

IOCL (USA) Inc.
Balance Sheets

		as of March 31,	
	Note	2025	2024
Assets			
Current assets			
Cash and cash equivalents	4	\$ 4,534,474	\$ 468,380
Accounts receivable	5	659,830	818,463
Certificates of deposit	6	21,578,604	10,093,745
Total current assets		26,772,908	11,380,588
Oil and natural gas properties, net, successful efforts method	7	14,341,878	12,634,390
Deferred tax asset	13	4,224,174	-
Total assets		\$ 45,338,960	\$ 24,014,978
Liabilities and Stockholder's Equity			
Current liabilities			
Accounts payable and accrued liabilities	8	\$ 1,033,137	\$ 539,699
Asset retirement obligations, current	9	304,078	347,908
Total current liabilities		1,337,215	887,607
Asset retirement obligations, non-current	9	354,778	340,652
Total liabilities		1,691,993	1,228,259
Commitments and contingencies			
Stockholder's equity			
Common stock \$0.01 par value; 10,000,000,000 shares authorized; 5,763,538,921 shares issued and outstanding as of March 31, 2025 and 2024, respectively		57,635,390	57,635,390
Accumulated deficit		(13,988,423)	(34,848,671)
Total stockholder's equity		43,646,967	22,786,719
Total liabilities and stockholder's equity		\$ 45,338,960	\$ 24,014,978

See accompanying notes to the financial statements.

IOCL (USA) Inc.
Statements of Operations and Comprehensive Income

		for the years ended March 31,	
	Note	2025	2024
Revenues:			
Revenue from contracts with customers	10	\$ 24,173,294	\$ 10,854,657
Total Revenue		<u>24,173,294</u>	<u>10,854,657</u>
Operating costs and expenses			
Lease operating	11	1,859,112	1,859,227
Production taxes		901,072	201,370
Marketing and distribution		1,113,133	680,835
Depletion, depreciation and amortization	7	4,153,910	2,681,181
General and administrative	12	119,122	115,017
Accretion expense	9	23,846	23,752
Total operating expenses		<u>8,170,195</u>	<u>5,561,382</u>
Operating income		<u>16,003,099</u>	<u>5,293,275</u>
Other (income) / expense			
Finance income		(635,593)	(353,264)
Finance costs		2,618	824
Total other income, net		<u>(632,975)</u>	<u>(352,440)</u>
Income before income tax expense / (benefit)		16,636,074	5,645,715
Income tax expense / (benefit)	13	(4,224,174)	-
Net income and comprehensive income		<u><u>\$ 20,860,248</u></u>	<u><u>\$ 5,645,715</u></u>

See accompanying notes to the financial statements.

IOCL (USA) Inc.
Statements of Changes in Stockholder's Equity
for the years ended March 31, 2025 and 2024

	Common Stock		Accumulated	Total
	Shares issued	Amount	Deficit	Stockholder's Equity
Balance as of March 31, 2023	5,763,538,921	\$ 57,635,390	\$ (40,494,386)	\$ 17,141,004
Net income and comprehensive income	-	-	5,645,715	5,645,715
Balance as of March 31, 2024	5,763,538,921	57,635,390	(34,848,671)	22,786,719
Net income and comprehensive income	-	-	20,860,248	20,860,248
Balance as of March 31, 2025	5,763,538,921	\$ 57,635,390	\$ (13,988,423)	\$ 43,646,967

See accompanying notes to the financial statements.

IOCL (USA) Inc.
Statements of Cash Flows

	for the years ended March 31,	
	2025	2024
Cash flows from operating activities:		
Net income and comprehensive income	\$ 20,860,248	\$ 5,645,715
Adjustments to reconcile net income and comprehensive income to net cash provided by operating activities:		
Depletion, depreciation and amortization	4,153,910	2,681,181
Accretion expense	23,846	23,752
Deferred income tax benefit	(4,224,174)	-
Finance income added to short term deposit	(626,031)	(352,287)
Changes in operating assets and liabilities		
Accounts receivable	158,633	(101,804)
Accounts payable and accrued liabilities	28,482	178,663
Asset retirement obligations settled	(82,272)	(40,906)
Net cash provided by operating activities	20,292,642	8,034,314
Cash flows from investing activities:		
Acquisition of oil and gas properties	(5,832,676)	(7,627,279)
Change in capital expenditure accrual	464,956	(1,798,930)
Purchase of short term deposits	(49,901,371)	(18,854,624)
Redemption of short term deposits (including financing income)	39,042,543	18,500,062
Net cash used in investing activities	(16,226,548)	(9,780,771)
Net increase (decrease) in cash and cash equivalents	4,066,094	(1,746,457)
Cash and cash equivalents - beginning of year	468,380	2,214,837
Cash and cash equivalents - end of year	\$ 4,534,474	\$ 468,380
Supplemental non-cash investing and financing activities:		
ARO liabilities incurred and revisions to estimates	\$ 28,722	\$ 53,730

See accompanying notes to the financial statements.

IOCL (USA) Inc.
Notes to the financial statements
for Year Ended March 31, 2025

Note 1 - Incorporation and Principal Activities

IOCL (USA) Inc. (the "Company") was incorporated on October 1, 2012 as a Texas Corporation. The Company is a wholly-owned subsidiary of Indian Oil Corporation Limited (the "Parent").

