



FINANCIAL STATEMENTS

As at and for the year ended December 31, 2023

DECEMBER 31, 2023

MANAGEMENT'S REPORT

To the Shareholders of Courser Energy Ltd.:

Management is responsible for the preparation of the annual Courser Energy Ltd. financial statements. The financial statements have been prepared in accordance with the accounting policies detailed in the notes thereto. In Management's opinion, the financial statements are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and include certain estimates that reflect Management's best judgments.

Management is responsible for the integrity of the financial statements. Management has developed and maintains an adequate system of internal control over financial reporting which provides reasonable assurance that all transactions are recorded, that the financial statements realistically report the Company's operating and financial results, and that the Company's assets are safeguarded from loss or unauthorized use. Management believes that this system of internal controls has operated effectively for the year ended December 31, 2023. The Company has effective disclosure controls and procedures to ensure timely and accurate disclosure of material information relating to the Company which complies with the requirements of Canadian securities legislation.

The Board of Directors has approved the information contained in the financial statements. Their financial statement related responsibilities are fulfilled mainly through the Audit Committee, which is composed entirely of independent directors and includes at least one director with financial expertise. The Audit Committee meets regularly with management and the external auditors to discuss reporting issues and ensures each party is properly discharging its responsibilities. The Audit Committee also considers the independence of the external auditors and reviews their fees.

The financial statements have been audited by Ernst & Young LLP, independent registered Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders.



/s/ John Zahary

Chairman



/s/ Chris McGinnis
President



/s/ Nathan Kunec
Chairman of Audit Committee

April 19, 2024



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Courser Energy Ltd.

Opinion

We have audited the financial statements of Courser Energy Ltd. (the Company), which comprise the statement of financial position as of December 31, 2023 and 2022, and the statement of operations and comprehensive income (loss), statement of changes in equity and statement of cash flows for the years then ended and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit 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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's discussion and analysis

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the management discussion and analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young LLP

Chartered Professional Accountants

Ernst & Young LLP
Calgary, Alberta

April 19, 2024

Statements of Financial Position
(Canadian dollars)

	Note	December 31, 2023	December 31, 2022
Assets			
Current assets			
Cash		\$ -	\$ 331,308
Accounts receivable	6	882,869	903,538
Prepaid expenses and deposits		33,898	169,151
		916,767	1,403,997
Right of use asset			
Exploration and evaluation	8,9	51,077	-
Property, plant, and equipment	8,9	1,512,947	757,172
		19,752,515	19,281,320
		\$ 22,233,306	\$21,442,489
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10	\$ 1,447,567	\$ 2,149,308
Bank loan	11	192,360	-
Decommissioning – current portion	18	339,916	-
		1,979,843	2,149,308
Lease Liability			
Decommissioning and other	18	51,505	-
		8,747,016	9,289,164
		10,778,364	11,438,472
Shareholders' equity			
Share capital	19	65,023,670	62,592,275
Contributed surplus		8,589,058	8,501,555
Deficit		(62,157,786)	(61,089,813)
		11,454,942	10,004,017
		\$ 22,233,306	\$ 21,442,489

See accompanying notes to the financial statements.

Statements of Operations and Comprehensive Income (Loss)
(Canadian dollars)

		Twelve months ended December 31,	
	Note	2023	2022
Revenue			
Petroleum and natural gas sales	14	\$ 11,082,390	\$ 12,841,163
Royalties		(1,549,635)	(2,152,563)
Revenue, net of royalties		9,532,755	10,688,600
Saskatchewan resource tax		(115,916)	(139,252)
Other income	15	116,178	1,563,438
Gain on settlement of claim balances	16	-	6,218,577
		9,533,017	18,331,363
Expenses			
Operating		6,314,357	6,777,161
Transportation		475,497	396,864
General and administrative		1,204,760	1,140,925
Restructuring	16	-	194,230
Finance	17	294,567	339,307
Share-based compensation	19	461,821	409,738
Depletion and depreciation	8	1,849,988	1,396,611
Impairment reversal	9	-	(8,502,000)
		10,600,990	2,152,836
Net earnings (loss) and comprehensive income (loss)		\$ (1,067,973)	\$ 16,178,527

See accompanying notes to the financial statements.

Statements of Cash Flows
(Canadian dollars)

		Twelve months ended December 31,	
	Note	2023	2022
Operating activities			
Net earnings (loss)		\$ (1,067,973)	\$ 16,178,527
Items not affecting cash:			
Depletion and depreciation		1,849,988	1,396,611
Impairment reversal		-	(8,502,000)
Non-cash financing expense	17	283,319	339,307
Share-based compensation	19	461,821	409,738
Right of use expense		(16,633)	
Gain on settlement of claim balances	16	-	(6,218,577)
Non-cash other income	15	-	(1,394,951)
		1,510,522	2,208,655
Change in non-cash working capital	20	(622,791)	18,567
Cash from operating activities		887,731	2,227,222
Financing activities			
Settlements of CCAA claims	16	-	(1,449,522)
Bank loan advances	11	192,360	-
Convertible debentures, net of issue costs	16	-	(81,933)
Proceeds from issuance of shares	19	1,951,395	1,815,000
Cash from financing activities		2,143,755	283,545
Investing activities			
Development of oil and gas properties		(2,683,993)	(2,144,763)
Acquisition of Exploration and Evaluation properties		(755,775)	(757,172)
Change in non-cash working capital	20	76,974	82,042
Cash used in investing activities		(3,362,794)	(2,819,893)
Change in cash		(331,308)	(309,126)
Cash, beginning of the period		331,308	640,434
Cash, end of the period		\$ -	\$ 331,308
Supplementary disclosure			
Cash interest paid		\$ 10,430	\$ -
Cash taxes paid		-	-

See accompanying notes to the financial statements.

