

# **CARCETTI CAPITAL CORP.**

**(formerly Cub Energy Inc.)**

## **Condensed Interim Financial Statements**

For the three and nine months ended September 30, 2023 and 2022

(Unaudited, Expressed in US Dollars)

**Notice of No Auditor Review of Interim Financial Statements**

Under National Instrument 51-102, if an auditor has not performed a review of the condensed consolidated interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Carcetti Capital Corp. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor. These unaudited condensed consolidated interim financial statements include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the condensed consolidated interim financial position, results of operations and cash flows.

**Carcetti Capital Corp.**  
**Condensed Interim Statements of Financial Position**  
(Unaudited, expressed in US dollars)

	September 30, 2023	December 31, 2022
	\$	\$
<b>Assets</b>		
Current assets		
Cash	269,768	7,190,302
Trade and other receivables	1,542	3,772
	<b>271,310</b>	7,194,074
<b>Total assets</b>	<b>271,310</b>	7,194,074
<b>Liabilities</b>		
Current liabilities		
Trade and other payables	9,929	92,389
Preferred share redemption payable (Note 9)	-	6,900,000
<b>Total liabilities</b>	<b>9,929</b>	6,992,389
<b>Shareholders' equity</b>		
Share capital (Note 9)	55,525,262	55,156,520
Contributed surplus (Note 9)	5,453,882	5,453,882
Accumulated other comprehensive (loss) income	81,096	137,380
Accumulated deficit	(60,798,859)	(60,546,097)
<b>Total shareholders' equity</b>	<b>261,381</b>	201,685
<b>Total shareholders' equity and liabilities</b>	<b>271,310</b>	7,194,074

*Nature of operations and going concern (Note 1)*  
*Subsequent event (Note 14)*

*These condensed interim financial statements for the three and nine months ended September 30, 2023 and 2022, were approved by the Board of Directors of the Company on November 27, 2023.*

Approved by the Board

\_\_\_\_\_  
"Glenn Kumoi"  
Director (**Signed**)

\_\_\_\_\_  
"Richard Silas"  
Director (**Signed**)

See accompanying notes, which are an integral part of these condensed interim financial statements

**Carcetti Capital Corp.**  
**Condensed Interim Statements of Operations and Comprehensive (Loss) Income**  
(Unaudited, expressed in US dollars)

	For the three months ended		For the nine months ended	
	September 30, 2023	2022	September 30, 2023	2022
	\$	\$	\$	\$
<b>Operating expenses</b>				
Consulting	-	72,083	181,416	230,863
Finance (income) loss, net	850	(296,243)	(28,352)	(216,160)
Management fees	2,332	-	9,886	-
Office and general	7,776	5,912	58,482	48,475
Professional fees	12,802	8,842	31,330	69,244
Salaries	-	21,045	-	285,304
Travel	-	(49)	-	5,436
<b>Net loss from continuing operations</b>	<b>23,760</b>	<b>(188,410)</b>	<b>252,762</b>	<b>423,162</b>
<b>Loss (income) from discontinued operations (Note 5)</b>	<b>-</b>	<b>(410,644)</b>	<b>-</b>	<b>(267,644)</b>
<b>Net loss (income)</b>	<b>23,760</b>	<b>(599,054)</b>	<b>252,762</b>	<b>155,518</b>
<b>Other comprehensive (income) loss</b>				
Items that may be reclassified to profit or loss				
Foreign currency translation adjustment on foreign operations	5,827	257,616	56,284	106,584
<b>Comprehensive loss (income)</b>	<b>29,587</b>	<b>(341,438)</b>	<b>309,046</b>	<b>262,102</b>
<b>Loss (income) per share</b>				
Basic (Note 10)	<b>0.00</b>	<b>(0.57)</b>	<b>0.08</b>	<b>0.15</b>
Diluted (Note 10)	<b>0.00</b>	<b>(0.57)</b>	<b>0.08</b>	<b>0.15</b>

See accompanying notes, which are an integral part of these condensed interim financial statement

**Carcetti Capital Corp.**  
**Condensed interim Statement of Changes in Shareholders' Equity**  
(Unaudited, expressed in US dollars)

