

IOCL (USA) Inc.
Financial Statements
March 31,2026

IOCL (USA) Inc.
31-Mar-26

Table of Contents

	Page(s)
Independent Auditors' Report	1-2
Balance Sheets	3
Statements of Operations and Comprehensive Income	4
Statements of Changes in Stockholder's Equity	5
Statements of Cash Flows	6
Notes to the Financial Statements	7-28

Independent Auditor's Report

To the Board of Directors of Indian Oil Corporation Limited (IOCL) (USA) Inc. (a Texas Corp)

Opinion

We have audited the accompanying financial statements of **Indian Oil Corporation Limited USA Inc. (the "Company")**, which comprise the **balance sheet** as of **March 31, 2026**, and the related **statements of operations, stockholders' equity, and cash flows** for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2026, and the results of its operations and its cash flows for the year then ended in accordance with **accounting principles generally accepted in the United States of America (U.S. GAAP)**.

Basis for Opinion

We conducted our audit in accordance with **auditing standards generally accepted in the United States of America (GAAS)**. 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 required to be independent of the Company and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with **U.S. GAAP**, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks.
- 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 significant accounting estimates made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures.

We are required to communicate with those charged with governance regarding, among other matters:

- The planned scope and timing of the audit
- Significant audit findings
- Certain internal control-related matters that we identified during the audit.

A handwritten signature in black ink that reads 'Joseph Reeve'.

Joseph Reeve CPA
New York, NY
April 22, 2026

IOCL (USA) Inc.
Balance sheet

	Note	March 31, 2026	March 31, 2025
Assets			
Current assets			
Cash and cash equivalents	4	\$ 8,306,847	\$ 4,534,474
Accounts receivable	5	2,714,146	659,830
Certificates of deposit	6	27,492,065	21,578,604
Total current assets		38,513,058	26,772,908
Oil & natural gas properties, net, successful efforts method	7	13,167,021	14,341,878
Deferred tax asset	13	1,535,459	4,224,174
Total assets		\$ 53,215,538	\$ 45,338,960
Liabilities and Stockholder's Equity			
Current liabilities			
Accounts payable and accrued liabilities	8	\$ 530,457	\$ 1,033,137
Asset retirement obligations, current	9	301,725	304,078
Provision for Taxation		15,552	-
Total current liabilities		847,734	1,337,215
Asset retirement obligations, non-current	9	366,634	354,778
Total liabilities		1,214,368	1,691,993
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 Mar. 31, 2026 and Mar. 31, 2025, respectively		57,635,390	57,635,390
Accumulated deficit		-5,634,220	-13,988,423
Total stockholder's equity		52,001,170	43,646,967
Total liabilities and stockholder's equity		\$ 53,215,538	\$ 45,338,960

See accompanying notes to the financial statements.

IOCL (USA) Inc.
Statement of operations and comprehensive (loss) income

		For the period ended:	
		March 31,	March 31,
	Note	2026	2025
Revenues:			
Revenue from contracts with customers	10	\$ 19,294,473	\$ 24,173,294
Total Revenue		19,294,473	24,173,294
Operating costs and expenses			
Lease operating	11	2,081,640	1,859,112
Production taxes		1,460,891	901,072
Marketing and distribution		1,153,031	1,113,133
Depletion and depreciation		4,506,587	4,153,910
General and administrative	12	188,713	119,122
Accretion expense		25,030	23,846
Total operating expenses		9,415,892	8,170,195
Operating (loss) / income		9,878,581	16,003,099
Other (income) / expense			
Finance income		(1,189,833)	(635,593)
Finance costs		9,944	2,618
Total other (income) / expense		(1,179,889)	(632,975)
Income (loss) before income tax (expense) / benefit		11,058,470	16,636,074
Income tax expense / (benefit)	13	2,704,267	(4,224,174)
Net income (loss) and comprehensive income (loss)		\$ 8,354,203	\$ 20,860,248

See accompanying notes to the financial statements.

IOCL (USA) Inc.
Statement of Changes in Stockholder's Equity
for the period ended March 31, 2026

	Common Stock		Accumulated Earnings / (Deficit)	Total Stockholder's Equity
	Shares issued	Amount		
Balance as of March 31, 2024	\$ 5,763,538,921	\$ 57,635,390	\$ (34,848,671)	\$ 22,786,719
Net 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
Net income	\$ -	\$ -	\$ 8,354,203	\$ 8,354,203
Balance as of Mar. 31, 2026	\$ 5,763,538,921	\$ 57,635,390	\$ (5,634,220)	\$ 52,001,170

See accompanying notes to the financial statements.

