

WASKAHIGAN OIL & GAS CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

(UNAUDITED)

WASKAHIGAN OIL & GAS CORP.

NOTICE OF NO AUDITORS' REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim consolidated financial statements of Waskahigan Oil & Gas Corp have been prepared by and are the responsibility of management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

Calgary, Alberta
May 27, 2022

WASKAHIGAN OIL & GAS CORP.

STATEMENTS OF FINANCIAL POSITION AS AT

In Canadian Dollars

	Note	March 31, 2022	December 31, 2021
ASSETS			
Current			
Cash and cash equivalents		\$ 150,407	\$ 18,003
Restricted cash held in trust		70,000	70,000
Trade and other receivables		132,181	94,070
Short term investments		14,218	14,218
Prepaid expenses and deposits		49,526	56,148
		416,332	252,439
Long term			
Restricted cash held in trust	3	210,566	211,021
Exploration and evaluation assets	4	5,067	11,036
Property and equipment	5	2,500,333	2,517,378
		\$ 3,132,298	\$ 2,991,874
LIABILITIES			
Current			
Accounts payable and accrued liabilities		\$ 201,524	\$ 188,301
Loan payable	6	1,085,264	1,086,488
Deferred income		5,508	8,223
Asset retirement obligation	7	296,415	288,826
		1,588,711	1,571,838
Asset retirement obligation	7	1,043,485	1,038,887
Total liabilities		2,632,196	2,610,725
SHAREHOLDERS' DEFICIT			
Share capital	8	134,315	134,315
Contributed surplus		559,699	559,699
Deficit		(193,912)	(312,865)
		500,102	381,149
		\$ 3,132,298	\$ 2,991,874

Going concern 1

Signed "Gregory J. Leia"

Gregory J. Leia, Director

Signed "Tracy Zimmerman"

Tracy Zimmerman, Director

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

WASKAHIGAN OIL & GAS CORP.

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
 In Canadian Dollars **FOR THE THREE MONTHS ENDED**

	Note		March 31, 2022		March 31, 2021
REVENUE					
Oil & natural gas sales	13	\$	292,891	\$	218,190
Royalties			(77,464)		(35,220)
Other revenue			5		11
			215,432		182,981
EXPENSES					
Production and transportation			92,418		79,038
General and administrative			76,515		71,009
Accretion	7		7,824		866
Depletion and depreciation	5		22,374		29,715
			199,131		180,628
OPERATING INCOME (LOSS) FROM OPERATIONS			16,301		2,353
Other income (expense) items					
Other income			39,285		-
Interest expense			(16,177)		(19,899)
Gain on sale of asset	4		79,031		-
Foreign exchange			513		445
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)			\$ 118,953	\$	(17,101)
INCOME (LOSS) PER SHARE					
Basic and diluted			\$ 0.009	\$	(0.002)

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

WASKAHIGAN OIL & GAS CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED

In Canadian Dollars

	Note	March 31, 2022		March 31, 2021
OPERATING ACTIVITIES				
Net income (loss)	\$	118,953	\$	(17,101)
Items not affecting cash:				
Depletion and depreciation	5	22,374		29,715
Loan interest accrued	6	1,421		1,138
Accretion	7	7,824		866
Gain on sale of assets	4	(79,031)		-
Foreign exchange		(511)		(447)
Changes in non-cash working capital		(20,981)		52,752
CASH PROVIDED BY OPERATING ACTIVITIES		50,049		66,923
FINANCING ACTIVITIES				
Repayment of loan	6	(2,645)		(9,819)
CASH USED IN FINANCING ACTIVITIES		(2,645)		(9,819)
INVESTING ACTIVITIES				
Disposal of exploration and evaluation assets	4	85,000		-
CASH USED IN INVESTING ACTIVITIES		85,000		-
NET CHANGE IN CASH AND CASH EQUIVALENTS		132,404		57,104
CASH AND CASH EQUIVALENTS, beginning of period		18,003		46,533
CASH AND CASH EQUIVALENTS, end of period		\$ 150,407	\$	103,637
Interest paid	\$	18,761	\$	18,505
Taxes paid		-		-

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

WASKAHIGAN OIL & GAS CORP.

STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIT)

In Canadian Dollars

FOR THE THREE MONTHS ENDED

	Note	March 31, 2022		March 31, 2021
SHAREHOLDERS' EQUITY				
<u>Share capital</u>				
Balance, beginning of period		\$ 134,315	\$	100
Private placement		-		-
Balance, end of period	8	\$ 134,315	\$	100
<u>Contributed surplus</u>				
Balance, beginning of period		\$ 559,699	\$	-
Gain on acquisition		-		559,699
Balance, end of period		\$ 559,699	\$	559,699
<u>Deficit</u>				
Balance, beginning of period		\$ (312,865)	\$	(275,424)
Net income (loss)		118,953		(17,101)
Balance, end of period		\$ (193,912)	\$	(292,525)
TOTAL SHAREHOLDERS' DEFICIT		\$ 500,102	\$	267,274

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

WASKAHIGAN OIL & GAS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022

In Canadian Dollars

1. NATURE OF OPERATIONS AND GOING CONCERN

Waskahigan Oil & Gas Corp. ("**WOGC**") is in the business of exploring for, developing, and producing petroleum and natural gas properties in Western Canada. WOGC is a company domiciled in Canada. The address of WOGC's registered office is 203, 221 10th Avenue SE, Calgary, Alberta.

Until December 6, 2021, WOGC was a subsidiary of Tenth Avenue Petroleum Corp ("**TAPC**"). On January 1, 2021, the oil and gas assets of TAPC had been assigned through a Plan of Arrangement to Odaat Oil Corp. ("**Odaat**") a newly-formed, wholly owned subsidiary of WOGC. Odaat is carrying on the oil and gas business previously carried on by TAPC.

On December 6, 2021, WOGC and TAPC filed Articles of Arrangement with the Registrar of Corporations for the Province of Alberta implementing the Order of Justice D.R. Mah dated May 25, 2021 in Court of Queen's Bench of Alberta Action #2101 02284 which approved the Plan of Arrangement dated March 24, 2021 (as amended) ("**Plan of Arrangement**") amongst TAPC, WOGC, Odaat and Bloc NRG Corp (formerly 2361990 Alberta Ltd.) ("**BlocNRG**"). The implementation of the Plan of Arrangement was effective September 30, 2021. The effect of the Plan of Arrangement is to that WOGC became a standalone reporting issuer in the Provinces of Alberta and British Columbia independent of TAPC on December 6, 2021 upon filing of the Articles of Arrangement. The common shares of WOGC are not listed or posted for trading on any stock exchange.

To implement the Plan of Arrangement, TAPC declared a dividend of one (1) common share of WOGC to the holders of each common share of TAPC. TAPC dividended 10,512,568 common shares of WOGC at a deemed consideration of \$0.0001 per WOGC common share. The dividend records date was December 3, 2021. The dividend payment date was December 10, 2021.

By agreement effective September 30, 2021, WOGC, TAPC, Odaat, Smoky Oil & Gas Corp ("**Smoky**"), Gregory J. Leia Professional Corporation ("**GJLPC**") and Cameron MacDonald, entered into an agreement ("**Transition Agreement**") which governed the affairs of WOGC, TAPC and Odaat through the completion of the Plan of Arrangement.

The accompanying consolidated financial statements have been prepared using the going concern assumption which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

For the period ended March 31, 2022, the Company incurred net income of \$ 118,953 (2021 – \$17,101 loss), has current liabilities in excess of current assets of \$1,172,379 (2021 - \$1,319,399) and an accumulated deficit of \$193,912 (2021 – 312,865). The Company has relied on support from various creditors and lenders (Note 7) to finance its operations. The continued volatility in global commodity prices and equity markets caused in part by the COVID-19 pandemic and the war in Ukraine creates significant uncertainties which may impact the Company's future operations, revenues and its ability to access the capital necessary to execute on its business plans. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

The future operations of the Company are dependent on the continued support from its creditors and lenders and the Company's ability to raise additional capital through equity financings or the sale of assets. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future.

These consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not appropriate, the adjustments required to report the Company's assets and liabilities on a liquidation bases could be material to these consolidated financial statements.

WASKAHIGAN OIL & GAS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022

In Canadian Dollars

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and measurement

Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**") and International Financial Reporting Interpretations Committee ("**IFRIC**"). The consolidated financial statements of the Company include the accounts of WOGC and its wholly owned subsidiaries; Jadela Oil (US) Operating LLC ("**Jadela US**"), Odaat and BlocNRG. (collectively WOGC, Jadela US, Odaat and BlocNRG are referred to as (the "**Company**") and have been prepared by management.

Except as outlined below, the consolidated financial statements have been prepared using the same accounting policies and significant judgments, estimates, and assumptions as those used in the consolidated financial statements for the year ended December 31, 2021. These consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2021.