The Company is a petroleum exploration and production company engaged in the acquisition, exploration, and development of properties for the production of crude oil and natural gas from underground reservoirs.

IOCL (USA) Inc. acquired a 10% working interest in the producing Niobrara shale project located in Weld, Morgan and Adams Counties in the State of Colorado, USA from Carrizo Oil & Gas Inc., USA on October 1, 2012. Carrizo Oil and Gas has since divested its entire stake in the project to Verdad Resources, LLC ("Verdad") effective September 1, 2017. The acreage is operated by Verdad as well as other companies such as Chevron U.S.A. Inc., Fundare Resources Operating Company, LLC, PDC Energy Inc., Bison Oil & Gas IV, LLC, Civitas Resources, and Bison Oil & Gas III, LLC.

Note 2.1 - Basis of Preparation Statement of Compliance

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. ("US GAAP").

Departure from GAAP

As more fully described below, the Company has identified material accounting errors related to prior periods that have been accounted for as corrections of errors as of and during the year ended March 31, 2025. These accounting errors are the result of incorrectly accounting for oil and natural gas revenue and certain post-production expenses during the year ended March 31, 2025 that relates to prior years. In our opinion, financial statements prepared in accordance with US GAAP require that these errors be accounted for in the appropriate years to which they relate and should not be accounted for as corrections of errors during the year ended March 31, 2025. The impact of accounting for these corrections of errors during the year ended March 31, 2025 is a departure from GAAP and resulted in net income being overstated by \$7,891,593. Net income for the years ended March 31, 2024 and 2023 is understated by \$7,279,262 and \$612,332, respectively. Refer to the table below for the impact on Statements of Operations and Comprehensive Income on each respective year.

	Year ending March 31,		
	2025	2024	2023
Revenue from contracts with customers	\$ (10,389,537)	\$ 9,577,227	\$ 812,310
Less post production expenses:			
Severance taxes	(376,794)	340,250	36,544
Marketing and distribution	(335,824)	311,976	23,848
Total post production expenses	(712,618)	652,226	60,392
Depletion, depreciation and amortization	(1,785,326)	1,645,739	139,586
Net Income (overstated) understated	\$ (7,891,593)	\$ 7,279,262	\$ 612,332

IOCL (USA) Inc.
Notes to the financial statements
for Year Ended March 31, 2025

Note 2.1 - Basis of Preparation Statement of Compliance (Continued)

Basis of measurement

The financial statements have been prepared on a historical cost basis except, when necessary, certain items are measured at fair value or using methods as described in the notes to the financial statements. The accounting policies adopted are set out below and have been consistently applied.

The financial statements are presented in United States dollars (“\$” or “USD”) except as otherwise stated. The financial statements provide comparative information in respect of the previous period.

Note 2.2 - Summary of Significant Accounting Policies

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheets based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Company classifies all other liabilities as non-current.

b) Joint arrangements

The Company’s exploration, development and production activities are generally conducted in joint arrangement with other companies.

IOCL (USA) Inc.
Notes to the financial statements
for the year ended March 31, 2025

Note 2.2 - Summary of Significant Accounting Policies (Continued)

b) Joint arrangements (continued)

To be classified as a joint arrangement, the contract between parties of joint arrangements require that all parties take all of the output at a price covering the costs of the arrangement and provides rights to the underlying assets and obligations for the liabilities of the arrangement.

The Company recognizes its assets, liabilities and expenses relating to its interests in joint operations, including its share of assets held jointly and liabilities and expenses incurred jointly with other parties according to the applicable standards and accounting policies. Since all of the output is taken by the parties and there is a joint operation, the Company only recognizes revenue when it sells its share of output to third parties.

c) Revenue from contracts with customers

The Company follows Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606) Accounting Standards Codification (“ASC”) 606 (“ASC 606”) using the modified retrospective method and has applied the standard to all existing contracts. ASC 606 includes a five-step revenue recognition model to depict the transfer of goods or services to customers in an amount that reflects the consideration in exchange for those goods or services.

The Company is in the business of selling crude oil, natural gases and natural gas liquids (“NGLs”) generated from Niobrara Formation area in Weld, Morgan, and Adams counties of the State of Colorado. The Company’s oil and natural gas revenues are distributed directly from the operator who sells on the Company’s behalf to various purchasers the Company’s share of oil, natural gas and NGLs which may be subject to operator obligated processing, treating and delivery contracts.

Revenue is recognized when control of the products has been transferred to the purchaser and generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism, depending on the contractually agreed terms. The Company believes that the disaggregation of revenue into these three major product types appropriately depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors based on its single geographic location.

Revenues from the sale of oil, natural gas and NGLs is recorded net of royalties. An accrual is recorded at each reporting period by estimating the oil, natural gas and NGL volumes produced and delivered, net of royalties, and corresponding prices for periods when actual production information is not available. Crude oil that remains within the field tanks, natural gas that remains in a pipeline and natural gas liquids that remain within a tank that is not sold at each reporting period is considered not produced.