IOCL (USA) Inc.
Statement of cash flows

Particulars	For the period ended:	
	March 31, 2026	March 31, 2025
Cash flows from operating activities:		
Net income (loss)	\$ 8,354,203	\$ 20,860,248
Provision for taxation	15,552	
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depletion, depreciation and impairment	4,506,587	4,153,910
Accretion expense	25,030	23,846
Finance income added to short term deposit	(1,076,780)	(626,031)
Asset retirement obligations settled	(12,683)	(82,272)
Deferred income tax benefit	2,688,715	(4,224,174)
Changes in operating assets and liabilities		
Accounts receivable	(2,054,316)	158,633
Accounts payable and accrued liabilities	(37,724)	28,482
Net cash provided by operating activities	12,408,584	20,292,642
Cash flows from investing activities:		
Acquisition of oil and gas properties	-	-
Capital expenditures	(3,334,574)	(5,832,676)
Change in capital expenditure accrual	(464,956)	464,956
Purchase of short term deposits	(55,826,160)	(49,901,371)
Redemption of short term deposits (including interest)	50,989,479	39,042,543
Net cash provided by (used in) investing activities	(8,636,211)	(16,226,548)
Cash flows from financing activities:		
	-	-
Net cash from financing activities	-	-
Net increase in cash and cash equivalents	3,772,372	4,066,094
Cash and cash equivalents - beginning of year	4,534,474	468,380
Cash and cash equivalents - end of year	\$ 8,306,846	\$ 4,534,474
Supplemental non-cash investing and financing activities:		
ARO liabilities incurred and revisions to estimates	\$ (2,844)	\$ 28,722

See accompanying notes to the financial statements.

IOCL (USA) Inc.
Notes to the financial statements
for Year Ended March 31, 2026

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”).

IOCL (USA) Inc.
Notes to the financial statements
for Year Ended March 31, 2026

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.

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 contract 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 Year Ended March 31, 2026

Note 2.2 - Summary of Significant Accounting Policies(Continued)

c) Revenue from contract 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 94% of the Company's total revenue during the year ended March 31, 2026, and approximately 91% of accounts receivable as of March 31, 2026. Two vendors accounted for approximately 87% of operating expenses during the year ended March 31, 2026, and two vendors accounted for approximately 91% of accounts payable and accrued expenses at March 31, 2026.

Note 2.2 - Summary of Significant Accounting Policies(Continued)

e) Cash & 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.

Note 2.2 - Summary of Significant Accounting Policies(Continued)

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.

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, 2026 and 2025, 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, 2026 and 2025, respectively. Abandonment of expired leases charged to expense totaled \$nil and \$nil for the years ended March 31, 2026 and 2025, respectively.

g) Asset Retirement Obligation(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.

IOCL (USA) Inc.
Notes to the financial statements
for Year Ended March 31, 2026

Note 2.2 - Summary of Significant Accounting Policies(Continued)

g) Asset Retirement Obligation(ARO)(Continued)

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.

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 Colorado has an income tax rate of 4.40% 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

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.

Note 2.2 - Summary of Significant Accounting Policies(Continued)

Uncertain tax provisions

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, 2026 and 2025.

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.

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

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.

IOCL (USA) Inc.
Notes to the financial statements
for Year Ended March 31, 2026

Note 2.2 - Summary of Significant Accounting Policies(Continued)

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.

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.

I) 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.

IOCL (USA) Inc.
Notes to the financial statements
for Year Ended March 31, 2026

Note 2.2 - Summary of Significant Accounting Policies(Continued)

l) Fair Value Measurement(Continued)

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.

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, 2026 and 2025.

IOCL (USA) Inc.
Notes to the financial statements
for Year Ended March 31, 2026

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.

IOCL (USA) Inc.
Notes to the financial statements
for the period ended March 31, 2026

Note 4 - Cash and cash equivalents

Cash and cash equivalents at March 31 are as follows:	March 2026	March 2025
Cash at bank-MMD	\$ 53,623	\$ 53,353
Liquid assets with less than 90 day term	-	2,500,000
Cash at bank-other	8,253,224	1,981,121
Total	\$ 8,306,847	\$ 4,534,474

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

Note 5 - Accounts receivable

Accounts receivable at March 31 are as follows:	March 2026	March 2025
Trade receivable - oil and natural gas	\$ 2,714,146	\$ 659,830
Total	\$ 2,714,146	\$ 659,830

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, 2026 and 2025, all trade accounts – oil and natural gas were deemed collectible therefore no allowance for credit losses was required to be recorded.

