



**International Frontier Resources Corporation**

**Consolidated Financial Statements**

**December 31, 2025 and 2024**

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To the Shareholders of International Frontier Resources Corporation:

## Opinion

We have audited the consolidated financial statements of International Frontier Resources Corporation and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and December 31, 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficit and cash flows for the years 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 December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

## Basis for Opinion

We conducted our audits 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 audits of the consolidated financial statements in Canada, and 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.

## Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2025 and, as of that date, the Company had an accumulated deficit and working capital deficit. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may 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 judgment, 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.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

### ***Investment in Tonalli***

#### *Key Audit Matter Description*

As described in notes 3 and 15, the Company, through its Mexican subsidiary Petro Frontera S.A.P.I de CV ("Frontera") holds a 42.63% investment in Tonalli Energia S.A.P.I. de CV ("Tonalli").

The Company recorded a loss on its equity investment in Tonalli for \$783,000.

The Company's equity accounted investments are reviewed at each reporting date to assess whether there is any indication of impairment or impairment reversal. The Company concluded that there were no indicators of impairment reversal in the Company's investment in Tonalli.

We identified the investment in Tonalli as a key audit matter due to:

- The significant estimates and judgments used by management.
- The significant auditor judgment required.
- The effort in performing procedures related to the key assumptions used.

#### *Audit Response*

We responded to this matter by performing audit procedures relating to the investment in Tonalli. Our audit work in relation to this included, but was not restricted to, the following:

- Evaluated the design and implementation of the Company's controls over the assessment of the recoverable amount of the investment in Tonalli and related amounts due to Tonalli, which resulted in the recognized loss.
- Evaluated management's assessment of indicators of impairment reversal for the investment in Tonalli.
- Confirmed the amount due to Tonalli from Frontera as of December 31, 2025, and reconciled the cash calls payable.
- Recalculated the foreign exchange loss and accrued interest expense as at and for the year ended December 31, 2025.
- Evaluated management's accounting analysis related to the recognition and measurement of the loss on the investment.
- Evaluated the consolidated financial statement disclosures for accuracy and completeness.

### **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 audits 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 audits 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 on this other information, 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 as issued by the International Accounting Standards Board, 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 to 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 the 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 judgment 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 risk 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 group 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 audit work performed for the 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 on the audit resulting in this independent auditor's report is Craig Bloom.

Calgary, Alberta

April 15, 2026

*MNP LLP*

Chartered Professional Accountants

**International Frontier Resources Corporation**  
**Consolidated Statements of Financial Position**  
*(Expressed in Canadian Dollars)*  
As at December 31,

|  | 2025               | 2024               |
|--|--------------------|--------------------|
| <b>Assets</b>                                      |                    |                    |
| Current  |                    |                    |
| Cash (Notes 9, 17)                                 | \$ 63,470          | \$ 292,620         |
| Receivables (Notes 9, 20)                          | 42,820             | 40,430             |
| Prepaid expenses (Note 5)                          | 1,405              | 40,705             |
| <b>Total Assets</b>                                | <b>107,695</b>     | <b>373,755</b>     |
| <b>Liabilities</b>                                 |                    |                    |
| Current  |                    |                    |
| Accounts payable and accrued liabilities (Note 9)  | 258,725            | 293,255            |
| Due to related parties (Notes 9, 15)               | 2,364,180          | 1,574,980          |
| Finance payable (Notes 6, 9)                       | -                  | 27,590             |
| Current portion of long-term debt (Note 7)         | 57,810             | -                  |
| <b>Total Current Liabilities</b>                   | <b>2,680,715</b>   | <b>1,895,825</b>   |
| Long-term debt (Note 7)                            | -                  | 55,610             |
| <b>Total Liabilities</b>                           | <b>2,680,715</b>   | <b>1,951,435</b>   |
| <b>Shareholders' Deficit</b>                       |                    |                    |
| Share capital (Note 8a)                            | 59,033,030         | 59,033,030         |
| Contributed surplus (Note 8b)                      | 13,585,875         | 13,585,875         |
| Deficit  | (75,191,925)       | (74,196,585)       |
| <b>Total Shareholders' Deficit</b>                 | <b>(2,573,020)</b> | <b>(1,577,680)</b> |
| <b>Total Shareholders' Deficit and Liabilities</b> | <b>\$ 107,695</b>  | <b>\$ 373,755</b>  |

Going concern (Note 2)  
Commitments (Note 18)

On behalf of the Board of Directors

**(Signed) "Steve Hanson"** Director      **(Signed) "Anthony Kinnon"** Director

See accompanying notes to the consolidated financial statements.

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**International Frontier Resources Corporation****Consolidated Statements of Loss and Comprehensive Loss***(Expressed in Canadian Dollars)*

For the years ended December 31,

|   | 2025                | 2024                  |
|---|---------------------|-----------------------|
| <b>Expenses</b>   |                     |                       |
| General and administration (Note 19)                            | \$ 192,495          | \$ 330,875            |
| Share-based compensation (Note 8b)                              | -                   | 159,330               |
| License rentals (Note 11)                                       | 11,410              | -                     |
| Loss on equity investment in Tonalli (Note 15)                  | 783,000             | 1,607,635             |
|   | <b>986,905</b>      | <b>2,097,840</b>      |
| <b>Other (income) expense</b>                                   |                     |                       |
| Change in estimate of previously recognized provision (Note 11) | (28,965)            | -                     |
| Gain on settlement of accounts payable (Note 10)                | -                   | (22,510)              |
| Forgiveness of amounts due to Tonalli (Note 15)                 | -                   | (15,440)              |
| Loss on extinguishment of debt (Note 8(a)(ii))                  | -                   | 55,040                |
|   | <b>(28,965)</b>     | <b>17,090</b>         |
| <b>Finance income (expenses)</b>                                |                     |                       |
| Accretion on long-term debt (Note 7)                            | (2,200)             | (2,200)               |
| Interest on finance payables (Note 6)                           | (1,385)             | (1,760)               |
| Interest on long-term debt (Note 7)                             | (3,000)             | (2,770)               |
| Foreign exchange (loss) gain                                    | (30,815)            | 34,930                |
|   | <b>(37,400)</b>     | <b>28,200</b>         |
| <b>Net loss and comprehensive loss for the year</b>             | <b>\$ (995,340)</b> | <b>\$ (2,086,730)</b> |
| <b>Net loss per share (Note 12) Basic and diluted</b>           | <b>\$ (0.03)</b>    | <b>\$ (0.07)</b>      |

See accompanying notes to the consolidated financial statements.

**International Frontier Resources Corporation**  
**Consolidated Statements of Shareholders' Deficit**  
*(Expressed in Canadian Dollars)*  
For the years ended December 31,

|   | 2025       |                       | 2024       |                       |
|---|------------|-----------------------|------------|-----------------------|
|   | Number     | Amount                | Number     | Amount                |
| <b>Common shares</b>  |            |                       |            |                       |
| Balance, beginning of year                                      | 38,085,397 | \$ 59,033,030         | 14,955,397 | \$ 58,671,850         |
| Shares issued for cash (Note 8(a)(i))                           | -          | -                     | 16,330,000 | 816,500               |
| Shares issued for debt (Note 8(a)(ii))                          | -          | -                     | 6,800,000  | 395,040               |
| Value of warrants (Note 8(c)(i))                                | -          | -                     | -          | (636,895)             |
| Share issue costs (Note 8(a)(i))                                | -          | -                     | -          | (213,465)             |
| Balance, end of year  | 38,085,397 | \$ 59,033,030         | 38,085,397 | \$ 59,033,030         |
| <b>Contributed surplus</b>                                      |            |                       |            |                       |
| Balance, beginning of year                                      |            | \$ 13,585,875         |            | \$ 12,789,650         |
| Value attributed to warrants issued (Note 8(c)(i))              |            | -                     |            | 530,745               |
| Value attributed to compensation warrants issued (Note 8(c)(i)) |            | -                     |            | 106,150               |
| Share-based compensation (Note 8(d))                            |            | -                     |            | 159,330               |
| Balance, end of year  |            | \$ 13,585,875         |            | \$ 13,585,875         |
| <b>Deficit</b>  |            |                       |            |                       |
| Balance beginning of year                                       |            | \$ (74,196,585)       |            | \$ (72,109,855)       |
| Net loss  |            | (995,340)             |            | (2,086,730)           |
| Balance, end of year  |            | \$ (75,191,925)       |            | \$ (74,196,585)       |
| <b>Total shareholders' deficit</b>                              |            | <b>\$ (2,573,020)</b> |            | <b>\$ (1,577,680)</b> |

See accompanying notes to the consolidated financial statements.