	Number of shares	Share capital \$	Contributed surplus \$	Other reserve \$	Share of change in equity in associated company \$	Accumulated other comprehensive loss \$	Deficit \$	Total \$
<b>Balance, January 1, 2022</b>	<b>1,047,383</b>	<b>62,056,520</b>	<b>5,453,882</b>	<b>2,192,780</b>	<b>(2,187,000)</b>	<b>(41,796,000)</b>	<b>(18,265,000)</b>	<b>7,455,182</b>
Currency translation adjustment	-	-	-	-	-	(106,584)	-	(106,584)
Net loss	-	-	-	-	-	-	(155,518)	(155,518)
<b>Balance, September 30, 2022</b>	<b>1,047,383</b>	<b>62,056,520</b>	<b>5,453,882</b>	<b>2,192,780</b>	<b>(2,187,000)</b>	<b>(41,902,584)</b>	<b>(18,420,518)</b>	<b>7,193,080</b>
<b>Balance, January 1, 2023</b>	<b>1,047,383</b>	<b>55,156,520</b>	<b>5,453,882</b>	<b>-</b>	<b>-</b>	<b>137,380</b>	<b>(60,546,097)</b>	<b>201,685</b>
Shares issued for proceeds	4,166,667	368,742	-	-	-	-	-	368,742
Currency translation adjustment	-	-	-	-	-	(56,284)	-	(56,284)
Net loss	-	-	-	-	-	-	(252,762)	(252,762)
<b>Balance, September 30, 2023</b>	<b>5,214,050</b>	<b>55,525,262</b>	<b>5,453,882</b>	<b>-</b>	<b>-</b>	<b>81,096</b>	<b>(60,798,859)</b>	<b>261,381</b>

See accompanying notes, which are an integral part of these condensed interim financial statements

**Carcetti Capital Corp.**  
**Condensed interim Statements of Cash Flows**  
(Unaudited, expressed in US dollars)

	<b>For the nine months ended</b>	
	<b>September 30,</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Operating activities</b>		
Net loss from continuing operations	(252,762)	(423,162)
Adjustment for interest expense	-	8,000
Changes in working capital items		
Trade and other receivables	2,230	1,850
Prepaid expenses and inventory	-	29,000
Trade and other payables	(82,460)	(31,682)
<b>Cash (used in) provided by operating activities</b>	<b>(332,992)</b>	<b>(415,994)</b>
<b>Cash provided by discontinued operations</b>	<b>-</b>	<b>1,733,064</b>
<b>Investing activities</b>		
<b>Cash provided by investing activities</b>	<b>-</b>	<b>-</b>
<b>Cash provided by discontinued operations</b>	<b>-</b>	<b>2,328,000</b>
<b>Financing activities</b>		
Preferred share redemption (Note 9)	(6,900,000)	-
Repayment of shareholder loan	-	(900,000)
Shares issued for proceeds	368,742	-
<b>Cash used in financing activities</b>	<b>(6,531,258)</b>	<b>(900,000)</b>
<b>Cash used in discontinued financing activities</b>	<b>-</b>	<b>(2,640,706)</b>
Net change in cash from continuing operations	(6,864,250)	(1,315,994)
Net change in cash from discontinued operations (Note 5)	-	1,420,358
Effect of foreign exchange on cash	(56,284)	(261,364)
<b>Cash, beginning of period</b>	<b>7,190,302</b>	<b>7,368,000</b>
<b>Cash, end of period</b>	<b>269,768</b>	<b>7,211,000</b>

See accompanying notes, which are an integral part of these condensed interim financial statements

**Carcetti Capital Corp.**  
**For the three and nine months ended September 30, 2023 and 2022**  
**Notes to the condensed interim financial statements**  
(Unaudited, expressed in US dollars)

---

**1 Nature of operations and going concern**

Carcetti Capital Corp. (formerly Cub Energy Inc.) (the “Company”) was engaged in the exploration and development of energy. The Company was incorporated pursuant to the provisions of the Business Corporations Act (Ontario) and continued under the Canadian Business Corporations Act in February 2012. The address of the Company’s registered office is 1200 – 750 West Pender Street, Vancouver, BC, V6C 2T8, Canada and the records office is Suite 3300, 205 5<sup>th</sup> Avenue SW, Calgary, AB, T2P 2V7. The Company is listed on the NEX board of the TSX Venture Exchange (“TSXV”) under the trading symbol “CART.H”.