Statements of Changes in Shareholders' Equity
(Canadian dollars)

	Note	Share capital	Convertible debentures	Contributed surplus	Deficit	Shareholders' equity
Balance as at January 1, 2022		\$ 53,724,854	\$ 6,517,100	\$ 8,403,685	\$ (77,268,340)	\$ (8,622,701)
Net earnings		-	-	-	16,178,527	16,178,527
Settlement of convertible debentures	16	-	(6,517,100)	-	-	(6,517,100)
Options exercised	19	400,000	-	(400,000)	-	-
Share-based compensation	19	-	-	497,870	-	497,870
Common shares issued	19	8,467,421	-	-	-	8,467,421
Balance as at December 31, 2022		\$ 62,592,275	\$ -	\$ 8,501,555	\$ (61,089,813)	\$ 10,004,017
Net loss		-	-	-	(1,067,973)	(1,067,973)
Options exercised,	19	480,000	-	(480,000)	-	-
Share-based compensation	19	-	-	567,503	-	567,503
Common shares issued	19	1,951,395	-	-	-	1,951,395
Balance as at December 31, 2023		\$ 65,023,670	\$ -	\$ 8,589,058	\$ (62,157,786)	\$ 11,454,942

See accompanying notes to the financial statements.

Notes to the Financial Statements

As at December 31, 2023 and for the years ended December 31, 2023 and 2022

1. Reporting entity

Courser Energy Ltd. is a Calgary-based energy company primarily focused on heavy oil development and production in Saskatchewan. Courser Energy Ltd. (referred to as the “Company” or “Courser”) was incorporated as Kaisen Energy Ltd. under the Business Corporation Act in Canada on November 6, 2012. The Company’s principal place of business is 2000, 715 5 Avenue S.W. Calgary, Alberta, Canada, T2P 2X6.

2. Basis of presentation, statement of compliance and assumption of going concern

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. Unless otherwise stated, amounts presented in these financial statements, including tabular amounts, are stated Canadian dollars. The functional currency of the Company is the Canadian dollar.

These financial statements have been prepared on a historical cost basis. All accounting policies, methods of computation, and the use of estimates or judgements used in the preparation of these financial statements are consistent with those used the previous financial year.

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

These financial statements were authorized for issue by the Board of Directors on April 18, 2024.

3. Material Accounting Policy Information

(a) Financial instruments

Financial assets and financial liabilities are measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial instrument’s classification, as described below.

- *Fair value through profit or loss*: Financial instruments designated at fair value through profit or loss are initially recognized and subsequently measured at fair value with changes in those fair values charged immediately to net earnings. Financial instruments under this classification would include derivative assets and liabilities.
- *Amortized cost*: Financial instruments designated as amortized cost are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method. Financial instruments under this classification include accounts receivable, accounts payable, and debt instruments.
- *Fair value through other comprehensive income*: Financial instruments designated as fair value through other comprehensive income are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at fair value with changes in fair value recognized in other comprehensive income, net of tax.

Financial derivatives may be used periodically by the Company to manage exposure to market risk relating to commodity prices, foreign exchange rates and interest rates. The Company does not designate its financial derivatives contracts as hedges nor are they used for speculative purposes. As a result, all financial derivative contracts are classified as fair value through profit or loss and are recorded and carried on the statement of financial position at fair value with actual amounts received or paid on the settlement of the financial derivative instrument recorded in net earnings. Forward crude oil derivative contracts are recorded at their estimated fair value based on the difference between the contracted price and the period end forward price, using quoted market.

(b) Fair value measurement

The Company measures its cash at fair value at each reporting date. Fair value less costs of disposal is also calculated when indicators of impairment in a cash generating unit (CGU) have been identified and management performs an impairment test to determine the recoverable amount of non-financial assets that are tested for impairment.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in its principal or most advantageous market at the measurement date. To estimate the fair value of its financial instruments, the Company uses quoted market prices when available or third-party models and valuation methodologies that use

observable market data. Fair value is measured using the assumptions that market participants would use, including transaction-specific details and non-performance risk.

All financial assets and liabilities for which fair value is measured or disclosed in the financial statements are further categorized using a three-level hierarchy that reflects the significance of the lowest level of inputs used in determining fair value:

- i. Level 1 - Inputs represent quoted prices in active markets for identical assets or liabilities. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- ii. Level 2 – Inputs other than quoted prices used in Level 1 that are observable, either directly or indirectly, as of the reporting date. Level 2 valuations are based on inputs which can be observed or corroborated in the marketplace.
- iii. Level 3 – Inputs that are less observable, unavailable or where observable data does not support the majority of the instrument's fair value.

At each reporting date, the Company determines whether transfers have occurred between levels in the fair value hierarchy by reassessing the level of classification for each financial asset and financial liability measured or disclosed at fair value in the financial statements. Assessments of the significance of an input to the fair value measurement require judgement and may affect the placement within the fair value hierarchy.