Note 6 - Certificates of Deposit

Certificates of Deposit at March 31 are as follows:	March 2026	March 2025
Financial assets		
Current		
Short term deposits having original maturity of more than 3 months but less than 12 months	\$ 27,492,065	\$ 21,578,604
Total	27,492,065	21,578,604
Total other assets	\$ 27,492,065	\$ 21,578,604

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.

IOCL (USA) Inc.
Notes to the financial statement
for the period ended March 31, 2026

Note 7 - Oil and Natural Gas Properties

Oil and natural gas properties					
	Leasehold and development costs	WIP	Unevaluated leasehold costs	Total	
Cost					
At April 1, 2025	\$ 90,039,550	\$ -	\$ -	\$	90,039,550
Additions	4,610,444	1,222,232	-		5,832,676
Transfers	-	-	-		-
Disposals	-	-	-		-
Change in estimate of ARO liability	28,722	-	-		28,722
At March 31, 2025	94,678,716	1,222,232	-		95,900,948
Additions	4,556,806	(1,222,232)	-		3,334,574
Transfers	-	-	-		-
Disposals	-	-	-		-
Change in estimate of ARO liability	(2,844)	-	-		(2,844)
At March 31, 2026	\$ 99,232,678	\$ -	\$ -	\$	99,232,678
	1				
Depletion, depreciation and impairment					
At April 1, 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
Charge for the period	4,506,587	-	-		4,506,587
At March 31, 2026	\$ 86,065,657	\$ -	\$ -	\$	86,065,657
Net book value					
At March 31, 2026	\$ 13,167,021	\$ -	\$ -	\$	13,167,021
At March 31, 2025	\$ 13,119,646	\$ 1,222,232	\$ -	\$	14,341,878

During fiscal year 2026, capital expenditures of USD \$3.3 million (\$4.6M in leasehold and development costs offset by (\$1.2M) reduction in capital work in progress) have been incurred in the Niobrara Shale Project, USA (USD \$5.8 million - fiscal year 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:	March		March	
	2026		2025	
	\$			
Accounts payable	\$	358,557	\$	866,490
Accounts payable - Parent		-		2,547
Accrued liabilities		171,900		164,100
Total	\$	530,457	\$	1,033,137

Accounts payable and accrued liabilities are non-interest bearing and have an average term of 30 days.

IOCL (USA) Inc.
Notes to the financial statement
for the period ended March 31, 2026

Note 9 - Asset Retirement Obligations

A summary of the changes in the asset retirement obligations for the periods ending are as follows:

		Asset retirement obligation	
		March 2026	March 2025
Beginning of year	\$	658,856	\$ 688,560
Liabilities incurred		11,427	50,471
Revision of estimates		(14,271)	(21,749)
Liabilities retired		(12,683)	(82,272)
Accretion expense		25,030	23,846
End of the year	\$	668,359	\$ 658,856
Current	\$	301,725	\$ 304,078
Non- current	\$	366,634	\$ 354,778

Asset retirement obligations are estimated at \$40,000 (2025: \$40,000) per well at March 31, 2026. 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, 2026. The asset retirement obligation as at March 31, 2026 is determined by discounting the expected future obligations using a credit adjusted discount rate ranging from 1.94% to 5.50% (2025: 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

IOCL (USA) Inc.
Notes to the financial statements
for the period ended March 31, 2026

Note 10 - Revenue from contract with customers

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

	March 2026	March 2025
Type of goods		
Sale of oil	\$ 16,520,325	21,651,772
Sale of gas	1,274,270	874,264
Sale of NGLs	1,499,878	1,647,258
Total	\$ 19,294,473	24,173,294

Disaggregate revenue information:

Timing of revenue recognition

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

USA	\$ 19,294,473	24,173,294
Other	-	-
Total	\$ 19,294,473	24,173,294

Contract balances

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

Note 11 - Lease Operating Expenses

	March 2026	March 2025
Staff cost	\$ 302,278	342,840
Contract Services	25,929	30,612
Chemicals	71,259	62,385
Rental for equipments	318,654	304,438
Professional and legal fees	8,172	12,945
Electricity / Power, fuel and water	25,722	19,471
Overhead	183,190	170,020
Salt Water Disposal / Haul	135,407	120,049
Environmental, health, and safety	316,947	260,942
Miscellaneous	409,000	282,024
Gain/loss on P&A retirement	1,492	-51,802
Other expenses	283,590	305,188
Total	\$ 2,081,640	1,859,112