During the year ended December 31, 2022, the Company divested its subsidiary 3P International Energy Limited (“3P”) and 3P’s wholly owned subsidiary Tysagaz LLC (“Tysagaz”), which held a 100% working interest in one production licence in western Ukraine (See Note 5). Also during 2022 the Company, through its subsidiary Gastek LLC (“Gastek”), sold its 35% equity interest in KUBGAS Holdings Limited (“KUB Holdings”) which in turn owns a 100% equity interest in KUB-Gas LLC (“KUB-Gas”). KUB-Gas owns and operates six licenced gas and gas condensate fields in eastern Ukraine (See Notes 4 and 8).

On December 30, 2022, the Company completed the reorganization of the Company’s share capital to permit the Company to pay a special cash distribution of CAD \$9.00 per share (CAD\$0.03 per share pre-share consolidation) to shareholders of record as at December 23, 2022 for a total distribution of \$6,900 (the “Special Distribution”). See Note 10. In connection with the Special Distribution, the Company filed articles of amendment which created a new class of common shares (“Class B Common Shares”) and a class of preferred shares (“Preferred Shares”) and the exchange of the existing Company common shares for new Class B Common Shares and Preferred Shares on the basis of one Class B Common Share and one Preferred Share for every Company common share currently outstanding. During the nine months ended September 30, 2023, the Special Distribution was paid to shareholders of record.

Also on December 30, 2022, the Company changed its name to “Carcetti Capital Corp.” and completed a share consolidation on the basis of one (1) new share for every three hundred (300) old shares as part of the Company’s reorganization. All share, stock option and per share amounts in these financial statements have been adjusted to give retroactive effect to the stock consolidation.

As of September 30, 2023, the Company had working capital of \$261,381 (December 31, 2022 – \$201,685) and accumulated deficit of \$60,798,859 (December 31, 2022 – \$60,546,097) since its inception and may incur future losses in the development of its business that may cast doubt significant doubt about the ability of the Company to continue as a going concern.

**2 Basis of preparation**

**(a) Statement of compliance**

These condensed interim financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) and their interpretations as issued by the International Accounting Standards Board (“IASB”). The condensed consolidated interim financial statements have been prepared in conformity with IAS 34 *Interim Financial Reporting* and do not include all the information required for full annual consolidated financial statements in accordance with IFRS and should be read in conjunction with the audited consolidated financials for the year ended December 31, 2022.

**Carcetti Capital Corp.**  
**For the three and nine months ended September 30, 2023 and 2022**  
**Notes to the condensed interim financial statements**  
(Unaudited, expressed in US dollars)

---

**2 Basis of preparation (continued)**

**(b) Basis of consolidation**

*Former subsidiaries and functional and reporting currencies*

The following table describes the Company’s former subsidiaries and former equity accounted investments, their jurisdiction of incorporation, functional currency, continuance or formation and the percentage of securities beneficially owned, controlled or directed by the Company. The Company held no subsidiaries and no equity investments as at September 30, 2023 and December 31, 2022.

<b>Name of former Subsidiary/ Equity Accounted Investment</b>	<b>Percentage of Voting Securities Previously Owned</b>	<b>Jurisdiction of Incorporation, Continuance or Formation</b>	<b>Functional Currency</b>
Gastek LLC	100%	California	US
KUBGAS Holdings Limited	35%	Cyprus	US
KUB-Gas LLC	35%	Ukraine	Hryvnia
KUB-Gas Borova LLC	35%	Ukraine	Hryvnia
3P International Energy Limited	100%	Cyprus	US
3P Energy Consulting LLC	100%	Ukraine	Hryvnia
Tysagaz LLC	100%	Ukraine	Hryvnia

The Company accounted for its 35% indirect ownership in KUB Holdings and KUB-Gas as an investment in associate subject to significant influence under the equity method (Note 4).

During the year ended December 31, 2022, the Company sold its 35% interest in KUB Holdings and sold its 100% interest in 3P and its two Ukraine subsidiaries, Tysagaz and 3P Energy Consulting LLC. See Notes 4 and 5. The Company also dissolved Gastek LLC in November 2022.