(c) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on its financial assets measured at amortized cost. Expected credit losses exist if one or more loss events occur after initial recognition of the financial asset which has an impact on the estimated future cash flows of the financial asset and that impact can be reliably measured. The Company uses a combination of historical and forward-looking information to determine the appropriate expected credit loss. The carrying amount of the asset is reduced through the use of an allowance account, and the loss is recognized in general and administrative expenses.

(d) Exploration assets

Expenditures incurred before the Company has obtained legal rights to explore an area are recognized in the statements of comprehensive income and loss as exploration expenses. Exploration assets reflect expenditures for an area where technical feasibility and commercial viability have not yet been determined. Expenditures, including land acquisition, geological and geophysical, drilling and completion costs and directly attributable employee salaries and benefits are capitalized and accumulated pending determination of technical feasibility and commercial viability. Exploration assets are not depleted. When assets are determined to be technically feasible and commercially viable, the accumulated costs are tested for impairment within the cash-generating unit ("CGU"), and the recoverable amount is transferred to property and equipment. Management considers technical feasibility and commercial viability to exist when a project is expected to be free cash flow positive for the remaining life of the project, as demonstrated by the assignment of proved reserves, combined with Management's judgement of other factors impacting current project status and forecasted operating and financial results.

Exploration assets are also assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Indications of impairment are assessed by the Company on a quarterly basis.

(e) Property, plant, and equipment

All costs directly associated with the acquisition and development of petroleum and natural gas properties are capitalized and measured at cost less accumulated depletion and depreciation and accumulated impairment losses. Development costs include expenditures for areas where technical feasibility and commercial viability have been determined. The initial cost of an asset is comprised of the purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation, and for qualifying assets, borrowing costs. The purchase price or constructed cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Expenditures on major turnarounds comprise the cost of replacement assets or parts of assets and inspection and overhaul costs. Where an asset or part of an asset is replaced and it is probable that future economic benefits will flow to the Company from the replacement, the expenditure is capitalized, and the replaced part is derecognized. Inspection and overhaul costs relating to turnarounds and all other repairs and maintenance costs are expensed when incurred. Well workover costs incurred to stimulate depleted wells are charged as an expense when incurred. Certain stimulation costs which increase production and reserves, extending beyond one year, are capitalized in property, plant and equipment and depleted over the economic life of the asset.

Petroleum and natural gas assets are accumulated in cost centers based on CGUs. CGUs are depleted using the unit-of-production method based upon estimated gross proved plus probable reserves, determined annually by independent professional engineers. Estimated future development costs necessary to bring the reserves into production are included in the depletion calculation. Other property and equipment assets are depreciated over the estimated useful lives of the assets at various rates per annum calculated on a declining balance basis. Depreciation methods, useful lives and residual values are reviewed at least annually.

A gain or loss arising on the disposal or retirement of fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Earnings (Loss) for the relevant period.

(f) Impairment of non-financial assets

Non-financial assets are reviewed at the end of each reporting period for any indication that an asset may be impaired and, if so, the Company determines whether the asset is impaired by comparing the carrying amount to the estimated recoverable amount. E&E assets are also assessed for impairment when they are reclassified to P&E.

For the purpose of the impairment test, non-financial assets are grouped into the Company's four active CGUs, which are the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of a CGU is the higher of its fair value less costs of disposal (FVLCOD) and its value in use (VIU). For the purposes of testing for impairment, E&E assets are tested at the CGU level.

The Company determines VIU and FVLCOD by estimating the future cash flows expected from the CGU, discounted at a rate which reflects the current market assessment of the time value of money and the risks specific to the CGU. FVLCOD is determined as the amount obtainable from the sale of the CGU in an arm's-length transaction between knowledgeable, willing parties, less the costs of disposal. The Company considers recent transactions for similar assets within the same industry as indicators of fair value.

An impairment loss is recognized when the carrying amount of the CGU exceeds its recoverable amount. Impairment losses for a CGU are allocated first to goodwill allocated to the CGU, if any exists, and then to the other assets of the group pro rata on the basis of the carrying amount of each of the group's assets. The reductions in carrying amounts are recognized in profit or loss in the period in which they occur.

At the end of each reporting period, the Company assesses whether there is evidence that any impairment loss recognized in prior periods should be reduced because the asset's expected recoverable amount has increased since the impairment loss was recorded. If circumstances have changed since the recognition of an impairment loss such that the loss has been reduced, the carrying amount of the CGU is increased to the revised estimate of its recoverable amount but never beyond the previous value, net of depletion and depreciation, if no impairment loss had been recognized for the asset in prior periods.

(g) Leases

The Company assesses whether an arrangement is a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When the Company is a party to a lease arrangement as the lessee, leases are recognized as a right-of-use ("ROU") asset and a corresponding lease liability on the statements of financial position on the date that the leased asset becomes available for use.

ROU assets and lease liabilities are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be paid by the lessee under residual value guarantees, the exercise price of purchase options if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, less any incentives receivable. The future payments are discounted using the interest rate implicit in the lease or, when that rate cannot be readily determined, the Company's incremental borrowing rate. The Company uses a single discount rate for a portfolio of leases with reasonably similar characteristics. Lease payments are allocated between the lease liability and finance expenses. Finance expenses are charged to the statements of comprehensive income over the lease term.