These consolidated financial statements were authorized for issue by the Board of Directors on May 27, 2022.

Changes in accounting policies

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)

Effective January 1, 2022 the Company adopted the amendments to IAS 37 that specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The adoption of these amendments did not have a significant effect on the financial statements.

3. RESTRICTED CASH HELD IN TRUST

Restricted cash held in trust includes \$54,696 (2021 - \$54,696) held by the Alberta Energy and Utilities Board. These accounts are legally held by TAPC in trust for WOGC. The sum of \$124,629 (2021 - \$124,629) is held by British Columbia Minister of Energy, Mines and Petroleum Resources in trust for Odaat Oil Corp. The sum of \$31,241 (USD \$25,000) (2021 - \$31,695 (USD \$25,000)) is held by the Texas Railway Commission for Jadela Oil (US) Operating LLC.

WASKAHIGAN OIL & GAS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022

In Canadian Dollars

5. EXPLORATION AND EVALUATION ASSETS

Balance, December 31, 2021	\$	11,036
Dispositions		(5,969)
Balance, March 31, 2022	\$	5,067

During the period, crown leases were sold for \$85,000 resulting in a gain on sale of \$79,031.

6. PROPERTY AND EQUIPMENT

COSTS	Oil and Natural Gas Assets	Other assets	Total
Balance, December 31, 2021	\$ 2,785,353	\$ 3,472	\$ 2,788,825
ARO revisions	5,329	-	5,329
Balance, March 31, 2022	\$ 2,790,682	\$ 3,472	\$ 2,794,154

ACCUMULATED DEPLETION AND DEPRECIATION

Balance, December 31, 2021	\$ 270,456	\$ 991	\$ 271,447
Depletion and depreciation	22,198	176	22,374
Balance, March 31, 2022	\$ 292,654	\$ 1,167	\$ 293,821

CARRYING AMOUNT

December 31, 2021	\$ 2,514,897	\$ 2,481	\$ 2,517,378
March 31, 2022	\$ 2,498,028	\$ 2,305	\$ 2,500,333

7. LOAN PAYABLE

Loan payable, December 31, 2021	\$	1,086,488
Interest accrued		1,421
Repayments		(2,645)
Loan payable, March 31, 2022	\$	1,085,264

On July 31, 2017, TAPC entered into a Loan and Participation Agreement with Smoky and 1454871 Alberta Ltd. ("1454871") (formerly Batoche Oil & Gas Exploration Ltd.) which are related companies by way of common directors and officers. Pursuant to the terms of the Loan and Participation Agreement ("TAPC LPA"), Smoky lent TAPC the sum of \$1,326,593 to complete the acquisition of assets from NuVista Energy Ltd. in 2017 (the "Waskahigan Assets"). The interest rate on the loan principal is 6% per annum. All obligations owing were secured by a general security agreement charging all of the assets of TAPC. The TAPC LPA had provided, that, subject to an agreed upon general and

WASKAHIGAN OIL & GAS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022

In Canadian Dollars

administrative expense payment, Smoky shall be entitled to all net cash flow from the Waskahigan Assets until the loan is repaid.

Pursuant to the original TAPC LPA, as additional consideration, Smoky was entitled to receive post payout of the loan: (a) 80% of net cash flow from the Waskahigan Assets (less agreed general and administrative expenses) until December 31, 2021 (subject to farmout rights); (b) 80% of net sale proceeds of Waskahigan Assets (subject to farmout rights); (c) right to compel TAPC to buy Smoky's right to 80% of the net cash flow from the Waskahigan Assets (subject to farmout rights) for 2.5 times net cash flow; and (d) right to compel TAPC to buy Smoky's right to 24% of the net cash flow from the Waskahigan Participation Assets (subject to farmout rights) for 2.5 times net cash flow from the Waskahigan Participation Assets (hereinafter called the "**Post Payout Additional Consideration**").

On May 6, 2019 the TAPC LPA was amended and the loan was converted to a demand loan. As at March 31, 2022 and December 31, 2021, the loan is presented at its face value and is subject to interest at a rate of 6% per annum, which is payable quarterly. The TAPC LPA contained a restriction to charging a maximum of \$75,000 per year for general and administration costs for the administration of the Waskahigan Assets and \$75,000 per year for the administration of the Waskahigan Participation Assets. TAPC was not in compliance with the terms of the TAPC LPA as general and administrative charges have exceeded the maximum allowable amounts as noted above.