The functional currency of the Company is the Canadian dollar. The presentation currency of the financial statements is the US dollar. All financial information herein is presented in US dollars. Financial information in Canadian dollars is noted as “CAD” and financial information in Euros is noted as “€”.

**(c) Transactions eliminated on consolidation**

Intercompany balances and transactions, and any unrealized gains arising from intercompany transactions, are eliminated in preparing the financial statements. Unrealized gains arising on transactions with equity accounted investees are eliminated against the investment to the extent of the Company’s interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

**(d) Basis of measurement**

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments as fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

**(e) Use of estimates and judgments**

Management makes a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with IFRS. Actual results could differ from those estimates. Significant estimates include:

**Carcetti Capital Corp.**  
**For the three and nine months ended September 30, 2023 and 2022**  
**Notes to the condensed interim financial statements**  
(Unaudited, expressed in US dollars)

---

**2 Basis of preparation (continued)**

**(e) Use of estimates and judgments (continued)**

- The determination of cash-generating units (“CGU”) requires judgment in defining a group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality.
- Tax interpretations, regulations and legislations in the jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings.
- Judgment is required to determine the functional currency of the parent and its subsidiaries. These judgments are continuously evaluated and are based on management’s experience and knowledge of the relevant facts and circumstances, including analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.
- The Company applies judgment in assessing its ability to continue as a going concern for at least 12 months.

**3 Significant accounting policies**

These condensed interim financial statements are prepared in accordance with IFRS and follow the same accounting policies and methods of their application as the most recent audited financial statements for the year ended December 31, 2022. These financial statements should be read in conjunction with those consolidated financial statements.

**4 Assets and liabilities held for sale**

On September 7, 2021, the Company announced it had entered into a letter agreement to sell its 35% interest in KUB Holdings for a cash payment of \$2,600 and the settlement of debt. The settlement of debt includes the trade payable to KUB-Gas and the loan from KUB-Gas (Note 8). On February 2, 2022, the Company completed the sale of its 35% interest in KUB Holdings and received cash proceeds of \$2,600 and settled the balance of debt owing to KUB-Gas. The effective date of the transaction is November 15, 2021. The debt was settled through the repayment of the debt to KUB-Gas and simultaneous issue of dividends to the Company, net of withholding taxes. During the year ended December 31, 2021, the Company classified the 35% equity investment as an asset held for sale. The asset was \$nil at September 30, 2023 (December 31, 2022 - \$nil).

**Carcetti Capital Corp.**  
**For the three and nine months ended September 30, 2023 and 2022**  
**Notes to the condensed interim financial statements**  
(Unaudited, expressed in US dollars)

**4 Assets and liabilities held for sale (continued)**

Based on the book value of the assets disposed of on February 2, 2022, the related sales proceeds and the effect of recycling of foreign exchange, the loss on the sale of KUB Holdings was calculated to be \$18,025, related to the \$18,025 in recycling of foreign exchange as summarized below:

As at	February 2, 2022
Equity investment	\$3,028,000
Dividend receivable	2,046,420
Total net assets	5,074,420
Cash	2,600,000
Loan from KUB-Gas	2,474,420
Total consideration	5,074,420
Recycling of foreign exchange	18,025,000
Loss on disposal of KUB Holdings	\$ 18,025,000

The continuity of the Company's investment in KUB Holdings is as follows:

	\$
Investment in KUB Holdings as at January 1, 2022	-
Reversal of impairment of KUB Holdings	428,000
Transfer to assets held for sale	(428,000)
Investment in KUB Holdings as September 30, 2023 and December 31, 2022	-

The Company recorded no dividends during the nine months ended September 30, 2023 (December 31, 2022 - \$2,046,420).

**5 Discontinued operations**

On August 17, 2022, the Company closed the Sale and Purchase Agreement ("SPA") for the sale of its 100% interest in 3P and its wholly-owned Ukraine subsidiaries, Tysagaz and 3P Consulting. The sale was for nominal consideration and the buyer assuming all of 3P's, Tysagaz' and 3P Consulting' liabilities. The buyer group was comprised of the Chief Financial Officer and former Chief Operating Officer of the Company. The Company received the financial benefit of 3P including the natural gas sales through to July 31, 2022.