IOCL (USA) Inc.
Notes to the financial statements
for the year ended March 31, 2025

Note 2.2 - Summary of Significant Accounting Policies (Continued)

c) Revenue from contracts with customers (continued)

The transaction price used to recognize revenue is a function of the contract billing terms of the operator taking into account volumes at contractually based rates with payment typically required within 30 to 60 days of the end of the production month. At the end of each month when the performance obligation is satisfied, the variable consideration can be reasonably estimated and amounts due from operator are accrued in accounts receivable in the balance sheets (See Note 5). Taxes assessed by governmental authorities on crude oil, natural gas and NGLs and costs associated with processing, treating and delivery contracts are typically netting within the selling price received or when remitted. Taxes assessed are presented separately from revenues in the statements of operations as production taxes and other post-production costs are presented as marketing and distribution costs since control of production sold passes to the purchasers subject to the operator's terms under these contracts.

The Company follows the practical expedient in ASC 606 exempting the disclosure of the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Each unit of product typically represents a separate performance obligation; therefore, future volumes are wholly unsatisfied and disclosure of the transaction price allocated to remaining performance obligation is not required.

Contract balances accounts receivable

As referred to above, accounts receivable result from sale of crude oil, natural gas and NGLs. The majority of these receivables have payment terms of 30 to 60 days. The Company continually monitors the creditworthiness of the counterparties and at the end of each reporting period, assesses the recoverability of all material receivables using historical data, current market conditions, and reasonable and supportable forecasts of future economic conditions to determine expected collectability. An allowance is recorded for expected credit losses when necessary to reflect the net amount expected to be collected.

d) Business concentration

One customer accounted for approximately 93% of the Company's total revenue during the year ended March 31, 2025, and two customers accounted for approximately 84% of accounts receivable as of March 31, 2025. Two vendors accounted for approximately 87% of operating expenses during the year ended March 31, 2025, and two vendors accounted for approximately 95% of accounts payable and accrued expenses at March 31, 2025. During the year ended March 31, 2024, one customer accounted for approximately 86% of the Company's total revenue and two customers accounted for approximately 82% of accounts receivable as of March 31, 2024. During the year ended March 31, 2024, two vendors accounted for approximately 86% of operating expenses and one vendor accounted for 49% of accounts payable and accrued expenses at March 31, 2024.

IOCL (USA) Inc.
Notes to the financial statements
for the year ended March 31, 2025

Note 2.2 - Summary of Significant Accounting Policies (Continued)

e) Cash and cash equivalents

Cash and cash equivalents include cash at banks and all highly liquid short-term deposits with original maturities of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents consists of cash at banks and short-term deposits as defined above.

Other short-term deposits with original maturities of more than three months and remaining maturities of less than twelve months are classified within other assets.

f) Oil and natural gas properties

The Company uses the successful efforts method of accounting for oil and natural gas producing activities. Costs to acquire mineral interests in oil and natural gas properties, costs to drill and equip exploratory wells that find proved reserves, costs to drill and equip development wells, and related asset retirement costs are capitalized as oil and gas properties. With respect to amounts paid by the Company for its prior carry obligation, they were recorded to oil and natural gas properties based on cost categories incurred as tangible and intangible drilling costs, completion costs and production equipment. Additionally, interest costs, if appropriate, are capitalized to property and equipment during the period that unevaluated leasehold costs and costs of wells in progress are undergoing development and preparation for their intended use until reserves have been identified. Costs to drill exploratory wells that do not find proved reserves, geological and geophysical costs, and costs of carrying and retaining unevaluated properties are expensed as incurred.

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Unevaluated leasehold cost is stated at cost, net of accumulated impairment losses, if any.

Depletion and depreciation

Depreciation is not recorded on unevaluated property costs, costs of wells in progress and related capitalized interest costs, if any, until the related costs are considered developed or until proved reserves are found.

Capitalized costs of producing oil and natural gas properties, after considering estimated residual salvage values, are depreciated and depleted on a field level (common reservoir) using the unit-of-production method using proved producing oil and natural gas reserves of the field.

Evaluated oil and natural gas leasehold costs are depleted using the unit-of-production method based on total proved oil and natural gas reserves.

Estimates of the residual values of property, plant and equipment are reviewed annually and adjusted if appropriate. Changes in estimates are accounted for prospectively over the remaining reserves of the field or remaining life of the asset.

Sale or retirement

Upon sale or retirement of a complete unit of an evaluated property, the cost and related accumulated depreciation, depletion, and amortization are eliminated from the property accounts, and the resulting gain or loss is recognized in the statement of operations and comprehensive income. On the retirement or sale of a partial unit of evaluated property, the cost and related accumulated depreciation, depletion, and amortization apportioned to the interest retired or sold are eliminated from the property accounts, and the resulting gain or loss is recognized in the statements of operations and comprehensive income.

IOCL (USA) Inc.
Notes to the financial statements
for the year ended March 31, 2025

Note 2.2 - Summary of Significant Accounting Policies (Continued)

Sale or retirement (continued)

Upon sale of an entire interest in an unevaluated property, gain or loss on the sale is recognized, taking into consideration the amount of any recorded impairment if the property had been assessed individually. If a partial interest in an unevaluated property is sold, the amount received is treated as a reduction of the cost of the interest retained.