By novation agreement effective January 1, 2021, WOGC and Odaat agreed to assume the obligations to Smoky ("**WOGC/Odaat LPA**") under the TAPC LPA and Smoky released TAPC from the obligations upon completion of the Plan of Arrangement and in accordance with the Transition Agreement. WOGC and Odaat granted a general security agreement in favour of Smoky pledging all of the assets in support of the debt. WOGC/Odaat are not in compliance with the terms of the WOGC/Odaat LPA as general and administrative charges have exceeded the maximum allowable amounts as noted above. As of the date of approval of these consolidated financial statements, the lender has not demanded repayment but retains the right to do so.

8. ASSET RETIREMENT OBLIGATIONS

The Company estimates the total undiscounted cash flows to settle its asset retirement obligations are approximately \$1,539,049 (2021 - \$1,431,859). A risk-free interest rate of 2.39% (2021 - 1.25%) and an estimated inflation rate of 2.0% (2021 - 1.4%) was used to calculate the present value of asset retirement obligations.

The following table reconciles the asset retirement obligations:

	March 31, 2022	December 31, 2021
Balance, beginning of period	\$ 1,327,713	\$ 30,176
Acquisitions	-	1,374,117
Revisions	5,329	(82,950)
Expenditures	-	(388)
Foreign exchange	(966)	(296)
Accretion	7,824	7,054
Balance, end of period	1,339,900	1,327,713
Less: current portion	(296,415)	(288,826)
Long term portion	\$ 1,043,485	\$ 1,038,887

WASKAHIGAN OIL & GAS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022

In Canadian Dollars

9. SHARE CAPITAL

Authorized:

Unlimited	Common voting shares with no par value
Unlimited	Preferred shares, issuable in series, with rights and privileges to be determined at time of issue

Issued:

Common shares	Number of shares	Value
Balance, December 31, 2020	100	\$ 100
Plan of arrangement	10,512,568	-
Shares returned to treasury	(100)	-
Restated balance, December 31, 2020	10,512,568	100
Private placements	2,000,000	100,000
Shares issued to settle accounts payable	684,300	34,215
Balance, December 31, 2021 and March 31, 2022	13,196,868	\$ 134,315

On December 14, 2021, the Company issued 2,000,000 shares to a company controlled by a director for consideration of \$100,000 to be used in accordance with the Transition Agreement that was in place subsequent to the Plan of Arrangement. These funds were placed in trust and must be used for liabilities that existed as of September 30, 2021.

On December 14, 2021, the Company issued 684,300 common shares to a company controlled by a director to settle accounts payable of \$34,215.

On completion of the Plan of Arrangement, 100 common shares issued on incorporation were returned to treasury and the Company re-issued 10,512,568 common shares to the existing shareholders of TAPC. The comparative period number of shares has been restated to reflect this transaction having occurred and has been reflected as if it occurred on January 1, 2020.

10. RELATED PARTY TRANSACTIONS

The Company has determined that the key management personnel of the Company consist of its officers and directors. The following table provides information on compensation expense related to officers and directors.

	March 31, 2022	March 31, 2021
Consulting fees to a company controlled by directors	\$ 47,500	\$ 39,556

Included in accounts payable are amounts owing to a company controlled by directors \$15,971 (2021 – \$221).

As disclosed in Note 6, TAPC entered into a TAPC LPA with Smoky and 1454871 on July 31, 2017. Pursuant to the terms of the TAPC LPA, Smoky lent TAPC the sum of \$1,326,593 to complete the acquisition of the Waskahigan Assets. The interest rate on the loan principal is 6% per annum. On May 6, 2019, the terms of the loan were modified to include a demand feature. Pursuant to an intercreditor agreement dated effective January 1, 2021 (“**Intercreditor Agreement**”) amongst TAPC, WOGC, Odaat and Smoky, Smoky agreed to assume the debts owing by TAPC effective January 1, 2021 (referred to as the WOGC/Odaat LPA) and to release TAPC from the loans upon completion of the Plan

WASKAHIGAN OIL & GAS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022

In Canadian Dollars

of Arrangement. The loan value as of January 1, 2021 was \$1,152,174. The Company incurred interest expense of \$14,605 (2021 – 16,999) during the period ended March 31, 2022 on this loan. All obligations owing are secured by a general security agreement charging all of the assets of WOGC/Odaat. Gregory J. Leia is President and a director of WOGC, Odaat, Jadela US and BlocNRG and is an officer and director of Smoky and 1454871. Gregory J. Leia owns approx. 65% of the common shares and preferred shares of Smoky.