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**International Frontier Resources Corporation****Consolidated Statements of Cash Flows***(Expressed in Canadian Dollars)*

For the years ended December 31,

|  | 2025             | 2024              |
|--|------------------|-------------------|
| <b>Operating activities</b>                              |                  |                   |
| Net loss   | \$ (995,340)     | \$ (2,086,730)    |
| Adjustments for non-cash items impacting net loss:       |                  |                   |
| Accretion of long-term debt (Note 7)                     | 2,200            | 2,200             |
| Share-based compensation (Note 8b)                       | -                | 159,330           |
| Gain on settlement of accounts payable (Note 10)         | -                | (22,510)          |
| Reversal of provision (Note 11)                          | (28,965)         | -                 |
| Forgiveness of amounts due to Tonalli (Note 15)          | -                | (15,440)          |
| Loss on extinguishment of debt (Note 8(a)(ii))           | -                | 55,040            |
| Loss (gain) on equity investment in Tonalli (Note 15)    | 783,000          | 1,607,635         |
| Unrealized foreign exchange gain                         | 29,615           | (33,260)          |
| Change in non-cash working capital (Note 17)             | 30,960           | 1,835             |
| <b>Cash flow used in continuing operating activities</b> | <b>(178,530)</b> | <b>(331,900)</b>  |
| <b>Investing activities</b>                              |                  |                   |
| Equity investment in associates (Note 15)                | (22,900)         | -                 |
| <b>Cash flow used in investing activities</b>            | <b>(22,900)</b>  | <b>-</b>          |
| <b>Financing activities</b>                              |                  |                   |
| Proceeds from finance payable (Note 6)                   | 9,230            | 36,625            |
| Payment of finance payable (Note 6)                      | (36,820)         | (31,270)          |
| Proceeds from financing (Note 8)                         | -                | 816,500           |
| Share issue costs (Note 8)                               | -                | (213,465)         |
| <b>Cash flow used in financing activities</b>            | <b>(27,590)</b>  | <b>608,390</b>    |
| Foreign exchange loss on cash held in foreign currencies | (130)            | (1,000)           |
| Net change in cash                                       | (229,150)        | 275,490           |
| <b>Cash, beginning of year</b>                           | <b>292,620</b>   | <b>17,130</b>     |
| <b>Cash, end of year</b>                                 | <b>\$ 63,470</b> | <b>\$ 292,620</b> |

*Supplemental cash flow information (Note 17)*

See accompanying notes to the consolidated financial statements.

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# International Frontier Resources Corporation

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024  
(Expressed in Canadian Dollars)

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### 1. Nature of operations

International Frontier Resources Corporation (“IFR” or the “Company”) is an independent Canadian publicly traded company, the principle business of which is to acquire, develop, exploit and produce oil and natural gas in Mexico and holds Significant Discovery Licenses in the Northwest Territories.

The Company was incorporated under the Canada Business Corporations Act in Alberta, Canada in 1997. The Company is listed on the TSX Venture Exchange, having the symbol IFR-V. The Company’s registered office is located at 10, 628 - 12 Avenue SW, Calgary, AB T2R 0H6.

The consolidated financial statements include the accounts of the Company and its 99.80% owned Mexican subsidiary, Petro Frontera S.A.P.I de CV (“Frontera”), which is accounted for using the consolidation method. All inter-company transactions and balances are eliminated upon consolidation. The consolidated financial statements also include Frontera’s 42.63% investments in Tonalli Energia S.A.P.I. de CV (“Tonalli”), a Mexican company which is accounted for using the equity method and its 99.80% interest in Energia Mex Can (“Mexcan”), a Mexican company which is accounted for using the consolidation method.

### 2. Basis of preparation and statement of compliance

#### Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee. A summary of the Company’s material accounting policy information is presented in Note 3.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on April 15, 2026.

#### Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, unless otherwise required.

The Company’s consolidated financial statements include the accounts of the Company and its subsidiaries and are expressed in Canadian dollars, unless otherwise stated.

#### Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company had a net loss of \$995,340 and cash flows used in operations of \$178,530 for the year ended December 31, 2025 and a working capital deficit of \$2,573,020 as at December 31, 2025. The Company’s working capital deficit at December 31, 2025 includes amounts owing to Tonalli with respect to Frontera’s share of cash calls plus accrued owing to Tonalli at December 31, 2025. Per the terms of the Tonalli JOA, all amounts owing by Frontera can be converted to shares to the benefit of Operator per Operator’s discretion after a period of time as specified in the JOA (see “Investment in Tonalli”) which would result in a decrease in Frontera’s equity interest in Tonalli. The resulting normalized working capital deficit at December 31, 2025 not including the amounts owing to Tonalli and assuming they had been converted to equity is \$208,840. The Company’s only revenue generating activities are related to its investment in Tonalli which has been incurring losses and using cash in its operating activities since inception.

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**International Frontier Resources Corporation**  
**Notes to the Consolidated Financial Statements**  
December 31, 2025 and 2024  
(Expressed in Canadian Dollars)

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**2. Basis of preparation and statement of compliance (continued)**

The Company's ability to continue as a going concern is dependent on its ability to raise capital in the near term. Capital is required to fund ongoing general and administrative costs, the working capital deficit and for further development and operations of the Company, including Tonalli. There is no guarantee that capital can be raised, and, if it can, whether the further development of Tonalli will result in successful operating results and cash flows. If the Company does not continue to raise capital in the near term, there is risk that the Company may be required to seek creditor protection or be forced to liquidate assets of the Company. These conditions indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern.

Management believes that the going concern assumption is appropriate for these consolidated financial statements and that the Company will meet its operating and capital requirements. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. These adjustments could be material.

**Functional and presentation currency**

The consolidated financial statements are presented in Canadian dollars which is the Company's reporting currency. The Company's subsidiaries transact in currencies other than the Canadian dollar and have a functional currency of Mexican peso. The functional currency of a subsidiary is the currency of the primary economic environment in which the subsidiary operates. Transactions denominated in a currency other than the functional currency are translated at the prevailing rates on the date of the transaction. Any monetary items held in a currency which is not the functional currency of the subsidiary are translated to the functional currency at the prevailing rate at the date of the consolidated statement of financial position. All exchange differences arising as a result of the translation to the functional currency of the subsidiary are recorded in net earnings.

Translation of all assets and liabilities from the respective functional currencies to the reporting currency are performed using the rates prevailing at the statement of financial position date. The differences arising upon translation from the functional currency to the reporting currency are recorded as currency translation adjustments in other comprehensive loss and are held within accumulated other comprehensive loss until a disposal or partial disposal of a subsidiary. A disposal or partial disposal with then give rise to realized foreign exchange gain or loss which is recorded in net loss.

**Material accounting judgements, estimates and assumptions**

The timely preparation of the consolidated financial statements in accordance with IFRS requires that management make estimates and assumptions and use judgement regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant judgements, estimates and assumptions made by management in the preparation of these consolidated financial statements are outlined below.

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**International Frontier Resources Corporation**  
**Notes to the Consolidated Financial Statements**  
December 31, 2025 and 2024  
(Expressed in Canadian Dollars)

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**2. Basis of preparation and statement of compliance (continued)**

**Significant accounting estimates**

a) Share-based payments

The Company uses the Black-Scholes option pricing model in determining share-based compensation expense, which requires a number of assumptions to be made, including the risk-free interest rate, expected life of options and warrants, forfeiture rate, and expected share price volatility. Consequently, the actual share-based compensation expense may vary from the amount estimated. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant.

b) Deferred taxes and liabilities

The measurement of a deferred tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful operations of the Company. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future tax provisions or recoveries could be affected.

c) Recoverable amount of cash-generating unit ("CGU")

The determination of the recoverable amount for a CGU, an equity-accounted investment, or an individual asset requires the use of significant estimates and assumptions that may change as new information becomes available, especially estimating the economic proved and probable oil and gas reserves and the related cash flows, and estimating forecasted oil and gas commodity prices.

d) Fair value of shares issued to settle accounts payable

The Company issues shares to settle accounts payable, and the determination of the fair value of these shares involves significant accounting estimates. The fair value is measured based on the quoted market price of the shares on the settlement date if the shares are actively traded in a liquid market.

