</u>	<u>664,148</u>
Cash Flows From Financing Activities:		
Proceeds from sale of common stock	581,835	334,000
Net Cash Provided by Financing Activities	<u>581,835</u>	<u>334,000</u>
Net increase (decrease) in cash	27,085	(1,000)
Cash at beginning of year	2,887	3,887
Cash at end of year	<u>\$ 30,962</u>	<u>\$ 2,887</u>
Supplemental Cash Flows Information		
Cash paid for interest	\$ 20,936	\$ 22,818
Cash paid for income taxes	\$ -	\$ -
Noncash investing activities:		
Asset retirement costs capitalized	\$ 6,068	\$ 6,227

See notes to the consolidated financial statements.

NORTH TEXAS ENERGY, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Business and Organization

North Texas Energy, Inc. ("the Company") was incorporated in the State of Nevada on January 12, 2011. The company has developed a unique method of drilling oil wells in the "Shallow Oil Producing Arena". In 2019 the company disposed of all of its properties and wells in Milaty County, Texas and has been testing and perfecting its ability to find and recover oil in areas that have not been previously exploited. The company is focusing its new method with its wells and leases in Williamson County, Texas

Note 2 - Summary of Significant Accounting Polio

Basis of Presentation

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and include the accounts of the Company and those of its wholly owned subsidiary. All significant intercompany accounts and transactions have been eliminated.

Cash and Cash Equivalents

Cash equivalents are highly liquid investments with an original maturity of three months or less.

Accounts Receivable

Accounts receivable are stated at the historical carrying amount net of write-offs and allowance for uncollectible accounts. The carrying amount of the Company's accounts receivable approximates fair value because of the short-term nature of the instruments.

The Company's reported balance of accounts receivable, net of allowance for doubtful accounts, represents management's estimate of the amount that ultimately will be realized in cash. The Company reviews the adequacy of the allowance for doubtful accounts on an ongoing basis, using historical payment trends, the age of the receivables and knowledge of the individual customers or joint interest owners. When the analysis indicates, management increases or decreases the allowance accordingly. However, if the financial condition of our customers were to deteriorate, additional allowances might be required.

Oil and Gas Properties

The Company uses the full cost method of accounting for exploration and development activities as defined by the U.S. Securities and Exchange Commission ("SEC"). Under this method of accounting, the costs for unsuccessful, as well as successful, exploration and development activities are capitalized as oil and gas properties. Capitalized costs include lease acquisition, geological and geophysical work, delay rentals, costs of drilling, completing and equipping the wells and any internal costs that are directly related to acquisition, exploration and development activities but does not include any costs related to production, general corporate overhead or similar activities. Proceeds from the sale or other disposition of oil and gas properties are generally treated as a reduction in the capitalized costs of oil and gas properties, unless the impact of such a reduction would significantly alter the relationship between capitalized costs and proved reserves of oil and natural gas attributable to a country.

The Company categorizes its full cost pools as costs subject to amortization and costs not being amortized. The sum of net capitalized costs subject to amortization, including estimated future development and abandonment costs, are amortized using the unit-of-production method.

Oil and gas properties include costs that are excluded from capitalized costs being amortized. These amounts represent costs of investments in unproved properties. The Company excludes these costs on a country-by-country

basis until proved reserves are found or until it is determined that the costs are impaired. All costs excluded are reviewed annually to determine if impairment has occurred. The amount of any impairment is transferred to the costs subject to amortization.

Ceiling Test and Impairment

Under the full cost method of accounting, a ceiling test is performed each quarter for proved properties. The full cost ceiling test is an impairment test prescribed by SEC Regulation S-X. The ceiling test determines a limit, on a country-by-country basis, on the book value of oil and gas properties. The capitalized costs of proved oil and gas properties, net of accumulated depreciation, depletion, amortization and impairment ("DD&A") and the related deferred income taxes, may not exceed the estimated future net cash flows from proved oil and gas reserves, calculated using the average oil and natural gas sales price received by the Company as of the first trading day of each month over the preceding twelve months (such prices are held constant throughout the life of the properties) with consideration of price change only to the extent provided by contractual arrangement, discounted at 10%, net of related tax effects. If capitalized costs exceed this limit, the excess is charged to expense and reflected as additional accumulated DD&A. The Company has no proved properties subject to the full cost ceiling test as of December 31, 2024.

Asset Retirement Obligations

Asset retirement obligations ("ARO") represent the future abandonment costs of tangible assets such as platforms, wells, service assets, pipelines, and other facilities. The fair value of a liability for an asset's retirement obligation is recorded in the period in which it is incurred if a reasonable estimate of fair value can be made, and that the corresponding cost is capitalized as part of the carrying amount of the related long-lived asset. The liability is accreted to its then present value each period, and the capitalized cost is depreciated over the useful life of the related asset. If the liability is settled for an amount other than the recorded amount, an adjustment is made to the full cost pool, with no gain or loss recognized, unless the adjustment would significantly alter the relationship between capitalized costs and proved reserves. The ARO assets, which are carried on the balance sheet as part of the full cost pool, will be included in our amortization base for the purposes of calculating depreciation, depletion and amortization expense. For the purposes of calculating the ceiling test, the future cash outflows associated with settling the ARO liability is included in the computation of the discounted present value of estimated future net revenues.