Impairment

Evaluated oil and natural gas properties are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable, which is generally performed at the field level. If assets are determined to be impaired, the carrying amounts of those assets are written down to their recoverable amount, which is the higher of fair value less costs to sell and the carrying value.

Estimates of future undiscounted net cash flows are determined by a third-party petroleum engineering firm for oil and natural gas properties to determine the recoverability of carrying amounts. If the net cost exceeds the undiscounted future net cash flows, then the fair value is determined using the discounted future net cash flows as the new carrying value with any excess net cost recorded as impairment with a corresponding amount recorded to accumulated depreciation, depletion and amortization.

Impairment losses are recognized in the statements of operations and comprehensive income. As of March 31, 2025 and 2024, no impairment of proved oil and natural gas properties was required.

Unevaluated oil and natural gas properties are periodically assessed for impairment of value, and a loss is recognized at the time of impairment by providing an impairment allowance. As unevaluated leases expire and are not renewed estimated costs of these leases are charged to abandonment expense. Unevaluated oil and natural gas properties cost was \$nil and \$nil at March 31, 2025 and 2024, respectively. Abandonment of expired leases charged to expense totaled \$nil and \$nil for the years ended March 31, 2025 and 2024, respectively.

g) Asset retirement obligations (ARO)

The Company records an asset retirement obligation for the abandonment of oil and natural gas producing properties to be incurred at the end of the producing life of each well. An ARO is recognized at the time an obligation is incurred and is measured at its estimated fair value. Fair value is measured using expected future cash outflows which considers an estimate of the cost to plug and abandon wells (excluding salvage value), future inflation rates and is discounted at the Company's credit-adjusted risk-free interest rate. The fair value of the estimated asset retirement cost is capitalized as part of the carrying amount of the oil and natural gas property and depleted with the corresponding proved oil and natural gas property using the unit-of-production method. Accretion expense is recognized over time as the discounted liability is accreted to its expected settlement and included in the statements of operations and comprehensive income.

Periodically the asset retirement obligation is re-evaluated to determine if a revision to the estimate is necessary due to changes in the timing or the amount of the original estimated undiscounted cash flows. Changes are recognized as an increase or decrease in the ARO and the related oil and natural gas property. If a decrease in the provision exceeds the asset's carrying amount, the excess is recognized in the statements of operations and comprehensive income. The adjusted carrying amount of the asset is depleted prospectively over the remaining reserves of the field.

IOCL (USA) Inc.
Notes to the financial statements
for the year ended March 31, 2025

Note 2.2 - Summary of Significant Accounting Policies (Continued)

h) Taxation

Income tax expense (benefit) represents the sum of current and deferred tax. Income tax assets and liabilities are presented separately in the financial statements except where there is a right of offset within fiscal jurisdictions, which are recorded as non-current on a net basis.

Current tax

Current income tax expense (benefit) is based on the taxable profit/(loss) for the year. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted by the reporting date.

The state of Texas has a gross margin tax of 0.75% that is levied on taxable margin. Taxable margin is defined as total revenue less deduction for costs of goods sold or compensation and benefits in which total calculated taxable margin cannot exceed 70% of total revenue. The state of Colorado has an income tax rate of 4.63% that is levied on taxable income.

Deferred tax

Deferred tax expense (benefit) is recognized using the asset and liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts at the reporting date in the financial statements.

Deferred tax assets are recognized for all deductible temporary differences and the carry forward of any unused tax losses. Deferred tax assets are recognized in full and a valuation allowance is separately recognized to the extent it is more likely than not that the deferred tax asset will not be realizable.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are currently enacted and applicable to the period in which the deferred tax asset is expected to be realized, or the deferred tax liability is expected to be settled.

As changes in tax laws or rates occur, deferred tax assets and liabilities are adjusted through the provision for income taxes.

Uncertain tax positions

The impact of an uncertain tax position is recognized only if it is more likely than not of being sustained upon examination of the relevant taxing authority. The Company has taken no uncertain tax positions that require adjustment to the financial statements. The Company accounts for interest and penalties assessed as a result of an examination, if any, in income tax expense. The Company had no tax-related interest or penalties for the years ended March 31, 2025 and 2024.

i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in USD (\$), which is also the Company's functional currency.

IOCL (USA) Inc.
Notes to the financial statements
for the year ended March 31, 2025

Note 2.2 - Summary of Significant Accounting Policies (Continued)

j) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Financial assets are classified, at initial recognition and subsequently measured at amortized cost, at fair value through other comprehensive income (loss), and fair value through profit or loss. The classification of financial assets at initial recognition is determined by the contractual cash flows and where applicable the Company's business model for managing the financial assets.

A financial asset is measured at amortized cost, if the objective of the business model is to hold the financial asset in order to collect contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. It is initially recognized at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently the financial asset is measured using the effective interest method less any impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets include accounts receivables, cash and cash equivalents and certificates of deposit. Accounts receivables are initially recognized at fair value based on the amounts exchanged and are subsequently measured at amortized cost less any provision for impairment.

De-recognition

A financial asset is de-recognized when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had previously been recognized in other comprehensive income/(loss) is recognized in the statements of operations and comprehensive income.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include accounts payable and accrued liabilities.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (payables, loans and borrowings)

The classification depends on the nature of the underlying liabilities, with management determining the classification of financial liabilities at initial recognition.