Management exercises judgment in selecting the appropriate valuation method, considering factors such as trading volume, share price volatility, and company-specific conditions. Changes in these estimates could have a material impact on the Company's financial statements.

**Significant accounting judgements**

a) Joint arrangements

The determination of the type of joint arrangement as either a joint operation or a joint venture is based on management's determination of whether it has joint control over another entity and considerations include assessment of contractual agreements for unanimous consent of the parties on decision making of relevant activities. Once classified as a joint arrangement, management assesses whether it is structured through a separate vehicle and whether the legal form and contractual arrangements give the entity the direct right to the assets and obligations for the liabilities within the normal course of business, as well as the entity's rights to the economic benefit of assets and its involvement and responsibility for settling liabilities associated with the arrangement.

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**International Frontier Resources Corporation**  
**Notes to the Consolidated Financial Statements**  
December 31, 2025 and 2024  
*(Expressed in Canadian Dollars)*

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**2. Basis of preparation and statement of compliance (continued)**

b) Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters.

c) Going concern

Management has applied judgement in the assessment of the Company's ability to continue as a going concern, considering all available information, and concluded that the going concern assumption is appropriate for a period of at least twelve months following the date of these consolidated financial statements.

d) Identification of impairment and impairment reversal indicators

Judgement is required to assess when indicators of impairment or impairment reversal exist and when a calculation of the recoverable amount is required. The Company's equity accounted investments are reviewed at each reporting date to assess whether there is any indication of impairment or impairment reversal. The assessment considers whether there are significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the associate operates, and indicates that the cost of the investment in the equity instrument may not be recovered and whether there is significant financial difficulty of the associate in determining impairment and any interest from market participants in determining impairment reversal.

**3. Summary of material accounting policies**

**Cash**

Cash includes cash on hand and balances with banks.

**Consolidation**

The consolidated financial statements of the Company comprise the consolidated financial statements of the Company and its subsidiary Frontera. All intercompany transactions and balances are eliminated on consolidation. Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its investment with the entity and has the ability to affect those returns through its power over the entity.

**Joint arrangements**

Certain of the Company's activities are conducted through joint arrangements in which two or more parties have joint control. A joint arrangement is classified as either a joint operation or a joint venture, depending on the rights and obligations of the parties to the arrangement.

Joint operations arise when the Company has a direct ownership interest in jointly controlled assets and obligations for liabilities. The consolidated financial statements include the Company's proportionate share of the assets, liabilities, revenues, expenses and cash flows of this type of arrangement.

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**International Frontier Resources Corporation**  
**Notes to the Consolidated Financial Statements**  
December 31, 2025 and 2024  
(Expressed in Canadian Dollars)

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**3. Summary of material accounting policies (continued)**

Joint ventures arise when the Company has a right to the net assets of the arrangement. For these arrangements, the Company uses the equity method of accounting and recognizes initial and subsequent investments at cost, adjusting for the Company's share of the joint venture's income or loss, less dividends received thereafter.

At each reporting date, the Company determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the joint venture and the carrying value, then recognizes the loss in the consolidated statement of loss and comprehensive loss.

**Expected Credit Losses**

The Company has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime expected credit losses ("ECLs"). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets are deducted from the gross carrying amount of the assets. Impairment losses on financial assets are presented under "other expenses" in the consolidated statements of loss and comprehensive loss.

**Exploration and Evaluation Assets**

The Company accounts for exploration and evaluation expenditures in accordance with IFRS 6 – Exploration for and Evaluation of Mineral Resources.

Exploration and evaluation expenditures include costs incurred in acquiring exploration rights and in determining the technical feasibility and commercial viability of extracting oil and natural gas resources. Such costs may include geological and geophysical studies, drilling costs, and directly attributable overhead costs.

The Company expenses exploration and evaluation expenditures as incurred unless it determines that technical feasibility and commercial viability of extraction are demonstrable, in which case subsequent development costs are capitalized.

Significant Discovery License ("SDL") annual rental payments are expensed as incurred.

As at December 31, 2025 and 2024, the Company has not recognized any exploration and evaluation assets as no qualifying expenditures meeting capitalization criteria have been incurred. The Company's SDL interests are currently non-producing and the associated wells have been fully reclaimed.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

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**International Frontier Resources Corporation**  
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**3. Summary of material accounting policies (continued)**

**Investment in associates**

Investments in associates are accounted for using the equity method when the Company determines that it has significant influence over an investment. Investments of this nature are recorded at original cost. Investments in associates which arise from a loss in control of a subsidiary are recorded at fair value on the date of the loss of control. The investment is adjusted periodically for the Company's share of the profit or loss of the investment after the date of acquisition. The investor's share of the profit or loss of the investee is also recognized in the Company's profit or loss. Contributions made increase the carrying amount of the investment and distributions received reduce the carrying amount of the investment.

The Company assesses investments in associates for impairment whenever changes in circumstances or events indicate that the carrying value may not be recoverable. An impairment loss in respect of an equity-method accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss and is reversed if there is a favorable change in the estimates used to determine the recoverable amount.

**Loss per share amounts**

Basic earnings (loss) per common share are computed by dividing the earnings (loss) by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share amounts are calculated giving effect to the potential dilution that would occur if stock options, warrants or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options, warrants and other dilutive instruments. The treasury stock method assumes that proceeds received from the exercise of in-the-money stock options are used to repurchase common shares at the average market price. In the case of a loss per share, potential dilutive instruments are not considered in the calculation of diluted loss per share as they would have an antidilutive effect. Therefore, the diluted loss per share will be the same as the basic loss per share.

**Taxes**

Tax expense comprises current and deferred tax. 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.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable net earnings will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. Deferred tax relating to items recognized directly in equity is recognized in equity.

Deferred tax assets and liabilities are recognized at expected tax rates in effect in the year when the asset is expected to be realized or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The effect of a change to the tax rate on the future tax assets and liabilities is recognized in net earnings when substantively enacted.

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**International Frontier Resources Corporation**  
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### 3. Summary of material accounting policies (continued)

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual tax liability may differ significantly from that estimated and recorded by management.

#### Share-based payments

The Company uses the fair value method for valuing stock options and warrants. Under the fair value method, compensation costs attributable to all stock options and warrants granted are measured at fair value at the date of grant and expensed over the vesting period with a corresponding increase to contributed surplus. A forfeiture rate is estimated on the date of grant and is adjusted to reflect the actual number of awards that vest. The fair value of each option or warrant granted is estimated using the Black-Scholes option pricing model.

Upon the exercise of the stock options and warrants, consideration received together with the amount previously recognized in contributed surplus or warrants is recorded as an increase to share capital.

#### Shares for debt

The Company may issue common shares to settle outstanding liabilities. When shares are issued to settle debt, the difference between the carrying amount of the liability extinguished and the fair value of the shares issued is recognized in the statement of net loss.

If the shares are issued at a discount due to a regulatory hold period or other restrictions on trading, the fair value of the shares is adjusted accordingly.

#### Financial instruments

Financial instruments are comprised of cash, receivables, accounts payable and accrued liabilities, finance payable, due to related parties and current portion of long- term debt. Financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, financial instruments are measured based on their classification as follows:

i) Classification and measurement of financial assets:

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at fair value through profit or loss ("FVTPL"):

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at fair value through other comprehensive income ("FVOCI") if it meets both of the following conditions and is not designated at FVTPL

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

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**International Frontier Resources Corporation**  
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**3. Summary of material accounting policies (continued)**

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

- a) Financial assets at FVTPL  
These assets are subsequently measured at fair value. Gains and losses, including any interest or dividend income, are recognized in profit or loss.
- b) Financial assets at amortized cost  
These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
- c) Debt investments at FVOCI  
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
- d) Classification and measurement of financial liabilities:  
Financial liabilities are classified and measured at amortized cost or FVTPL. A financial liability is classified at FVTPL if it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Company has classified cash and accounts receivable as financial assets at amortized costs and accounts payable and accrued liabilities, finance payable and long-term debt as financial liabilities at amortized cost. The Company has no contract assets or debt investments measured at FVOCI.