Revenue Recognition

The Company recognizes sales revenues for crude oil based on the amount sold to purchasers when delivery to the purchaser has occurred and title has transferred. This occurs when a tanker lifting has occurred.

Income Taxes

Deferred income taxes are provided on a liability method whereby deferred tax assets and liabilities are established for the difference between the financial reporting and income tax basis of assets and liabilities as well as operating loss and tax credit carry-forwards. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Realization of deferred tax assets is dependent upon sufficient future taxable income during the period that deductible temporary differences and carry-forwards are expected to be available to reduce taxable income. At December 31, 2024, the Company had net operating loss carry forwards of approximately \$2.1 million that will expire between 2031 through 2036.

Net Income (Loss) Per Common Share

Basic net income (loss) per common share is computed by dividing the net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted net income

(loss) per share is computed by dividing the net income (loss) attributable to common shareholders by the weighted-average number of common and common equivalent shares outstanding during the period. Common share equivalents included in the diluted computation represent shares issuable upon assumed exercise of stock options and warrants using the treasury stock and "if converted" method. For periods in which net losses are incurred, weighted average shares outstanding is the same for basic and diluted loss per share calculations, as the inclusion of common share equivalents would have an anti-dilutive effect. As of December 31, 2024 and 2023, there were no potentially dilutive shares.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at year-end and the reported amounts of revenues and expenses during the year and the reported amount of proved natural gas and oil reserves. Management bases its estimates on historical experience and various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments that are not readily apparent from other sources. Actual results could differ from these estimates and changes in these estimates are recorded when known.

Subsequent Events

The Company has evaluated all transactions through the date the consolidated financial statements were issued for subsequent event disclosure consideration.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued guidance for revenue recognition for contracts, superseding the previous revenue recognition requirements along with most existing industry-specific guidance. The guidance requires an entity to review contracts in five steps: 1) identify the contract, 2) identify performance obligations, 3) determine the transaction price, 4) allocate the transaction price, and 5) recognize revenue. The new standard will result in enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue arising from contracts with customers. In August 2015, the FASB issued guidance approving a one-year deferral, making the standard effective for reporting periods beginning after December 15, 2017, with early adoption permitted only for reporting periods beginning after December 15, 2016. In March 2016, the FASB issued guidance to clarify the implementation guidance on principal versus agent considerations for reporting revenue gross rather than net, with the same deferred effective date. In April 2016, the FASB issued guidance to clarify the implementation guidance on identifying performance obligations and the accounting for licenses of intellectual property, with the same deferred effective date. In May 2016, the FASB issued guidance rescinding SEC paragraphs related to revenue recognition, pursuant to two SEC Staff Announcements at the March 3, 2016 Emerging Issues Task Force meeting. In May 2016, the FASB also issued guidance to clarify the implementation guidance on assessing collectability, presentation of sales tax, noncash consideration, and contracts and contract modifications at transition, with the same effective date. The Company is currently evaluating the impact, if any, that this guidance will have on the financial statements. Because the Company does not have existing significant revenue arrangements, management believes the impact of adoption will not be material to its financial statements.

The Company does not believe that any other recently issued effective pronouncements, or pronouncements issued but not yet effective, if adopted, would have a material effect on the accompanying financial statements.

Note 3 - Going Concern

As shown in the accompanying financial statements, the Company has incurred losses from operations, has not generated significant revenue and has not secured continuous funding for the operation of its oil and gas producing activities. These factors raise substantial doubt about the Company's ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. In addition to the offering of securities for sale to the public, the management currently is searching for other short-term and long-term sources of liquidity for its producing operations.

Note 4 – Oil and Gas Properties, Full Cost Method

The Company's oil and gas properties at December 31, 2024 and 2023 are located in the State of Texas in the United States and are all in Williamson County.

Note 5 – Accrued Lease Liabilities

The company has no lease liabilities that require disclosure other than those indicated in the financial statements or the notes thereto.

Note 6 – Asset Retirement Obligations

The following table provides a reconciliation of the changes in the estimated present value of asset retirement obligations.

	December 31, 2024	December 31, 2023
Beginning asset retirement obligations	\$ 21,043	\$ 21,043
Change of estimate		-
Addition	6,068	-
Accretion expense	-	-
Ending asset retirement obligations	<u>\$ 27,111</u>	<u>\$ 21,043</u>

Note 7 – Equity

During the year ended December 31, 2023, the Company issued 353,010 common shares for \$334,000. During the year ended December 31, 2024, the Company issued 36,755,534 common shares for \$582,761.

Note 8 – Commitments and Contingencies

The company has not made any commitments and has no contingencies that would materially affect the Financial Statements as reported.

Note 9 – Subsequent Events

No subsequent events have occurred since the publication of the financial statements that would have a material effect on them.