IOCL (USA) Inc.
Notes to the financial statements
for the year ended March 31, 2025

Note 2.2 - Summary of Significant Accounting Policies (Continued)

**k) Financial instruments – initial recognition and subsequent measurement
(continued)**

De-recognition

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statements of operations and comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheets if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

l) Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date in accordance with Financial Accounting Standards Board ("FASB") ASC 820, "Fair Value Measurements and Disclosures," which defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements.

A three-level valuation hierarchy for disclosure of fair value measurements categorizes assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. See Note 15 "Fair Value Measurements".

- a. Level 1 inputs include observable inputs such as quoted prices in active markets at the measurement date for identical, unrestricted assets or liabilities.
- b. Level 2 inputs include inputs that are observable directly or indirectly such as quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.
- c. Level 3 inputs include unobservable inputs for which there is little or no market data and which the Company makes its own assumptions about how market participants would price the assets and liabilities.

m) Leases

The Company follows ASU 2016-02, which created ASC 842 Leases. The standard requires lessees to recognize a right-of-use (ROU) asset and lease liability on the balance sheet for the rights and obligations created by leases. This standard does not apply to leases to explore for or use minerals, oil, natural gas or similar nonregenerative resources, including the intangible right to explore for those resources and rights to use the land in which those natural resources are contained. The standard does not have any impact on the Company since the Company does not have any active leases.

IOCL (USA) Inc.
Notes to the financial statements
for the year ended March 31, 2025

Note 2.2 - Summary of Significant Accounting Policies (Continued)

n) Financial Instruments - credit losses

The Company follows ASU 2016-13, which requires a valuation allowance for credit losses be recognized for certain financial assets that reflects the current expected credit loss over the asset's contractual life. The valuation allowance considers the risk of loss, even if remote, and considers past events, current conditions and expectations of the future. The oil and natural gas industry is highly volatile and is continually evaluated for increased risk of credit loss. Based on past experience, the credit worthiness of purchasers and risks associated with the industry in which the Company operates an estimated allowance for expected credit losses is considered to be nil as of March 31, 2025 and 2024.

Note 3 - Significant Judgments, Assumptions and Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

Significant estimates include volumes of oil and natural gas reserves used in calculating depreciation, depletion and amortization of oil and natural gas properties, future net revenues and abandonment obligations, impairment of developed and undeveloped properties, estimates of asset retirement obligations, the collectability of outstanding accounts receivable, contingencies, and the results of any current and future litigation. Oil and natural gas reserve estimates, which are the basis for unit-of-production depreciation and depletion, have numerous inherent uncertainties. The accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. Subsequent drilling results, testing, and production may justify revision of such estimates. Accordingly, reserve estimates are often different from the quantities of oil and natural gas that are ultimately recovered. In addition, reserve estimates are sensitive to changes in wellhead prices of crude oil and natural gas. Such prices have been volatile in the past and can be expected to be volatile in the future.

The Company's significant estimates are based on current assumptions that may be materially affected by changes to future economic conditions, such as the market prices received for sales of volumes of oil and natural gas and are primarily based upon the data and information received from the operators. Future changes in these assumptions may affect these estimates materially in the near term.

Note 4 - Cash and Cash Equivalents

Cash and cash equivalents at March 31 are as follows:

	2025	2024
Cash at bank-MMD	\$ 53,353	\$ 53,082
Liquid assets less than 90 day term	2,500,000	-
Cash at bank-other	1,981,121	415,298
Total	\$ 4,534,474	\$ 468,380

Cash at banks - MMD earns interest at floating rates based on daily bank deposit short-term rates.

IOCL (USA) Inc.
Notes to the financial statements
for the year ended March 31, 2025

Note 5 - Accounts Receivable

Accounts receivable at March 31 are as follows:

	2025	2024	2023
Trade receivables - oil and natural gas	\$ 659,830	\$ 818,463	\$ 716,659
Total	\$ 659,830	\$ 818,463	\$ 716,659

Trade receivables are unsecured amounts due from the operators and are generally payable within 30 to 60 days from the date of oil, natural gas and NGL delivery. As of March 31, 2025, 2024 and 2023, all trade accounts – oil and natural gas were deemed collectible therefore no allowance for credit losses was required to be recorded.

As of 3/31/2025

Particulars	Un-billed	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	
i) Undisputed Trade Receivables - considered good	\$ 547,767	\$ -	\$ 15,990	\$ -	\$ 90,396	\$ 5,677	\$ 659,830
ii) Undisputed Trade Receivables - which have significant increase in credit risk							
iii) Undisputed Trade Receivables - credit impaired							
iv) Disputed Trade Receivables - considered good							
v) Disputed Trade Receivables - which have significant increase in credit risk							
vi) Disputed Trade Receivables - credit impaired							

As of 3/31/2024

Particulars	Un-billed	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 6 months	6 months - 1 year	1-2 years	More than 3 years	
i) Undisputed Trade Receivables - considered good	\$ 669,063	\$ -	\$ 47,964	\$ 5,363	\$ 90,396	\$ 5,677	\$ 818,463
ii) Undisputed Trade Receivables - which have significant increase in credit risk							
iii) Undisputed Trade Receivables - credit impaired							
iv) Disputed Trade Receivables - considered good							
v) Disputed Trade Receivables - which have significant increase in credit risk							
vi) Disputed Trade Receivables - credit impaired							