A financial liability is derecognized from the statement of financial position when, and only when the obligation specified in the contract is discharged or cancelled or expired.

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**4. Adoption of new standards**

**a) New accounting pronouncements adopted effective January 1, 2025**

There were no new accounting standards, amendments or interpretations adopted by the Company that became effective on January 1, 2025.

**b) New standards, interpretations and amendments not yet effective**

The following standards, amendments to standards, and interpretations have been issued by the IASB and are effective in future accounting periods that the Company has decided not to adopt early.

**i) IFRS 18: Presentation and Disclosure in Financial Statements**

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements*, which was incorporated into Part I of the CPA Canada Handbook – Accounting in September 2024.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*, and for all entities preparing financial statements in accordance with IFRS Accounting Standards, it will:

- Introduce a new defined structure for the statement of profit and loss and require the classification of income and expenses in that statement into one of five categories: operating; investing; financing; income taxes; and discontinued operations. IFRS 18 introduces definitions of these categories for purposes of the statement of profit and loss. Specific categorization requirements will apply to entities whose ‘main business activity’ is to provide financing to customers or to invest in particular assets. Entities will also be required to present two new subtotals for ‘operating profit or loss’ and ‘profit or loss before financing and income taxes’;
- Require disclosure of ‘management-defined performance measures’ (MPMs) in a single note to the financial statements. MPMs are subtotals of income and expenses that an entity uses in public communications outside of its financial statements, to communicate management’s view of an aspect of the financial performance of the entity as a whole to users. Entities must disclose a reconciliation between the MPM and the most directly comparable total or subtotal specifically required to be disclosed by IFRS Accounting Standards or subtotal listed in IFRS 18;
- Enhance requirements for grouping (aggregation and disaggregation) of information in all primary financial statements and the notes to the financial statements; and
- For the statement of cash flows, require that ‘operating profit or loss’ be used as the starting point for determining cash flows from operating activities under the indirect method, and remove the optionality around classification of cash flows from interest and dividends.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, including for interim financial statements. Earlier application is permitted. The new standard is to be applied retrospectively.

If an entity applies IAS 34 *Interim Financial Reporting* in preparing condensed interim financial statements in the first year of applying IFRS 18, the entity must present in the condensed interim financial statements each heading it expects to use in applying IFRS 18 and the subtotals required by IFRS 18. Therefore, an entity with a calendar year-end that has quarterly reporting requirements will be required to present its statement of profit or loss in accordance with IFRS 18’s requirements for the first quarter of 2027 with restatement of comparatives for the first quarter of 2026.

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# International Frontier Resources Corporation

## Notes to the Consolidated Financial Statements

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### 4. Adoption of new standards (continued)

In the first year of applying IFRS 18, interim financial statements prepared under IAS 34 must disclose reconciliations for each line item in the statement of profit or loss. The reconciliation is required for the comparative periods immediately preceding the current and cumulative current periods (e.g. interim financial statements for the nine-month period ended September 2027 must disclose a reconciliation of the statements of profit or loss for both the 3 month and 9-month periods ended September 2026)

#### ii) IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures

In June 2023, the ISSB issued a new IFRS Sustainability Disclosure Standard setting out the general requirements for an entity to disclose material information about significant sustainability-related risks and opportunities to which it is exposed. The ISSB also issued a new IFRS Sustainability Disclosure Standard that sets out requirements for identifying, measuring, and disclosing climate-related risks and opportunities as part of an entity's general purpose financial reporting. For Canadian entities, there is currently no mandatory requirement to comply with the ISSB Standards. Canadian authorities including the CSSB and the Canadian Securities Administrators ("CSA") will decide on application in Canada. The Company has not yet determined the impact of the amendments on its consolidated financial statements.

The Company is currently assessing the impact of these new accounting standards and amendments and has not yet determined the impact of the amendments on its consolidated financial statements.

### 5. Prepaid expenses

Prepaid expenses consists of the following amounts at December 31, 2025 and 2024:

|                             | December 31, 2025 | December 31, 2024 |
|-----------------------------|-------------------|-------------------|
| Insurance                   | \$ 1,405          | \$ 29,000         |
| Software licenses           | -                 | 11,705            |
| <b>Balance, end of year</b> | <b>\$ 1,405</b>   | <b>\$ 40,705</b>  |

### 6. Finance payable

In October 2025, the Company entered into an arrangement with a finance company to pay certain invoices in the amount totaling \$9,230 (2024 - \$36,625) on the Company's behalf. As per the terms of the agreement dated October 16, 2025, the total amounts financed of \$9,230 (2024 - \$36,625) were paid to the supplier and are owing to the finance company bearing interest at 11.05% (2024 - 11.18%) with a maturity date of January 15, 2026 (2024 - September 15, 2025). The Company repaid the amounts financed prior to December 31, 2025, and accordingly no balance remained outstanding at year-end.

|                             | December 31, 2025 | December 31, 2024 |
|-----------------------------|-------------------|-------------------|
| Principal                   | \$ 36,820         | \$ 58,860         |
| Less: principal payments    | (36,820)          | (31,270)          |
| Interest accrued            | 1,980             | 2,290             |
| Interest paid               | (1,980)           | (2,290)           |
| <b>Balance, end of year</b> | <b>\$ -</b>       | <b>\$ 27,590</b>  |

As a result of this arrangement, amounts totaling \$9,230 (2024 - \$36,625) were financed during the year ended December 31, 2025 and recorded as finance payable under the agreement.

**International Frontier Resources Corporation**  
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**7. Debt**

|   | December 31, 2025 | December 31, 2024 |
|---|-------------------|-------------------|
| Principal                                     | \$ 60,000         | \$ 60,000         |
| Less: amortized below market interest benefit | (16,540)          | (16,540)          |
| Accretion                                     | 14,350            | 12,150            |
| Interest accrued                              | 5,770             | 2,770             |
| Interest paid                                 | (5,770)           | (2,770)           |
| <b>Balance, end of year</b>                   | <b>\$ 57,810</b>  | <b>\$ 55,610</b>  |

In 2020, the Company applied for and received a \$60,000 term loan under the Canada Emergency Business Account (the "CEBA term loan"), which was one of the Canadian government's COVID-19 economic recovery measures. The CEBA term loan is non-interest bearing for the initial term ending on December 31, 2022 (the "Initial Term"). If the loan was paid off by December 31, 2022, 33% of the loan would have been forgiven. In October 2023, the initial term for repayment of the CEBA loan was extended to January 18, 2024. If the CEBA term loan is not fully repaid by the end of the Initial Term, then the unpaid balance will bear interest at the rate of 5% per annum, payable monthly, and will mature on December 31, 2026. The Company did not pay the loan on the deadline for the Initial Term on January 18, 2024 and has paid interest of \$3,000 for the year ended December 31, 2025 (2024 - \$2,770).

In determining the fair value of the loan on initial recognition, the Company applied an effective interest rate of 17% which corresponded to a rate that the Company would have obtained for a similar debt instrument.

**8. Share capital**

**a) Authorized:**

The Company is authorized to issue an unlimited number of common shares without par value. As at December 31, 2025 and December 31, 2024 the number of issued and outstanding common shares was 38,085,397.

|   | Number of<br>Shares | Issue<br>Price | Amount               |
|---|---------------------|----------------|----------------------|
| Balance at December 31, 2023                              | 14,955,397          |                | \$ 58,671,850        |
| Shares issued via Financing (i)                           | 16,330,000          | \$ 0.05        | 816,500              |
| Shares issued for debt (ii)                               | 6,800,000           | \$ 0.05        | 395,040              |
| Value attributable to warrants issued (8(c))              |                     |                | (530,745)            |
| Value attributable to compensation warrants issued (8(c)) |                     |                | (106,150)            |
| Share issue costs (i)                                     |                     |                | (213,465)            |
| <b>Balance at December 31, 2024 and 2025</b>              | <b>38,085,397</b>   |                | <b>\$ 59,033,030</b> |

(i) On April 25, 2024, the Company closed a brokered private placement for gross proceeds of \$816,500, (net \$668,061) which consisted of the issuance of 16,330,000 units of the Company (the "Units") at a price of \$0.05 per Unit (the "Financing"). Each Unit consists of one common share in the capital of the Company (a "Common Share") and one-half of one Common Share purchase warrant (each whole warrant, a "Warrant"). The Offering consisted of a combination of (i) 4,782,000 Units for gross proceeds of \$239,100 pursuant to the listed issuer financing exemption available under Part 5A of National Instrument 45-106 – Prospectus Exemptions ("NI 45-106") and (ii) 11,548,000 Units for gross proceeds of \$577,400 pursuant to the TSX Venture Exchange offering document exemption available under part 5 of NI 45-106.