Associated ROU assets are initially measured at cost, which comprises the initial amount of the lease liability, any initial direct costs incurred, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease payments made at or before the commencement date. ROU assets are depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term. ROU assets may be adjusted for certain re-measurements of the lease liability and impairment losses.

(h) Provisions

A provision is recognized if, as a result of a past event, the Company has a present, legal or constructive obligation that can be estimated reliably and is probable that an outflow of economic benefit will be required to settle the obligation. Provisions are measured using the best estimate of the expenditure required to settle the obligation.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

A contingent liability is disclosed when the Company has a possible obligation arising from a past event whose existence will be confirmed by future events not wholly under its control, or when the Company has a present obligation that arises from past events that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation, or the amount the obligation cannot be measured with sufficient reliability.

(i) Decommissioning obligations

Decommissioning obligations are recognized when the Company has a statutory, contractual or legal obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. A corresponding amount equivalent to the liability is recognized as part of the cost of the related property, plant and equipment.

Estimated decommissioning obligations are carried on the Statement of Financial Position at present value, calculated using a weighted average risk-free rate, and accreted over time for the change in present value, with this accretion expense included in finance costs on the statement of earnings (loss). Actual expenditures incurred are charged against the accumulated obligation. Any difference between the recorded decommissioning obligation and the actual retirement costs incurred is recorded as a gain or loss when the field is abandoned.

The resulting increase in capitalized costs due to the inclusion of the decommissioning obligation is amortized to income on a basis consistent with depletion and depreciation of the underlying assets. Subsequent changes in the estimated decommissioning obligations are capitalized and amortized over the remaining useful life of the underlying asset.

Liabilities for environmental costs are recognized when an obligation exists, and the associated costs can be reliably estimated. Generally, the timing of recognition of these liabilities coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites. The amount recognized is the best estimate of the expenditure required. Where the liability will not be settled for a number of years, the amount recognized is the present value of the estimated future expenditure. These estimates are included in decommissioning obligations.

(j) Revenue from petroleum sales

Revenue associated with the sale of crude oil, natural gas, or natural gas liquids is measured based on the consideration specified in contracts with customers. Revenue from contracts with customers is recognized when or as the Company satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The transfer of control of crude oil, natural gas, or natural gas liquids coincides with title passing to the customer and the customer taking physical possession.

(k) Share-based compensation

The Company accounts for share-based compensation using the fair-value method of accounting for executive incentive options, share options and performance warrants granted to directors, officers, employees and consultants using the Black-Scholes option-pricing model. The grant date fair values are recognized over the vesting periods of the awards with a corresponding increase in contributed surplus. When awards are exercised, the consideration received, and the associated amounts previously recorded as contributed surplus are reclassified to shareholders capital.

(l) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in net earnings except to the extent that it relates to items recognized directly in equity, in which case the related income tax is also recognized in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the consolidated balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but the Company intends to settle current tax liabilities and assets on a net basis, or the tax assets and liabilities will be realized simultaneously.

Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is neither a business combination nor an event resulting in income or expense. Deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

4. Changes to accounting policies

New or Amended accounting standards adopted by the Company

There were no changes in accounting policies, or standards of interpretations issued, but not yet adopted, that had a material effect on the reported net income or net assets of the Company during the periods presented in the financial statements.

Future changes in accounting standards

The IASB has announced amendments to accounting standards and interpretations and new accounting standards that are effective for annual periods beginning on or after January 1, 2024. These standards and interpretations have not been applied to the financial statements. Courser does not expect that these changes will have a material impact on the Company's financial statements on adoption.

5. Use of estimates, judgements and assumptions

The preparation of financial statements in conformity with IFRS requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from estimates, and those differences may be material. The estimates and assumptions used are subject to updates based on experience and the application of new information. Estimates and underlying assumptions are reviewed on an ongoing basis, and any revisions to accounting estimates are recognized in the period in which the estimates are revised. Significant estimates and judgements made by Management in the preparation of these financial statements are outlined below.

(a) Fair value of financial instruments

The estimated fair value of financial instruments is reliant upon a number of estimated variables including forward commodity prices, foreign exchange rates and interest rates. Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

(b) Oil and gas reserves, recoverability of asset carrying values and depletion

The amounts recorded for exploration assets, property and equipment, depletion and depreciation and impairment testing are based on estimates of proven and probable reserves, production rates, future oil prices, future costs, future foreign exchange rates and other relevant assumptions. All the Company's petroleum reserves are evaluated and reported by independent engineering consultants in accordance with Canadian Securities Administrators' National Instrument 51-101.

There are a number of inherent uncertainties associated with estimating reserves and resources. Reserve and resource estimates are based on engineering data, estimated future prices, expected future rates of production and the timing and amount of future expenditures, all of which are subject to many uncertainties, interpretations and judgments. The most recent reserve estimates prepared by an external party reflect market and regulatory conditions existing at December 31, 2023. Assumptions that were valid at the time of reserves estimation may change significantly as new information becomes available or circumstances change.

Changes in forward price estimates, production costs or recovery rates may change the economic status of reserves. Changes in the economic environment could result in significant changes to the discount rate used to calculate net present values. Changes in reserves impact the financial results of the Company as reserves and estimated future development costs are used to calculate depletion and are also used in measuring fair value less costs of disposal of property and equipment for impairment calculations.