As of 3/31/2023

Particulars	Un-billed	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 6 months	6 months - 1 year	1-2 years	More than 3 years	
i) Undisputed Trade Receivables - considered good	\$ 353,510	\$ -	\$ 182,642	\$ 136,623	\$ 43,884	\$ -	\$ 716,659
ii) Undisputed Trade Receivables - which have significant increase in credit risk							
iii) Undisputed Trade Receivables - credit impaired							
iv) Disputed Trade Receivables - considered good							
v) Disputed Trade Receivables - which have significant increase in credit risk							
vi) Disputed Trade Receivables - credit impaired							

IOCL (USA) Inc.
Notes to the financial statements
for the year ended March 31, 2025

Note 6 – Certificates of Deposit

Certificates of Deposit at March 31 are as follows:

Current	2025	2024
Short term deposits having original maturity of more than three months but less than 12	\$ 21,578,604	\$ 10,093,745
Total	\$ 21,578,604	\$ 10,093,745

Short-term deposits are made with banks for varying periods of between three months and 12 months, depending on the cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Note 7 - Oil and Natural Gas Properties

	Oil and natural gas properties			
	Leasehold and development	Capital Work in Progress	Unevaluated leasehold costs	Total
Cost				
At April 1, 2023	\$ 82,358,541	\$ -	\$ -	\$ 82,358,541
Additions	7,627,279	-	-	7,627,279
Transfers	-	-	-	-
Disposals	-	-	-	-
ARO liabilities incurred and revisions to estimates	53,730	-	-	53,730
At March 31, 2024	90,039,550	-	-	90,039,550
Additions	4,610,444	1,222,232	-	5,832,676
Transfers	-	-	-	-
Disposals	-	-	-	-
ARO liabilities incurred and revisions to estimates	28,722	-	-	28,722
At March 31, 2025	\$ 94,678,716	\$ 1,222,232	\$ -	\$ 95,900,948
Depletion, depreciation and impairment				
At April 1, 2023	\$ 74,723,979	-	\$ -	\$ 74,723,979
Charge for the period	2,681,181	-	-	2,681,181
At March 31, 2024	77,405,160	-	-	77,405,160
Charge for the period	4,153,910	-	-	4,153,910
At March 31, 2025	\$ 81,559,070	\$ -	\$ -	\$ 81,559,070
Net book value				
At March 31, 2025	\$ 13,119,646	\$ 1,222,232	\$ -	\$ 14,341,878
At March 31, 2024	\$ 12,634,390	\$ -	\$ -	\$ 12,634,390

During fiscal year 2025, capital expenditures of USD \$5.8 million (\$4.6M in leasehold and development cost and \$1.2M in capital work in progress) have been incurred in the Niobrara Shale Project, USA (USD \$7.6 million - fiscal year 2024).

IOCL (USA) Inc.
Notes to the financial statements
for the year ended March 31, 2025

Note 8 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are non-interest bearing and have an average term of 30 days. Accounts payable and accrued liabilities at March 31 are as follows:

	<u>2025</u>	<u>2024</u>
Accounts payable	\$ 866,490	\$ 378,438
Accounts payable - Parent	2,547	2,611
Accrued liabilities	164,100	158,650
Total	<u>\$ 1,033,137</u>	<u>\$ 539,699</u>

As of 3/31/2025

Particulars	Un-billed	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Related Party - undisputed	\$ -	\$ -	\$ 2,547	\$ -	-	-	\$ 2,547
ii) Others - undisputed	214,231	-	737,902	47,909	25,280	5,268	1,030,590
	<u>\$ 214,231</u>	<u>\$ -</u>	<u>\$ 740,449</u>	<u>\$ 47,909</u>	<u>\$ 25,280</u>	<u>\$ 5,268</u>	<u>\$ 1,033,137</u>

As of 3/31/2024

Particulars	Un-billed	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Related Party - undisputed	\$ -	\$ -	\$ 2,611	\$ -	\$ -	\$ -	\$ 2,611
ii) Others - undisputed	194,650	-	311,890	25,280	5,268	-	537,088
	<u>\$ 194,650</u>	<u>\$ -</u>	<u>\$ 314,501</u>	<u>\$ 25,280</u>	<u>\$ 5,268</u>	<u>\$ -</u>	<u>\$ 539,699</u>

Note 9 - Asset Retirement Obligations

A summary of the changes in the asset retirement obligations for the years ending March 31 are as follows:

	<u>2025</u>	<u>2024</u>
Beginning of year	\$ 688,560	\$ 651,984
Liabilities incurred	50,471	29,167
Revisions of estimate	(21,749)	24,563
Liabilities settled	(82,272)	(40,906)
Accretion expense	23,846	23,752
End of year	<u>\$ 658,856</u>	<u>\$ 688,560</u>
Current	\$ 304,078	\$ 347,908
Non- current	\$ 354,778	\$ 340,652

IOCL (USA) Inc.
Notes to the financial statements
for the year ended March 31, 2025

Note 9 - Asset Retirement Obligations (Continued)

Asset retirement obligations are estimated at \$40,000 (2024: \$40,000) per well at March 31, 2025. The Company accounts for its share of the abandonment cost confirmed by different operators for wells and facilities. Management expects that the present value of the asset retirement obligation is sufficient to meet the Company's obligations at the end of the useful life of the wells as at March 31, 2025. The asset retirement obligation as at March 31, 2025 is determined by discounting the expected future obligations using a credit adjusted discount rate ranging from 1.94% to 5.50% (2024: 1.94% to 5.50%) and is expected to be incurred in different years based on remaining life of the respective wells. The credit adjusted discount rate used for discounting the expected obligation is subject to review on an annual basis.