# International Frontier Resources Corporation

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### 8. Share capital (continued)

In connection with the financing, the Company paid share issue costs of \$213,465 including (i) a cash commission in the amount of \$81,650 (representing 10% of the gross proceeds of the Offering) (ii) a corporate finance fee in the amount of \$25,000 and (iii) Legal fees and closing costs of \$106,815. In addition, the Company issued 1,633,000 broker warrants (the "Compensation Warrants") exercisable at any time prior to the date that is 5 years from the closing to acquire that number of Units of the Company at an exercise price of \$0.05 per Unit; and

- (ii) On April 8, 2024, the Company settled outstanding indebtedness with certain officers and consultants of the Company (the "Shares for Debt Settlement") through the issuance of common shares of the Company. Pursuant to the Shares for Debt Settlement, the Company issued a total of 4,500,000 common shares at a fair market value of \$272,759. The common shares issued pursuant to the Shares for Debt Settlement were subject to a hold period that expired on August 9, 2024.

The fair value of the shares issued was determined based on the market price on the date of issuance of \$0.07 per share, adjusted for a mandatory four-month hold period, which resulted in a valuation discount of 13.41%. The difference between the fair value of the shares issued and the carrying amount of the extinguished debt resulted in a total loss on debt extinguishment of \$47,589, which has been recognized in the statement of loss and comprehensive loss during the year ended December 31, 2024.

On July 4, 2024, the Company completed the closing of the second tranche and settled additional outstanding indebtedness (the "Debt Settlement") in the aggregate amount of \$115,000 owing to certain officers and consultants of IFR through the issuance of 2,300,000 common shares of the Company at a fair market value of \$122,281. The common shares issued pursuant to the Debt Settlement were subject to a hold period that expired on November 5, 2024. The fair value of the shares issued was determined based on the market price on the date of issuance of \$0.06 per share, adjusted for a mandatory four-month hold period, which resulted in a valuation discount of 11.39%. The difference between the fair value of the shares issued and the carrying amount of the extinguished debt resulted in a total loss on debt extinguishment of \$7,451, which has been recognized in the statement of loss and comprehensive loss during the year ended December 31, 2024.

#### b) Contributed surplus

Each whole Warrant will entitle the holder thereof to purchase one additional Common Share (a "Warrant Share") for a period of 5 years following the closing of the Offering at an exercise price of \$0.10 per Warrant Share. The Warrants will be subject to a forced expiration upon 30 days' notice to Warrant holders in the event that the weighted average trading price of the Company shares exceeds \$0.20 for 25 consecutive trading days.

|   | December 31, 2025    | December 31, 2024    |
|---|----------------------|----------------------|
| Balance, beginning of year                              | \$ 13,585,875        | \$ 12,789,650        |
| Value attributed to warrants issued (8(c))              | -                    | 530,745              |
| Value attributed to compensation warrants issued (8(c)) | -                    | 106,150              |
| Share-based compensation (8(d))                         | -                    | 159,330              |
| <b>Balance, end of year</b>                             | <b>\$ 13,585,875</b> | <b>\$ 13,585,875</b> |

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**8. Share capital (continued)**

**c) Share purchase warrants**

The Company uses the residual approach when allocating the fair value of the share purchase warrants issued in conjunction with the offering of units through a private placement. The Company determines the fair value of the common share and the residual value is allocated to the share purchase warrant for unit offerings that contain a common share and a share purchase warrant.

|  | <b>Number of Warrants</b> | <b>Weighted average exercise price</b> |
|--|---------------------------|--|
| Balance, December 31, 2023                   | -                         | \$ -                                   |
| Issued (i)                                   | 9,798,000                 | 0.10                                   |
| <b>Balance at December 31, 2024 and 2025</b> | <b>9,798,000</b>          | <b>\$ 0.10</b>                         |

As at December 31, 2025, warrants enabling the holders to acquire common shares are as follows:

| <b>Expiry Date</b> | <b>Number of warrants</b> | <b>Weighted average remaining life in years</b> | <b>Weighted average exercise price</b> |
|--------------------|---------------------------|---|--|
| 25-Apr-29          | 9,798,000                 | 3.32  | \$0.10                                 |
|                    | <b>9,798,000</b>          | <b>3.32</b>                                     | <b>\$0.10</b>                          |

(i) Pursuant to the Financing completed on April 25, 2024, the Company issued 8,165,000 whole warrants entitling the holder to purchase one common share for \$0.10 until April 25, 2029 and 1,633,000 Compensation Warrants (representing 10% of the number of units issued pursuant to the financing) entitling the holder to purchase one common share for \$0.10 until April 25, 2029.

The fair value of the unit warrants and Compensation Warrants was calculated using the Black-Scholes option pricing model with the following assumptions:

|  | <b>Unit Warrants</b> | <b>Compensation Warrants</b> |
|--|----------------------|------------------------------|
| Issue date   | April 25, 2024       | April 25, 2024               |
| Expiry date  | April 25, 2029       | April 25, 2029               |
| Warrants issued                                    | 8,165,000            | 1,633,000                    |
| Exercise price                                     | \$ 0.10              | \$ 0.10                      |
| Share price  | \$ 0.05              | \$ 0.05                      |
| Expected volatility based on historical volatility | 128.35%              | 128.35%                      |
| Expected life of warrants                          | 5 years              | 5 years                      |
| Risk-free interest rate                            | 3.60%                | 3.60%                        |
| Fair value   | \$ 530,745           | \$ 106,150                   |
| Fair value per warrant                             | \$ 0.065             | \$ 0.065                     |

**d) Stock options**

The Company has a stock option plan available to consultants, officers, directors, and employees of the Company to be granted options of up to 10 percent of the issued and outstanding common shares of the Company. Options granted under the plan vest immediately on the grant date and have a term of five years to expiry. The following options were outstanding at December 31, 2024 and 2025:

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**8. Share capital (continued)**

**Outstanding and exercisable**

|                             | December 31, 2025 |                                 | December 31, 2024 |                                 |
|-----------------------------|-------------------|---------------------------------|-------------------|---------------------------------|
|                             | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Balance, beginning of year  | 3,700,000         | \$ 0.05                         | 330,000           | \$ 1.60                         |
| Issued                      | -                 | -                               | 3,850,000         | 0.05                            |
| Expired/cancelled           | -                 | -                               | (480,000)         | (1.12)                          |
| <b>Balance, end of year</b> | <b>3,700,000</b>  | <b>\$ 0.05</b>                  | <b>3,700,000</b>  | <b>\$ 0.05</b>                  |

**December 31, 2025**

| Exercise Price         | Options Outstanding | Weighted Average Contractual Life | Weighted Average Exercise Price | Options Exercisable | Weighted Average Exercise Price |
|------------------------|---------------------|-----------------------------------|---------------------------------|---------------------|---------------------------------|
| <b>\$0.05 - \$0.06</b> | <b>3,700,000</b>    | <b>3.29</b>                       | <b>\$ 0.05</b>                  | <b>3,700,000</b>    | <b>\$ 0.05</b>                  |

On April 15, 2024, the Company granted, pursuant to its Incentive Stock Option Plan, 1,600,000 stock options to purchase common shares to directors, officers and consultants of IFR, with an exercise price of \$0.06 per share and an expiry date of April 15, 2029. All of the options granted vested immediately.

On July 31, 2024, the Company granted, pursuant to its Incentive Stock Option Plan, 2,250,000 stock options to purchase common shares to directors, officers and consultants of IFR, with an exercise price of \$0.05 per share and an expiry date of July 31, 2029. All of the options granted vested immediately.