(c) Determination of cash-generating units

Determination of what constitutes a CGU is subject to the judgement of Management. The recoverability of development and production asset carrying values is assessed at the CGU level, and the asset composition of a CGU can directly impact the recoverability of the assets included therein. Furthermore, the transfer of exploration assets to property and equipment is based on Management's judgement of technical feasibility and commercial viability.

(d) Decommissioning liabilities

The provision for decommissioning liabilities is based on numerous assumptions and judgements, including ultimate remediate plans, settlement amounts, historical production volumes, inflation factors, risk-free discount rates, timing of settlement and changes in the applicable legal and regulatory environments. To the extent future revisions to these assumptions impact the measurement of the existing decommissioning liability, a corresponding adjustment is made to the associated property, plant and equipment balance.

(e) Share-based compensation

The Company measures the cost of equity-settled transactions by reference to the estimated fair value of the equity instruments at the date at which they are granted. The fair value of share options is measured using a Black-Scholes option pricing model. Measurement inputs include weighted average share prices prior to the measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on Government of Canada bonds).

(f) Income taxes

Accounting for income taxes is a complex process requiring Management to interpret frequently changing laws and regulations and make judgments relating to the application of tax law, the estimated timing of temporary difference reversals, and the estimated

realization of tax assets. All tax filings are subject to subsequent government audits and potential reassessment. These interpretations, judgments and changes related to them impact current and deferred tax provisions, deferred income tax assets and liabilities and earnings.

(g) Lease arrangements

Management applies judgement in reviewing each of its contractual arrangements to determine whether the arrangements contain a lease within the scope of IFRS 16. Leases that are recognized are subject to further Management judgement and estimation in various areas specific to the contractual arrangements, including lease terms and discount rates. In determining the lease term to be recognized, Management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Lease obligations are estimated using a discount rate equal to the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company's incremental borrowing rate represents the rate that the Company would incur to obtain the funds necessary to purchase an asset of a similar value, with comparable payment terms and security in a similar economic environment.

6. Financial assets and credit risk

Credit risk arises from the potential that the Company may incur a loss if a counterparty to a financial instrument fails to meet its obligation in accordance with agreed terms. The Company's credit exposure on accounts receivable pertains to revenue for the most recent month's production volumes in addition to amounts receivable from joint operating partners. Courser typically sells its heavy oil production to four separate oil and natural gas marketing companies. All revenues recorded at December 31, 2023 were received in January, 2024. For joint operating partners, Courser bills these partners typically 2 months after the month of activity with receipt 30 days thereafter.

The Company also faces a credit risk with cash holdings. If there is a failure in one of the Company's financial institutions, the Canada Deposit Insurance Corporation would only insure up to \$100,000. Any cash being held in an institution above that amount could potentially be at risk.

The Company's carrying values of cash and accounts receivable represent the Company's maximum credit exposure. As noted above, the Company's deposits its cash with large established Canadian banking institutions. The aging of accounts receivable is as follows:

	December 31, 2023	December 31, 2022
Not past due	\$ 823,434	\$ 886,260
Past due greater than 90 days	59,435	17,278
Accounts receivable	\$ 882,869	\$ 903,538

As at December 31, 2023, \$562,963 of the accounts receivable balance was related to current month revenue. These amounts were collected in the following month.

The Company has historically not experienced any collection issues with its oil and natural gas sales and therefore has not recorded an allowance for doubtful accounts as at December 31, 2023 or 2022.

7. Leases

The Company recognized lease liabilities measured at the present value of remaining lease payments, discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate as at the time the lease was entered. The Company used a weighted average incremental borrowing rate of 4.5% to measure the present value of the future lease payments on March 1, 2022. The associated ROU assets were measured at the amount equal to the lease liabilities on March 1, 2022 less any amount previously recognized for onerous leases, with no impact on opening retained earnings.

The Company identified ROU lease assets and liabilities related to head office space. The impact on the statement of financial position as at December 31, 2023 was as follows:

ROU balance at December 31, 2022	\$ -
ROU asset additions	51,077
ROU asset as at December 31, 2023	\$ 51,077

The following table provides a reconciliation of the contractual obligations and commitments as at December 31, 2023 to the Company's lease liabilities:

Lease liabilities as at December 31, 2022	\$ -
Cash expense	53,343
Impact of discounting	(1,838)
Lease liabilities as at December 31, 2023	\$ 51,505

Cash flows associated with lease repayments were allocated to operating and financing activities on the statement of cash flows based on their interest and principal repayments, respectively.

During the 3rd quarter, the Company signed a lease extension that secured the office space through June 2026. As a result of this, both the long term portion of the ROU asset and the offsetting lease liabilities increased.