Note 10 - Revenue from Contracts with Customers

Disaggregated revenue information for the years ended March 31 is as follows:

	<u>2025</u>	<u>2024</u>
Type of goods		
Sale of oil	\$ 21,651,772	\$ 8,966,503
Sale of gas	874,264	968,318
Sale of NGLs	1,647,258	919,836
Total	<u><u>\$ 24,173,294</u></u>	<u><u>\$10,854,657</u></u>

Revenue is recognized at point in time based on when delivery has occurred, and control has passed to the purchaser.

	<u>2025</u>	<u>2024</u>
Geographical markets		
USA	\$ 24,173,294	\$10,854,657
Other	-	-
Total	<u><u>\$ 24,173,294</u></u>	<u><u>\$10,854,657</u></u>

Contract balances

The Company's contract balances represent accounts receivable. See Note 5 "Accounts Receivable".

IOCL (USA) Inc.
Notes to the financial statements
for the year ended March 31, 2025

Note 11 - Lease Operating Expense

Lease operating costs for the years ended March 31 are as follows:

	2025	2024
Staff cost	\$ 342,840	\$ 331,381
Contract services	30,612	37,239
Chemicals	62,385	57,359
Rental for equipment	304,438	252,527
Professional and legal fees	57,744	56,312
Electricity / power, fuel and water	19,471	18,100
Overhead	170,020	162,227
Salt water disposal / hauling	120,049	87,921
Pollution control	216,143	234,038
Workovers and repairs and maintenance	305,188	254,680
Miscellaneous expenses	230,222	367,443
Total	\$ 1,859,112	\$ 1,859,227

Note 12 - General and Administrative Expense

General and Administrative expense for the years ended March 31 are as follows:

	2025	2024
Legal services	\$ 18,082	\$ 10,480
Accounting fees	10,400	15,000
Audit fees	38,000	38,750
Annual license fee	2,547	2,611
Miscellaneous expenses	50,093	48,176
Total	\$ 119,122	\$ 115,017

Note 13 - Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes using a U.S. Federal statutory corporate rate of 21% as of March 31, 2025 and 2024. During the year ended March 31, 2025, the valuation allowance previously provided totaling \$8,285,772 was reversed as it was determined that based on estimates of future taxable income that the remaining deferred tax asset was realizable. Significant components of the Company's net deferred tax assets as of March 31, are as follows:

	2025	2024
Differences in depletion, depreciation, and amortization of property for tax purposes	\$ 100,316	\$ (22,485)
Federal net operating loss carryforward	3,555,415	7,139,202
State net operating loss carryforward	568,443	1,169,055
Valuation allowance	-	(8,285,772)
Deferred tax assets, net	\$ 4,224,174	\$ -

IOCL (USA) Inc.
Notes to the financial statements
for the year ended March 31, 2025

Note 13 - Income Taxes (Continued)

The Company had a net operating loss carry forward available at March 31, 2025 that amounts to \$16,930,546 of which \$4,569,776 will begin to expire in 2038 and \$12,360,770 will be carried forward indefinitely. Income tax benefit for the years ended March 31, 2025 and 2024 differ from the amount computed by applying the U.S. federal income tax rate of 21% to pre-tax income, as a result of the following:

	2025	2024
Income tax expense (benefit) at statutory rate	\$ 3,478,006	\$ 1,185,600
State taxes	583,592	208,897
Valuation allowance	(8,285,772)	(1,394,497)
Total tax expense (benefit)	\$ (4,224,174)	\$ -

Note 14 - Financial Instruments

Financial assets and financial liabilities at March 31 are as follows:

	2025	2024
Financial assets		
Accounts receivable (Note 5)	\$ 659,830	\$ 818,463
Certificates of deposit (Note 6)	21,578,604	10,093,745
Total financial assets	\$ 22,238,434	\$ 10,912,208
Total current	\$ 22,238,434	\$ 10,912,208
Total non-current	\$ -	\$ -
At amortized cost		
Accounts payable and accrued liabilities (Note 8)	\$ 1,033,137	\$ 539,699
Total financial liabilities	\$ 1,033,137	\$ 539,699
Total current	\$ 1,033,137	\$ 539,699
Total non-current	\$ -	\$ -

Note 15 - Fair Value Measurement

Management of the Company assessed the fair values of accounts receivable, other current financial assets, cash and cash equivalents and accounts payable and accrued liabilities which approximate their carrying amounts largely due to the short-term maturities of these instruments.