Total compensation expense recorded in respect of these options during the year ended December 31, 2024 was \$159,330. The fair market value of options granted in the period was \$0.043 per option. The fair value of each option granted was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

|  |                  |                  |
|--|------------------|------------------|
| Date of grant                                      | July 31, 2024    | April 15, 2024   |
| Expiry date  | July 31, 2029    | April 15, 2029   |
| Stock options granted                              | 2,250,000        | 1,600,000        |
| Exercise price                                     | \$ 0.05          | \$ 0.06          |
| Share price  | \$ 0.05          | \$ 0.06          |
| Risk-free interest rate                            | 3.09%            | 3.77%            |
| Expected volatility based on historical volatility | 112.21%          | 112.21%          |
| Expected life of stock options                     | 5 years          | 5 years          |
| Expected dividend yield                            | 0.00%            | 0.00%            |
| Forfeiture rate                                    | 2.00%            | 2.00%            |
| Vesting  | On date of grant | On date of grant |
| Fair value   | \$ 70,440        | \$ 88,890        |
| Fair value per stock option                        | \$ 0.05          | \$ 0.04          |

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# International Frontier Resources Corporation

## Notes to the Consolidated Financial Statements

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### 9. Capital management

In the management of capital, the Company includes certain working capital balances in the definition of capital. Management reviews its capital requirements on an ongoing basis and believes that its approach, given the relative size of the Company, is reasonable. As at December 31, 2025, the Company's capital, as defined above, is as follows:

|  | December 31, 2025     | December 31, 2024     |
|--|-----------------------|-----------------------|
| Cash                                     | \$ 63,470             | \$ 292,620            |
| Receivables                              | 42,820                | 40,430                |
| Accounts payable and accrued liabilities | (258,725)             | (293,255)             |
| Due to related parties                   | (2,364,180)           | (1,574,980)           |
| Short term debt                          | (57,810)              | -                     |
| Finance payable                          | -                     | (27,590)              |
|  | <b>\$ (2,574,425)</b> | <b>\$ (1,562,775)</b> |

The Company is in the business of oil and gas exploration in Mexico. Management determines the Company's capital structure and makes adjustments to it based on funds available to the Company in order to support the acquisition, exploration and development of oil and gas properties. The Board of Directors has not established quantitative return on capital criteria for capital management but rather relies upon the expertise of the management team to sustain the future development of the business.

The properties in which the Company currently has an interest are in the exploration stage and do not generate any revenue. The Company therefore is dependent upon partnerships with industry and external financing to fund the majority of its future exploration programs. The Company will spend existing working capital and will seek additional financing as needed. The Company will continue to assess new properties and to seek to acquire an interest in additional properties if management feels there is sufficient geologic or economic potential.

During the year ended December 31, 2025, the Company elected to become the 100% working interest holder of Significant Discovery Licenses ("SDLs") 138, 139 and 140 located in the Northwest Territories. These licenses require annual rental payments, including approximately \$58,055 due March 31, 2026. Although the SDLs are currently non-producing and the associated wells have been fully reclaimed, the Company must fund these annual rental commitments to maintain its interests. These fixed obligations are considered in management's assessment of capital requirements and liquidity planning.

Historically, the Company has relied on proceeds from the sale of its common shares to fund its operations. In order to accelerate the Company's current exploration programs, the Company may require additional capital. The timing, pace, scope and amount of the Company's capital expenditures is largely dependent on planned capital expenditure programs and the availability of capital to the Company. The Company may obtain funds for future capital investments from strategic alliances with other energy or financial partners, the issuance of additional common shares, preferred shares or debt securities, project financing, sale of property interests, or other arrangements, all of which may dilute the interest of the Company's existing shareholders. In the current economic environment, there can be no assurances that the Company can raise capital through the sale of its shares.

### 10. Gain on settlement of accounts payable

In April 2024, the Company settled amounts owing of \$60,025 to a supplier in relation to audit fees related to 2022 for \$37,515. As a result, a gain on settlement of accounts payable of \$22,510 has been recorded in the Company's consolidated statements of loss and comprehensive loss for the year end December 31, 2024.

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# International Frontier Resources Corporation

## Notes to the Consolidated Financial Statements

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### 11. Significant Discovery Licenses – Northwest Territories

During the year ended December 31, 2025, the Company elected to become the 100% working interest holder of Significant Discovery Licenses (“SDLs”) 138, 139, and 140 located in the Central Mackenzie Valley, Northwest Territories.

As at December 31, 2025, the Company recorded an accrual of \$11,410, included in accounts payable and accrued liabilities, for annual SDL rentals attributable to the year ended December 31, 2025.

The Company has no recognized asset retirement obligation in respect of these properties. During the year ended December 31, 2025, the Company reversed previously recorded reclamation accrual of \$28,965 after confirming that no further reclamation or environmental obligations remain outstanding for historical activities.

### 12. Per share amounts

|                                   | Twelve months ended December 31, |                |
|-----------------------------------|----------------------------------|----------------|
|                                   | 2025                             | 2024           |
| Net loss                          | \$ (995,340)                     | \$ (2,086,730) |
| Weighted average number of shares | 38,085,397                       | 30,603,642     |
| Basic loss per share              | \$ (0.03)                        | \$ (0.07)      |

Basic loss per share is computed by dividing net loss by the weighted average number of outstanding common shares for the year. In 2025 and 2024, options and warrants outstanding have been excluded from computing diluted loss per share because they are anti-dilutive or not in the money.

### 13. Related party transactions

The Company considers its Chief Executive Officer and Chief Financial Officer to be key management.

The Company paid compensation to the Chief Executive Officer and the Chief Financial Officer for the years ended December 31, 2025 and 2024 as follows:

|                                      | 2025 | 2024       |
|--------------------------------------|------|------------|
| Executive officers – consulting fees | -    | \$ 120,000 |
| Share-based compensation             | -    | 159,330    |
|                                      | \$ - | \$ 279,330 |

At December 31, 2025, \$137,395 (2024– \$140,385) was included in accounts payable and accrued liabilities. In 2024, the Company settled \$340,000 of the amounts owing via a debt to share settlement at a share price of \$0.05 per share (see Note 8a(ii)).

# International Frontier Resources Corporation

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(Expressed in Canadian Dollars)

### 14. Income taxes

- a) The total provision for income taxes differs from the expected amount by applying the combined federal and provincial tax rates of approximately 23% (2024 - 23%) to loss before income taxes. This difference results from the following items:

|  | 2025         | 2024           |
|--|--------------|----------------|
| Loss before income taxes   | \$ (995,340) | \$ (2,086,730) |
| Expected tax recovery of combined federal and provincial statutory rates | (228,928)    | (479,950)      |
| Increase (decrease) resulting from:                                      |              |                |
| Share based compensation   | -            | 36,645         |
| Foreign income tax rate differentials                                    | (102,449)    | -              |
| Change in enacted tax rates and other                                    | 203,444      | 850,575        |
| Change in unrecognized deferred tax asset                                | 127,934      | (407,270)      |
|  | \$ -         | \$ -           |

- b) **Unrecognized temporary differences and other items:**

|                                   | <u>December 31,</u><br><u>2025</u> | <u>December 31,</u><br><u>2024</u> |
|-----------------------------------|------------------------------------|------------------------------------|
| Property, plant and equipment     | \$ 9,457,445                       | \$ 9,457,445                       |
| Capital losses                    | 12,930,650                         | 12,930,650                         |
| Non-capital losses                | 12,199,906                         | 12,625,700                         |
| Share issue costs and other       | 128,079                            | -                                  |
| Investment in associate and other | 7,399,925                          | 3,477,340                          |
| Foreign losses and other          | 2,086,129                          | 1,405,565                          |
|                                   | \$ 44,202,134                      | \$39,896,700                       |

|                                  | 2024         | Change in<br>valuation<br>allowance | 2025         |
|----------------------------------|--------------|-------------------------------------|--------------|
| Property, plant and equipment    | \$ 2,175,212 | \$ -                                | \$ 2,175,212 |
| Non-capital losses               | 2,903,911    | (97,933)                            | 2,805,978    |
| Capital losses                   | 2,974,050    | (1,487,025)                         | 1,487,025    |
| Foreign losses                   | 323,280      | 302,559                             | 625,839      |
| Investment in TE Corporation     | 799,789      | 1,420,190                           | 2,219,979    |
| Share issue costs                | 39,315       | (9,857)                             | 29,458       |
|                                  | 9,215,557    | 127,934                             | 9,343,491    |
| Unrecognized                     | (9,215,557)  | (127,934)                           | (9,343,491)  |
| <b>Deferred income tax asset</b> | <b>\$ -</b>  | <b>\$ -</b>                         | <b>\$ -</b>  |

### c) Tax losses

The Company has incurred non-capital losses for income tax purposes of approximately \$12,200,000 (2024 - \$12,626,000) in Canada. Unless sufficient taxable income is earned, these losses will expire between 2027 and 2051.