Production taxes

	March 2026	March 2025
Production taxes	\$ 1,460,891	901,072
Total	\$ 1,460,891	901,072

Marketing and distribution

	March 2026	March 2025
Marketing and distribution	\$ 1,153,031	1,113,133
Total	\$ 1,153,031	1,113,133

IOCL (USA) Inc.
Notes to the financial statements
for the period ended March 31, 2026

Depletion, depreciation and amortization

	March 2026	March 2025
Depreciation	\$ 4,506,587	4,153,910
Total	\$ 4,506,587	4,153,910

Note 12 - General and administrative

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

	March 2026	March 2025
Legal services	\$ 51,228	18,082
Accounting fees	21,400	10,400
Audit fees	50,575	38,000
Annual license fee	2,328	2,547
Consulting	-	-
Miscellaneous expenses	63,182	50,093
Total	\$ 188,713	119,122

Finance income

	March 2026	March 2025
Interest income on bank deposits	\$ 1,189,833	635,593
Total	\$ 1,189,833	635,593

Finance costs

	March 2026	March 2025
Unwinding of Interest on decommissioning provision	\$ 25,030	23,846
Bank fee	9,944	2,618
Total	\$ 34,974	26,464

IOCL (USA) Inc.
Notes to the financial statements
for the period ended March 31, 2026

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, 2026 and 2025. . Significant components of the Company's net deferred tax assets as of March 31, are as follows:

	2026	2025
Differences in depletion, depreciation, and amortization of property for tax purposes	\$ (1,427,753)	100,316
Federal net operating loss carry forward	2,542,387	3,555,415
State net operating loss carry forward	420,826	568,443
Valuation allowance	-	-
Deferred tax assets	\$ 1,535,459	4,224,174

The Company had a net operating loss carry forward available at March 31, 2026 that amounts to \$12,106,605 which will be carried forward indefinitely. Income tax expense (benefit) for the years ended March 31, 2026 and 2025 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:

	2026	2025
Income tax expense (benefit)benefit at statutory rate	\$ 2,240,446	3,478,006
State taxes	463,822	583,592
Tax rate change	-	-
Other	-	-
Valuation allowance	-	(8,285,772)
Total tax expense (benefit)	\$ 2,704,267	(4,224,174)

"The OECD has introduced a global minimum tax framework (Pillar Two), which establishes a minimum effective tax rate of 15% for multinational enterprise groups. The Company operates in the United States, where the federal statutory corporate tax rate is 21%, which exceeds the prescribed minimum. Based on currently available information, management does not expect any exposure to Pillar Two top-up taxes. As of the reporting date, the rules are not effective for the Company, and accordingly, no impact has been recognized in the financial statements."

IOCL (USA) Inc.
Notes to the financial statements
for the year ended March 31,2026

Note 14 - Financial Instruments

Financial assets and financial liabilities at March 31,2026 are as follows:

	2026	2025
Financial assets		
Accounts receivable (Note 5)	\$ 2,714,146	\$ 659,830
Certificates of deposit (Note 6)	27,492,065	21,578,604
Total financial assets	<u>\$ 30,206,211</u>	<u>\$ 22,238,434</u>
Total current	\$ 30,206,211	\$ 22,238,434
Total non-current	\$ -	\$ -
At amortized cost		
Accounts payable and accrued liabilities (Note 8)	\$ 530,457	\$ 1,033,137
Total financial liabilities	<u>\$ 530,457</u>	<u>\$ 1,033,137</u>
Total current	\$ 530,457	\$ 1,033,137
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 31,2026

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:

- 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.

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.

IOCL (USA) Inc.
Notes to the financial statements
for the year ended March 31,2026

Note 16 - Financial Risk Management (Continued) Market 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.

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.

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, 2026 and 2025, 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 31,2026

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 Flow			
	Carrying Value	Total	Between 1 to 3 months	Between 3 to 12 months
As at March 2026				
Accounts payable and accrued liabilities (Note 8)	\$ 530,457.00	\$ 530,457	\$ 530,457	\$ -
As at March 2025				
Accounts payable and accrued liabilities (Note 8)	\$ 1,033,137	\$ 1,033,137	\$ 1,033,137	\$ -

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 31,2026

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 April 21, 2026, 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.