8. Property, plant and equipment

	Oil and gas assets	Corporate assets	Total assets
Cost:			
Balance, January 1, 2022	\$ 82,455,260	\$ 250,385	\$ 82,705,645
Development additions	1,962,456	6,830	1,969,286
Change in decommissioning obligations	(838,078)	-	(838,078)
Capitalized general and administrative costs	169,000	6,477	175,477
Capitalized share-based compensation	88,132	-	88,132
Balance, December 31, 2022	\$ 83,836,770	\$ 263,692	\$ 84,100,462
Development additions	2,499,807	4,185	2,503,992
Change in decommissioning obligations	(485,553)	-	(485,553)
Right-of-use assets	-	68,139	68,138
Capitalized general and administrative costs	180,000	-	180,000
Capitalized share-based compensation	105,682	-	105,682
Balance, December 31, 2023	\$ 86,136,706	\$ 336,016	\$ 86,472,721
Accumulated depletion and depreciation:			
Balance, January 1, 2022	\$ 71,701,663	\$ 222,868	\$ 71,924,531
Depletion and depreciation	1,386,000	10,611	1,396,611
Impairment reversal	(8,502,000)	-	(8,502,000)
Balance, December 31, 2022	\$ 64,585,663	\$ 233,479	\$ 64,819,142
Depletion and depreciation	1,823,000	26,987	1,849,987
Balance, December 31, 2023	\$ 66,408,663	\$ 260,466	\$ 66,669,129
Net book value:			
Balance, December 31, 2022	\$ 19,251,107	\$ 30,213	\$ 19,281,320
Balance, December 31, 2023	\$ 19,728,043	\$ 75,550	\$ 19,803,592

Exploration and evaluation assets

Balance, December 31, 2022	\$ 757,172
Additions	755,775
Balance, December 31, 2023	\$ 1,512,947

As at December 31, 2023, \$57.9 million in future development costs associated with proved plus probable reserves and salvage values were included in the petroleum and natural gas asset cost bases for depletion calculation purposes (December 31, 2021 - \$78.6 million). Undeveloped lands valued at \$1.5 million were acquired during 2022 and 2023 and were excluded from the depletion calculation. No other costs have been included or excluded from property plant and equipment in the determination of depletion.

9. Impairment reversal on property, plant, and equipment

Impairment Assessment

The Company reviewed valuations as at December 31, 2023 and did not identify indicators of impairment or impairment reversal.

At December 31, 2022, the Company identified indicators of an impairment reversal in the Lone Rock / Lloydminster / Edam CGU and in the Dolcy CGU, due to increased forward commodity prices. Further, an indicator or impairment was identified in the Coleville CGU due to production shut ins. As a result, an impairment test was performed for each CGU. The recoverable amount was determined using fair value less cost to dispose ("FVLCTD") as it was estimated to result in a recoverable amount higher than the value in use ("VIU") approach.

Management determined the net present value of the reserve report cash flows expected to be derived from each of the CGU's, using an after-tax discount rate that is based on a deemed market participant of approximately 20% and the following forward commodity price estimates:

	Natural Gas (\$/Mcf)	Heavy Oil (\$/bbl)	Pentane Plus (\$/bbl)
2023	3.68	81.80	81.87
2024	3.69	80.63	72.20
2025	3.35	74.06	67.20
2026	3.43	75.81	69.20
2027	3.51	77.70	71.24

Management determined that the recoverable amounts of the Company's Lone Rock / Lloydminster / Edam and Dolcy CGUs exceeded their carrying value, while the Coleville CGU carrying value exceeded the recoverable amount. A net impairment recovery of \$8,502,000 was recognized in the Company's PP&E.

E&E Impairment assessment

For E&E assets, the assets were all acquired during the last eighteen months. There were no indications of impairment at December 31, 2023.

10. Financial liabilities and liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure it will have sufficient liquidity to meet liabilities when due, under both normal and unusual conditions without incurring unacceptable losses or jeopardizing the Company's business objectives. The Company's liquidity is dependent on the Company's expected business growth and changes in its business environment. The Company manages this risk by continuously monitoring forecast and actual cash flows from operating, financing, and investing activities and opportunities to extend or modify its existing debt facility or to issue additional equity. The Company will continue to manage its capital expenditures to reflect current financial resources in the interest of sustaining long-term viability. Estimated undiscounted cash outflows relating to financial liabilities as at December 31, 2023, were as follows:

	Undiscounted amount	Less than 1 year	1 - 3 years
Accounts payable and accrued liabilities	\$ 1,447,567	\$ 1,341,907	\$ 105,660
Office Lease	302,925	115,175	187,750
Financial liabilities	\$ 1,750,492	\$ 1,457,082	\$ 293,410

11. Bank loan

During the fourth quarter of 2022, the Company secured financing that is largely backed by accounts receivable with a financial institution. The credit facility provides the Company with up to a \$1,000,000 operating facility with a variable rate that is calculated daily and paid monthly. At December 31, 2023, the Company had drawn \$192,360 from the operating facility (2022 – nil).

The financing agreement includes certain covenants including the requirement that current ratio is maintained at a 1.25:1 ratio. As at December 31, 2023, the Company had failed to meet this covenant. On April 16, the Company received notice from the lender acknowledging the breach and confirming that, despite the breach, it has no present intention to terminate or materially change the operating line.

12. Financial derivatives and market risk management

Management of cash flow variability is an integral component of the Company's business strategy. Changing business conditions are monitored regularly and, where material, reviewed with the Board of Directors to establish risk management guidelines to be used by Management. The risk exposure inherent in the movement of the price of crude oil and natural gas prices and fluctuations in foreign exchange rates are all proactively reviewed by the Company and may be managed through the use of derivative contracts as considered appropriate.

(a) Commodity price risk

The Company is exposed to commodity price movements as part of its operations. The Company maintains a risk management strategy to protect funds flow from operations from the volatility of commodity prices. The Company's strategy focuses on the use of puts, costless collars, swaps or fixed price contracts to limit exposure to fluctuations in commodity prices. At December 31, 2023, the Company had no outstanding risk management contracts (2022 – nil).