In addition, the Company has \$12,931,000 of capital losses that can be carried forward indefinitely and used to offset future taxable capital gains.

# International Frontier Resources Corporation

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024  
(Expressed in Canadian Dollars)

### 15. Investment in associates

At December 31, 2025, the Company, through its Mexcan subsidiary Frontera holds a 42.63% (December 31, 2024 – 42.63%) investment in Tonalli Energia S.A.P.I. de C.V. (“Tonalli”), a Mexican company which is accounted for using the equity method and a 99.80% interest in Energia Mex Can (“Mexcan”), a Mexican company which is accounted for using the consolidation method.

At the beginning of the year, the carrying amount of the Company’s investment in Tonalli was nil and cumulative unrecognized equity-accounted losses totaled \$3,954,350 (December 31, 2024 – \$3,595,010). Accordingly, the \$22,900 of equity contributions made during the year have been applied to recognize a portion of the Company’s share of Tonalli’s net losses and are included in the loss on equity investment recognized above, rather than increasing the investment balance.

In evaluating the Company’s investment in Tonalli at December 31, 2025, the Company took into consideration the potential for a future sale of the Company’s interest in Tonalli. The Company concluded that there were no indications at December 31, 2025 that it would trigger a reversal of the impairment in the Company’s investment in Tonalli.

#### Due to related parties

At December 31, 2024 and 2025, the following amounts were due to Tonalli from Frontera.

|   | Frontera            | Mexcan      | Total               |
|---|---------------------|-------------|---------------------|
| <b>Balance, December 31, 2023</b>           | \$ -                | \$ 17,420   | \$ 17,420           |
| Cash calls payable (ii)                     | 1,589,650           | -           | 1,589,650           |
| Accrued interest (ii)                       | 17,985              | -           | 17,985              |
| Forgiveness of amounts due to Tonalli (iii) |                     | (15,440)    | (15,440)            |
| Foreign exchange gain                       | (32,655)            | (1,980)     | (34,635)            |
| <b>Balance, December 31, 2024</b>           | <b>\$ 1,574,980</b> | <b>\$ -</b> | <b>\$ 1,574,980</b> |
| Cash calls payable and accrued interest (i) | 760,365             | -           | 760,365             |
| Foreign exchange loss                       | 28,835              | -           | 28,835              |
| <b>Balance, December 31, 2025</b>           | <b>\$ 2,364,180</b> | <b>\$ -</b> | <b>\$ 2,364,180</b> |

- (i) At December 31, 2025, Frontera had amounts owing to Tonalli of \$2,364,180 CAD equivalent, comprising a default amount of \$2,339,605 and accrued interest of \$24,575. The default amount represents Frontera’s 42.63% share of cash calls funded by Jaguar Exploration and Production, S.A.P.I. de C.V. (“Jaguar”) on behalf of Tonalli that were not funded by Frontera under the Tonalli Joint Operating Agreement (“JOA”). Amounts funded by Jaguar bear interest at 10% plus SOFR under the JOA. Frontera is responsible for its 42.63% share of these amounts, including interest. During the year, \$300,665 of interest had accrued, of which \$273,090 was settled through additional cash calls leaving \$24,575 outstanding at December 31, 2025. These amounts had not been converted to equity under the JOA and remained payable at December 31, 2025. As the balance was less than the Company’s cumulative unrecognized losses, it has been recorded as part of the loss on equity investment in Tonalli.

# International Frontier Resources Corporation

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(Expressed in Canadian Dollars)

### 15. Investment in associates (continued)

(ii) At December 31, 2024, Frontera had amounts owing to Tonalli of \$1,574,980 CAD equivalent, comprising a default amount of \$1,556,995 and accrued interest of \$17,985. The default amount represents Frontera's 42.63% share of cash calls funded by Jaguar on behalf of Tonalli that were not funded by Frontera under the JOA. Amounts funded by Jaguar bear interest at 10% plus SOFR under the JOA. Frontera is responsible for its 42.63% share of these amounts, including interest. During the year, \$139,635 of interest had accrued, of which \$121,650 was settled through additional cash calls leaving \$17,985 outstanding at December 31, 2024. These amounts had not been converted to equity under the JOA and remained payable at December 31, 2024. As the balance was less than the Company's cumulative unrecognized losses, it has been recorded as part of the loss on equity investment in Tonalli.

(iii) At December 31, 2024, all amounts owed to Tonalli by Mexcan were forgiven and have been included in Other Income in the December 31, 2024 consolidated statements of loss and comprehensive loss.

### 16. Segmented information

The Company's activities are conducted in two geographic segments: Canada and Mexico. All activities relate to exploration for and development of petroleum and natural gas resources.

#### a) Net loss and comprehensive loss

| Year ended December 31, 2025           | Canada              | Mexico              | Total               |
|--|---------------------|---------------------|---------------------|
| <b>Expenses</b>                        |                     |                     |                     |
| General and administration             | \$ 180,270          | \$ 12,225           | \$ 192,495          |
| License rentals                        | 11,410              | -                   | 11,410              |
| Loss on equity investment in Tonalli   | -                   | 783,000             | 783,000             |
|  | 191,680             | 795,225             | 986,905             |
| <b>Other income</b>                    |                     |                     |                     |
| Reversal of provision                  | (28,965)            | -                   | (28,965)            |
|  | (28,965)            | -                   | (28,965)            |
| <b>Finance expenses</b>                |                     |                     |                     |
| Accretion on long-term debt            | (2,200)             | -                   | (2,200)             |
| Interest on finance payables           | (1,385)             | -                   | (1,385)             |
| Interest on long-term debt             | (3,000)             | -                   | (3,000)             |
| Foreign exchange gain (loss)           | (1,140)             | (29,675)            | (30,815)            |
|  | (7,725)             | (29,675)            | (37,400)            |
| <b>Net loss and comprehensive loss</b> | <b>\$ (170,440)</b> | <b>\$ (824,900)</b> | <b>\$ (995,340)</b> |

# International Frontier Resources Corporation

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024  
(Expressed in Canadian Dollars)

### 16. Segmented information (continued)

| Year ended December 31, 2024           | Canada              | Mexico                | Total                 |
|--|---------------------|-----------------------|-----------------------|
| <b>Expenses</b>                        |                     |                       |                       |
| General and administration             | \$ 317,795          | \$ 13,080             | \$ 330,875            |
| Share-based compensation               | 159,330             | -                     | 159,330               |
| Loss on equity investment in Tonalli   | -                   | 1,607,635             | 1,607,635             |
|  | 477,125             | 1,620,715             | 2,097,840             |
| <b>Other income (loss)</b>             |                     |                       |                       |
| Gain on settlement of accounts payable | (22,510)            | -                     | (22,510)              |
| Forgiveness of amounts due to Tonalli  | -                   | (15,440)              | (15,440)              |
| Loss on extinguishment of debt         | 55,040              | -                     | 55,040                |
|  | 32,530              | (15,440)              | 17,090                |
| <b>Finance expenses</b>                |                     |                       |                       |
| Accretion on long-term debt            | (2,200)             | -                     | (2,200)               |
| Interest on finance payables           | (1,760)             | -                     | (1,760)               |
| Interest on long-term debt             | (2,770)             | -                     | (2,770)               |
| Foreign exchange gain (loss)           | (755)               | 35,685                | 34,930                |
|  | (7,485)             | 35,685                | 28,200                |
| <b>Net loss and comprehensive loss</b> | <b>\$ (517,140)</b> | <b>\$ (1,569,590)</b> | <b>\$ (2,086,730)</b> |