IOCL (USA) Inc.
Notes to the financial statements
for the year ended March 31, 2025

Note 15 - Fair Value Measurement (Continued)

There is a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy categorizes assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. The three levels are defined as follows:

- d. Level 1 inputs include observable inputs such as quoted prices in active markets at the measurement date for identical, unrestricted assets or liabilities.
- e. Level 2 inputs include inputs that are observable directly or indirectly such as quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.
- f. Level 3 inputs include unobservable inputs for which there is little or no market data and which the Company makes its own assumptions about how market participants would price the assets and liabilities.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The initial measurement of asset retirement obligations at fair value is calculated using discounted cash flow techniques and based on internal estimates of future retirement costs associated with property, plant and equipment.

Significant Level 3 inputs used in the calculation of asset retirement obligations include plugging costs, reserve lives, credit adjusted discount rates and inflation rates. A reconciliation of the Company's asset retirement obligations is presented in Note 9 – "Asset Retirement Obligations".

Significant Level 3 inputs associated with the calculation of discounted cash flows used in the impairment analysis include the Company's estimate of future crude oil, natural gas, and NGLs prices, production costs, development expenditures, anticipated production of proved reserves, appropriate risk-adjusted discount rates and other relevant data (see Note – 2.2 "Summary of Significant Accounting Policies" under the caption "Oil and natural gas properties").

Note 16 - Financial Risk Management

Financial instruments, risk management objectives and policies

The Company's principal financial liabilities comprise accounts payable and accrued liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include accounts receivable, certificates of deposit and cash and cash equivalents that are derived directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk.

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Review of proposed investments and compliance with target asset allocations is monitored by the Board of Directors on a regular basis.

IOCL (USA) Inc.
Notes to the financial statements
for the year ended March 31, 2025

Note 16 - Financial Risk Management (Continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and commodity price risk. Financial instruments affected by market risk include cash and cash equivalents and certificates of deposit.

The Company's strategy for the management of market risk is driven by the Company's investment objective of making investments in income generating assets in target markets. Market risks are monitored regularly by the Board of Directors in accordance with the policies and procedures in place.

The Company is not exposed to currency risk since all operating activities are denominated in U.S. \$ and not exposed to interest rate risk since there are no outstanding obligations with variable interest rates.

Commodity price risk

The Company is exposed to commodity price risks related to oil, natural gas and NGLs. Per risk management policies, the Parent undertakes commodity hedging strategies to mitigate the risk within approved limits.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company. It arises principally from cash and cash equivalents and accounts receivable.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Risk Management

The Company maintains its cash with financial institutions it believes have a high credit quality. The Company at times maintains bank deposits in excess of federally-insured limits. The possibility of a loss exists if the bank holding excess deposits was to fail. All of the Company's accounts receivable are from its operators of the Company's oil, natural gas, and NGL properties resulting from oil and natural gas sales. To mitigate this credit risk, the Company closely monitors the payment history and credit worthiness of its operators.

Impairment of financial assets

The Company has applied the simplified approach which requires expected lifetime credit losses to be recognized from initial recognition of the accounts receivable. In calculating the expected credit loss rates, the Company considers historical loss rates and adjusts for forward-looking macroeconomic data.

As of March 31, 2025 and 2024, the Company has insignificant credit risk exposure in relation to accounts receivable.

IOCL (USA) Inc.
Notes to the financial statements
for the year ended March 31, 2025

Note 16 - Financial Risk Management (Continued)

Financial assets that are neither past due nor impaired

Cash and bank balances that are neither past due nor impaired are mainly deposits with banks with high credit- ratings assigned by international credit-rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its commitments associated with financial liabilities. Liquidity risk may emanate from inability to sell a financial asset quickly at an amount close to its fair value. The Company monitors its liquidity risk and maintains adequate financing to fund its obligations when they come due and to mitigate the effects of fluctuations in cash flows.

Contractual maturity for financial liabilities

The table below analyses the maturity profile of the financial liabilities of the Company based on contractual undiscounted cash flows:

	Contractual cash flows			
	Carrying value	Total	Between 1 to 3 months	Between 3 to 12 months
At March 31, 2025				
Accounts payable and accrued liabilities (Note 8)	<u>\$ 1,033,137</u>	<u>\$ 1,033,137</u>	<u>\$ 1,033,137</u>	<u>\$ -</u>
At March 31, 2024				
Accounts payable and accrued liabilities (Note 8)	<u>\$ 539,699</u>	<u>\$ 539,699</u>	<u>\$ 539,699</u>	<u>\$ -</u>

Note 17 - Capital Management

The primary objective of the Company is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize stockholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and its financial requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to stockholders, return capital to stockholders or issue new shares.

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders.

IOCL (USA) Inc.
Notes to the financial statements
for the year ended March 31, 2025

Note 18 - Commitments and Contingencies

In the normal course of business, the Company is subjected to claims, legal actions, contract negotiations, and disputes. The Company is subject to contingencies as a result of environmental laws and regulations. The Company provides for losses, if any, in the year in which they can be reasonably estimated. In management's opinion, there are currently no such matters outstanding that would have a material effect on the accompanying financial statements.

Note 19 - Subsequent Events

Management has evaluated subsequent events through May 2, 2025, which is the date the financial statements were available to be issued and has determined that there were no other subsequent events to be reported.