(b) Interest rate risk

The Company is exposed to fluctuations in interest rates to the extent it has bank debt outstanding with variable interest rate terms.

(c) Foreign currency risk

The Company does not sell or transact in any foreign currency, but commodity prices are largely benchmarked against the West Texas Intermediate (“WTI”) index, which is in US dollars. As a result, the prices that the Company receive are affected by fluctuations in the exchange rates between the US dollar and the Canadian dollar. The exchange rate effect cannot be quantified, but generally an increase in the value of the Canadian dollar compared to the US dollar will reduce the prices received by the Company for its crude oil and natural gas sales. The Company had no foreign exchange forward rate contracts in place as at December 31, 2023 or in 2022.

13. Capital management

The Company’s policy is to maintain a strong capital base to provide flexibility in the future development of the business and to maintain the confidence of investors and lenders. The Company periodically reviews certain quantitative measures of its capital structure to understand its position relative to industry peers but does not set certain limits or ranges with respect to these quantitative measures. The Company is not subject to any external restrictions on its capital structure. Management closely monitors debt leverage to ensure the Company maintains financial flexibility and balance sheet strength sufficient to manage unforeseen events and opportunities as they arise.

14. Petroleum and natural gas sales

The following table summarizes sales of petroleum and natural gas:

	Twelve months ended December 31,	
	2023	2022
Crude oil	\$ 10,885,698	\$ 12,656,281
Natural gas	60,354	116,282
Natural gas liquids	136,338	68,600
Petroleum and natural gas revenue	\$ 11,082,390	\$ 12,841,163

Courser Energy’s sales are comprised of liquids and natural gas to various customers. The Company had three customers which each individually accounted for 10 percent or more of the total sales made during the year ended December 31, 2023. Sales from the transfer of liquids and natural gas volumes to customers are recognized at the time when Courser’s performance obligations are fully satisfied upon transfer of these volumes to customers.

Included in the accounts receivable at December 31, 2023 is \$562,963 of liquids and natural gas sales which have been settled subsequent to year end (December 31, 2022 - \$749,681)

15. Other income

The following table summarizes other income:

	Twelve months ended December 31,	
	2023	2022
Disposal, road use and royalty income	\$ 116,178	\$ 63,487
Decommissioning costs paid for via government grants	-	1,394,951
Settlement of legal claim	-	105,000
Other income	\$ 116,178	\$ 1,563,438

The largest entry to other income in 2022 comprised \$1,394,951 related to government grants that went towards the abandonment of various Saskatchewan liabilities. The program from which these grants was temporary and such grants are not expected in future years.

16. Restructuring costs

On December 3, 2021, the Company filed an application with the Court of Queen's Bench of Alberta to obtain creditor protection under the Companies' Creditors Arrangement Act ("CCAA"). The initial court date to obtain a stay of proceedings under the CCAA was December 8, 2021. The Company was successful in obtaining an initial order and a stay of proceedings for a period of 10 days until December 18, 2021, and through subsequent hearings, the stay was extended through March 16, 2022, at which time, the Company executed the Plan of Arrangement and Compromise ("The Plan").

In conjunction with the Plan, the Company incurred restructuring costs \$194,230 in 2022. In March 2022, upon execution of the Plan, the Company settled various debts and liabilities with a combination of cash payments and equity conversions. A total of \$1,449,522 was paid out in cash to settle various debts. The cash payments were funded by a rights offering which raised \$1,815,000 net of share issuance costs. As a result of these transactions, a one-time gain of \$6,218,577 was realized on the settlement of liabilities included in the Plan.

17. Finance expenses

The following table summarizes net finance expenses recorded during the twelve months ended December 31, 2023 and 2022:

	Twelve months ended December 31,	
	2023	2022
Interest expense on term and bank loans	\$ 10,430	\$ -
Capital lease interest expense	817	-
Accretion of decommissioning obligations (note 17)	283,320	339,307
Finance expenses	\$ 294,567	\$ 339,307

18. Decommissioning costs

The total future decommissioning obligations were estimated by management based on the expected cost to reclaim and abandon its net ownership interest in well sites and facilities and the estimated timing of the costs to be incurred in future periods. Decommissioning obligations acquired as part of an acquisition are initially measured at fair value using a risk-free rate. Management estimates the total undiscounted amount of cash flows required to settle its decommissioning obligations at December 31, 2023 is \$9.1 million (2022 - \$9.3 million), which will be incurred over the next 10-15 years with the majority of costs incurred between 2024 and 2027. The Bank of Canada's long-term risk-free rate of 3.05% and an inflation rate of 2.0% (December 31, 2022 – 3.31% and 2.0% respectively) were used to calculate the present value of the decommissioning obligation at the period end.