11. PER SHARE AMOUNTS

Basic income (loss) per share has been calculated using the weighted average number of common shares outstanding during the period of 13,196,868 (2021 – 10,512,658).

12. FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks, including credit risk, capital market risk and liquidity risk, interest rate risk, commodity price risk and foreign exchange risk.

Financial instruments, consisting of cash and cash equivalents, short term investments, trade and other receivables, restricted cash held in trust, accounts payable and accrued liabilities, and loan payable, are recorded at amortized cost. There are no financial instruments recorded at fair value. The Company classifies the fair value of these transactions according to the following hierarchy based on the amount of observable inputs used to value the instrument.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy as following:

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.

At March 31, 2022, the Company's financial instruments approximate their fair value due to their current nature.

As at March 31, 2022

Financial instrument	Classification	Carrying Value (\$)	Fair Value (\$)
Cash and cash equivalents	Amortized cost	150,407	150,407
Trade and other receivables	Amortized cost	132,181	132,181
Short term investments	Amortized cost	14,218	14,218
Prepaid expenses and deposits	Amortized cost	49,526	49,526
Restricted cash held in trust	Amortized cost	210,566	210,566
Accounts payable and accrued liabilities	Amortized cost	201,524	201,524
Loan payable	Amortized cost	1,085,264	1,085,264

WASKAHIGAN OIL & GAS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022

In Canadian Dollars

Credit risk – Consists of cash and cash equivalents, restricted cash held in trust and accounts receivable. A portion of the Company's accounts receivable are with joint venture partners in the petroleum and natural gas industry and are subject to normal credit terms. The Company generally extends unsecured credit to these customers and, therefore, the collection of accounts receivable may be affected by changes in economic or other conditions. The carrying value of accounts receivable reflects management's assessment of the associated credit risk. The Company is also exposed to credit risk on certain deposits to the extent that the Company may not be refunded these amounts. The Company does not anticipate any default or non-performance by its oil and gas sales customers. As such, a provision for doubtful accounts has not been recorded at March 31, 2022.

Liquidity risk - The Company approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its obligations when due, under normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. The Company has to date, required funds from private placements to finance capital expenditures and operations (see note 1).

The Company's financial liabilities and contractual obligations as at March 31, 2022 are due as follows:

Accounts payable and accrued liabilities	\$	201,524	Due within 90 days
Loan payable	\$	1,085,264	Due on demand

Commodity price risk - The Company is exposed to oil and gas commodity price risk and has not entered any financial derivatives to manage this risk.

	March 31, 2022		March 31, 2021	
Commodity price risk sensitivity	Increase (decrease) to net income		Increase (decrease) to net income	
Increase of \$1.00/bbl oil	\$	52	\$	72
Decrease of \$1.00/bbl of oil	\$	(52)	\$	(72)
Increase of \$0.10/Mcf of natural gas	\$	4,473	\$	5,795
Decrease of \$0.10/Mcf of natural gas	\$	(4,473)	\$	(5,795)

Interest rate risk – The risk that future cash flows will fluctuate as a result of changes in market rates. The Company is exposed to fair value interest rate risk on its loan payable as the rate is fixed.

13. CAPITAL DISCLOSURES

The Company' has defined its capital to mean its consolidated shareholders' equity and long-term debt. The Company's objective when managing capital is to maintain the confidence of shareholders and investors in the implementation of its business plans by maintaining sufficient levels of liquidity to fund and support its exploration and development as well as other corporate activities. The Company's capital historically has been derived from the issuance of equity or debentures. Management monitors its financial position on an ongoing basis. Equity or debentures are issued to finance drilling programs and the Company's operations (see notes 1 and 2).

16. REVENUE

The Company sells its oil, natural gas, and natural gas liquids production pursuant to variable price contracts. The transaction price for variable priced contracts is based on a benchmark commodity price, adjusted for quality, location or other factors, whereby each component of the pricing formula (apart

WASKAHIGAN OIL & GAS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022

In Canadian Dollars

from the benchmark commodity price) can be either fixed or variable, depending on the contract terms. Revenues are typically collected on the 25th day of the month following the prior month's production, with revenue being recorded once the product is delivered to a contractually agreed upon delivery point.

The following table presents the Company's production disaggregated by revenue source:

	March 31, 2022		March 31, 2021
Crude oil	\$ 5,768	\$	4,634
Natural gas	216,810		189,714
Condensate	70,313		23,842
Total	\$ 292,891	\$	218,190