### b) Assets

#### As at December 31, 2025

|              | Canada    | Mexico    | Total      |
|--------------|-----------|-----------|------------|
| Total assets | \$ 58,600 | \$ 49,095 | \$ 107,695 |

#### As at December 31, 2024

|              | Canada     | Mexico    | Total      |
|--------------|------------|-----------|------------|
| Total assets | \$ 333,305 | \$ 40,450 | \$ 373,755 |

**International Frontier Resources Corporation**  
**Notes to the Consolidated Financial Statements**  
December 31, 2025 and 2024  
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**17. Supplemental cash flow information**

Changes in non-cash working capital items from continuing operations increase (decrease) cash and cash equivalents as follows:

|  | 2025             | 2024            |
|--|------------------|-----------------|
| Receivables                              | \$ (2,390)       | \$ 5,070        |
| Prepays expenses                         | 39,300           | (5,675)         |
| Accounts payable and accrued liabilities | (5,950)          | 2,440           |
|  | <b>\$ 30,960</b> | <b>\$ 1,835</b> |
| Operating activities                     | <b>\$ 30,960</b> | <b>\$ 1,835</b> |
| Investing activities                     | \$ -             | \$ -            |
| Financing activities                     | \$ -             | \$ -            |
| Interest paid                            | <b>\$ 4,385</b>  | <b>\$ 4,530</b> |

Cash is comprised of:

|                       | 2025             | 2024              |
|-----------------------|------------------|-------------------|
| Cash on hand – Canada | \$ 55,680        | \$ 290,460        |
| Cash on hand – Mexico | 7,790            | 2,160             |
|                       | <b>\$ 63,470</b> | <b>\$ 292,620</b> |

**18. Commitments**

As at December 31, 2025, the Company is committed to annual rental payments of approximately \$58,055 due on March 31, 2026 under its Northwest Territories Significant Discovery Licenses. Subsequent to December 31, 2025, the Company was notified of a temporary and indefinite pause affecting annual rental payment requirements related to its Northwest Territories Significant Discovery Licenses.

**19. General and administration**

General and administration expenses include the following costs incurred during the years ended December 31, 2025 and December 31, 2024.

|                              | 2025              | 2024              |
|------------------------------|-------------------|-------------------|
| Consulting fees and salaries | \$ 400            | \$ 122,950        |
| Corporate travel             | -                 | 5,000             |
| Filing and transfer fees     | 16,125            | 38,350            |
| Professional fees            | 82,435            | 95,580            |
| Rent and corporate costs     | 93,535            | 68,995            |
|                              | <b>\$ 192,495</b> | <b>\$ 330,875</b> |

The Company leases office space under a month-to-month arrangement. These leases qualify as short-term leases, and the Company has elected to apply the short-term lease exemption under IFRS 16.5–8. Accordingly, lease payments are recognized as an expense on a straight-line basis over the lease term and no right-of-use asset or lease liability has been recognized in the consolidated statement of financial position.

The total expense relating to short-term leases for the year ended December 31, 2025 was \$6,750 (2024 – \$Nil).

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# International Frontier Resources Corporation

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024  
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### 20. Financial risk management

The Company is exposed to financial risk in a range of financial instruments including cash, receivables, due to related parties, current portion of long-term debt and accounts payable and accrued liabilities. The Company manages its exposure to financial risks by operating in a manner that minimizes its exposure to the extent practical. The main financial risks affecting the Company are discussed below:

#### a) Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the statement of financial position date.

The maximum exposure to loss associated with receivables is the total carrying amounts on the consolidated statement of financial position.

The following table presents the aging of the Company's receivables at December 31, 2025:

| Total accounts receivable | 0 to 30 days | 31 to 60 days | 61 to 90 days | Greater than 90 |
|---------------------------|--------------|---------------|---------------|-----------------|
| \$ 42,820                 | \$ -         | \$ -          | \$ 1,415      | \$ 41,405       |

The maximum exposure to credit risk is represented by the carrying amount on the statement of financial position of all the financial assets.

Should the Company determine that the ultimate collection of a receivable is in doubt, it will provide the necessary provision in its allowance based on lifetime expected credit losses experience adjusted for forward looking factors with a corresponding charge to earnings. If the Company subsequently determines an account is uncollectible, the account is written off with a corresponding charge to the allowance account.

At December 31, 2025, receivables greater than 90 days outstanding primarily relate to amounts due from government authorities and industry counterparties with no history of default. Based on historical collection experience, the credit quality of the counterparties and forward-looking information, management has determined that the expected credit loss is not material and no allowance has been recorded.

#### b) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The Company's long-term debt, including the Canada Emergency Business Account ("CEBA") loan, bears interest at a fixed rate of 5% per annum. As a result, the Company is not exposed to significant interest rate risk at December 31, 2025.

The Company does not hold any financial assets subject to variable interest rates and does not use interest rate hedges or fixed interest rate contracts to manage exposure.

#### c) Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and foreign currencies will affect the Company's operating and financial results. The Company is exposed to foreign currency risk as the Company has financial instruments denominated in US dollars and Mexican pesos. The Company's management monitors the exchange rate fluctuations on a regular basis. The Company does not use currency derivative instruments to manage the Company's exposure to foreign currency fluctuations

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# International Frontier Resources Corporation

## Notes to the Consolidated Financial Statements

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### 20. Financial risk management (continued)

At December 31, 2025, the Company had U.S. dollar-denominated net monetary liabilities of approximately US\$1,724,908 (CAD equivalent \$2,364,159), primarily related to amounts due to related parties. The Company also held cash balances denominated in U.S. dollars and Mexican pesos, which are not material relative to the Company's overall foreign currency exposure.

Based on the Company's foreign currency monetary assets and liabilities at December 31, 2025, a 1% strengthening or weakening of the Canadian dollar against the U.S. dollar would have decreased or increased net loss by approximately \$23,642, respectively, primarily due to the U.S. dollar-denominated liability. A 1% strengthening or weakening of the Canadian dollar against the Mexican peso would have increased or decreased net loss by approximately \$70, respectively. In addition, a 1% change in the Canadian dollar relative to the U.S. dollar on the Company's U.S. dollar-denominated cash balances would impact net loss by approximately \$242, assuming all other variables remained constant.

#### d) Commodity price risk

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum are impacted by the relationship between the Canadian dollar and Mexican peso, the Canadian dollar and United States dollar, global economic events and Mexican government policies.

The operations of Tonalli are affected by changes in commodity prices, which in turn, will affect the Company's investment in associates.

#### e) Liquidity risk

Liquidity risk includes the risk that:

- The Company will not have sufficient funds to settle a transaction on the due date.
- The Company will be forced to sell financial assets at a value which is less than what they are worth; or,
- The Company may be unable to settle or recover a financial asset at all.

As of the reporting date, current debt includes amounts due to related parties in the amount of \$2,364,180 are convertible to shares at the discretion of Jaguar, who holds a majority interest in the joint venture. If converted, this would result in the dilution of the Company's equity investment in Tonalli (see Note 15).

Long-term debt includes the Canada Emergency Business Account (CEBA) loan, which matures on December 31, 2026 (see Note 7). The Company continuously evaluates its financing options to ensure it can meet its long-term obligations.

The Company's operating cash requirements, including amounts projected to complete budgeted capital expenditures are continuously monitored and adjusted as input variables change. These variables include, but are not limited to, opening cash balance, available bank lines, oil and natural gas production from existing wells, results from new wells drilled, commodity prices, and cost overruns on capital projects and changes to government regulations relating to prices, taxes, royalties, and land. tenure, allowable production and access to equity markets. As these variables change, liquidity risks may necessitate the need for the Company to conduct equity issues or obtain project debt financing (see also Note 2).

In addition, the Company is committed to annual rental payments related to its Significant Discovery Licenses (see Note 18), which are funded from existing cash resources or future financing.

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# International Frontier Resources Corporation

## Notes to the Consolidated Financial Statements

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### 20. Financial risk management (continued)

#### f) Fair value of financial instruments

The Company classifies the fair value of financial instruments at fair value through profit or loss according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

### 21. Subsequent events

On April 1, 2026, the Company disposed of its Northwest Territories Significant Discovery Licenses for proceeds of \$11,000.