A reconciliation of the changes to the decommissioning obligations during the periods is as follows:

	December 31, 2023	December 31, 2022
Balance, beginning of period	\$ 9,289,164	\$11,182,888
Incurred	(240,853)	(1,394,951)
Additions	62,813	29,167
Accretion	283,320	339,307
Change in estimate	(307,512)	(867,247)
Balance, end of period	\$ 9,086,932	\$9,289,164

19. Share Capital

(a) Issued and outstanding common shares

The Company is authorized to issue an unlimited number of voting common shares and an unlimited amount of special voting shares. The following table is a continuity schedule of the Company's common shares outstanding and share capital:

	Number of Shares	Share Capital
December 31, 2021	56,120,029	\$ 53,724,854
Issuance of shares to settle promissory note & term loan	163,404,763	3,268,095
Rights offering	100,000,000	1,815,000
Issuance of shares to settle convertible debenture (note 11)	166,309,502	3,326,190
Issued to settle accounts payable equity under the Plan (note 16)	4,895,557	58,136
Relinquished shares	(53,405)	-
Shares issued upon exercise of executive options(b)	20,000,000	400,000
December 31, 2022	510,676,446	\$ 62,592,275
Issuance of shares	49,946,827	1,951,395
Relinquished shares	(160,001)	-
Shares issued upon exercise of executive options(b)	24,000,000	480,000
December 31, 2023	584,463,272	\$ 65,023,670

During the year, the Company raised \$1,951,395 through a share offering to current investors at an initial share price of \$0.04/share. The issuance was backstopped by the Company's two largest shareholders.

(b) Share based compensation

The Company's stock option plan allows for the granting of options to directors, officers, employees and contractors serving in capacity of employees of the Company. The exercise price of each option shall be fixed by the Board of Directors when such option is granted, provided that from and after the date that the common shares are listed on a stock exchange (an "Exchange"), such price shall not be less than the price permitted by such Exchange. Unless otherwise determined by the Board of Directors, vesting typically occurs one third on each of the next three anniversaries of the date of the grant as recipients render continuous service to the Company, and the share options typically expire five years from the date of the grant. The maximum number of common shares issuable on the exercise of outstanding share options at any time is limited to 10% of the issued and outstanding common shares.

In 2023, the Board issued new options to certain employees, executives and the Board of Directors as follows:

- Options totaling 24,000,000 shares were issued on July 17, 2023 with no strike price to executives and the Board of Directors. These options vested and were immediately exercised on August 16, 2023. The options had an estimated fair value of \$0.02 per share.
- Options totaling 2,000,000 were also issued on July 17, 2023 to employees. These options vest evenly over a three-year period and expire five years from the anniversary of the grant date. During the twelve months ended December 31, 2023, the Company recorded share-based compensation expenses of \$555,117, of which, \$452,362 was expensed, and \$102,755 was capitalized (2022 - \$409,738 expensed, and \$88,132 capitalized).

The following table summarizes the Company's employee options outstanding.

	December 31, 2023			December 31, 2022		
	Number of units outstanding	Weighted average exercise price (\$ per share)	Weighted average remaining life (years)	Number of units outstanding	Weighted average exercise price (\$ per share)	Weighted average remaining life (years)
<i>Issued</i>						
Share options	24,000,000	0.02	3.4	22,000,000	0.02	4.3
Options outstanding	24,000,000	0.02	3.4	22,000,000	0.02	4.3

The Black-Scholes option pricing model was used to determine the fair value of \$0.01 of the stock options granted during the year using the following assumptions:

Risk free interest rate (%)	3.80%
Average expected life (years)	5.0
Average expected volatility (%)	55.0%
Forfeiture rate (%)	5.0%

20. Supplemental cash flow information

The net change in non-cash working capital is comprised of:

	Twelve months ended December 31,	
	2023	2022
Accounts receivable	\$20,669	\$(129,083)
Prepaid expenses and deposits	135,253	(31,736)
Accounts payable and accrued liabilities	(701,739)	(4,355,829)
Change related to settlement of CCAA claims (note 15)	-	4,617,257
Change in non-cash working capital	\$(545,817)	\$100,609
Related to operating activities	\$(622,791)	\$18,567
Related to investing activities	76,974	82,042

21. Income taxes

The following is a reconciliation of income taxes by applying the applicable statutory rates to net earnings (loss) before income taxes:

	December 31, 2023	December 31, 2022
Earnings (loss) before income taxes	\$ (1,067,973)	\$ 16,178,527
Canadian statutory rate	25%	25%
Expected income tax (recovery)	\$ (266,993)	\$ 4,044,632
Effect on income tax of:		
Share-based compensation	115,455	102,435
Changes in rate	-	(1,647,031)
True up and Other	(216,132)	(590,578)
Deferred tax assets not recognized	367,670	(1,909,458)
Total current and deferred income tax expense (recovery)	\$ -	\$ -

	December 31, 2023	December 31, 2022
Deferred tax assets:		
Non-capital losses	\$ 11,076,166	\$ 10,394,960
Capital assets	3,899,232	4,175,022
Decommissioning liability	2,271,733	2,322,292
Other	387,094	360,676
Share issuance costs	57,748	71,353
Deferred tax assets not recognized	(17,691,974)	(17,324,303)
Net deferred tax liability	-	-

The Company has non-capital losses and tax pools totaling \$81,608,151 (2022 - \$78,604,047) which are available to reduce future taxable income. The benefit of these pools has not been recognized in these financial statements.

22. Related parties

The Company provides salaries and benefits to its officers. Directors and officers also participate in the Company's share-based compensation program. Key management personnel compensation is comprised of the following:

	December 31, 2023	December 31, 2022
Salaries, incentives and short-term benefits	\$ 526,030	\$487,984
Share-based compensation	388,396	457,832
Key management compensation	\$ 914,426	\$945,816