As at July 31, 2022, 3P and its subsidiaries had the following assets and liabilities and a negative net book value of \$391,000. The Company has previously recorded impairments of its property, plant and equipment related to 3P and its subsidiaries in previous years. Following the sale of 3P and its subsidiaries the Company determined that its recoverable amount exceeded its carrying amount. As a result, the Company recorded a reversal of impairment of property, plant and equipment of \$391,000 during the year ended December 31, 2022 on the sale of 3P as detailed below.

As at,	July 31, 2022
Current assets	\$ 340,000
Current liabilities	(323,000)
Non-current liabilities	(408,000)
Reversal of impairment of property, plant and equipment	\$ (391,000)

**Carcetti Capital Corp.**  
**For the three and nine months ended September 30, 2023 and 2022**  
**Notes to the condensed interim financial statements**  
(Unaudited, expressed in US dollars)

**5 Discontinued operations (continued)**

The Company recorded a loss on the disposal of 3P of \$24,761,000 during the year ended December 31, 2022. The loss primarily related to the \$24,761,000 in recycling of foreign exchange translation and \$391,000 in a reversal of a previous years impairment charge on property, plant and equipment as per the below:

	<b>July 31, 2022</b>
As at	
Property, plant and equipment	\$ 391,000
Cash	272,000
Prepays	32,000
Inventory	31,000
Receivables	5,000
Total net assets	\$ 731,000
Bank loan	365,000
Provision for reclamation	301,000
Trade and other payables	65,000
Total consideration	\$731,000
Recycling of foreign exchange	24,761,000
Loss on disposal of 3P	\$ 24,761,000

The following summarizes the net income or loss from discontinued operations for the respective periods related to 3P which was divested during the nine months ended September 30, 2023 and 2022.

<b>Nine months ended September 30,</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Revenue from gas sales	-	947,524
Royalty expense	-	(490,000)
<b>Revenue, net of royalty</b>	<b>-</b>	<b>457,524</b>
<b>Operating expenses</b>		
Selling and general administrative expenses	-	428,811
Gain on sale of 3P International	-	(390,806)
Cost of gas sales	-	151,000
Accretion of decommissioning obligation	-	26,000
Finance income, net of losses	-	(25,125)
	-	189,880
<b>Loss (income) from discontinued operations</b>	<b>-</b>	<b>(267,644)</b>

The reclassification of foreign currency translation relates to the accumulated revaluation of the Company's assets and liabilities denominated in currencies outside of the US dollar in accordance with the Company's accounting policy for the translation of its former subsidiaries.

**Carcetti Capital Corp.**  
**For the three and nine months ended September 30, 2023 and 2022**  
**Notes to the condensed interim financial statements**  
(Unaudited, expressed in US dollars)

**6 Shareholder loan**

Pelicourt Limited (“Pelicourt”) is a shareholder of the Company. During 2014, Pelicourt loaned the Company the principal sum of \$2,000,000 with an interest rate of 12% paid quarterly. In May 2020, \$200,000 of the principal was repaid and the interest rate was reduced to 10.8%. In January 2021, the Pelicourt loan was extended to March 31, 2024 at the same 10.8% interest rate with a repayment of \$150,000 per quarter. During the year ended December 31, 2022, the Company made principal payments of \$900,000 (2021 - \$900,000) which repaid the loan in full. The principal balance of the Pelicourt loan at September 30, 2023 was \$nil (December 31, 2022 - \$900,000). During the nine months ended September 30, 2023, the Company recorded interest of \$nil (2022 - \$8,000). A summary of the shareholder loan is presented below.

	Shareholder Loan
January 1, 2022	\$949,000
Accrued interest	8,000
Principal repayment	(900,000)
Interest payment	(57,000)
December 31, 2022 and September 30, 2023	\$ -

**7 Loan from Kub-Gas and discontinued operations**

During the year ended December 31, 2016, the Company’s Ukraine subsidiaries, Tysgaz and 3P Consulting, entered into unsecured, non-interest bearing loan agreements with KUB-Gas, whereby KUB-Gas agreed to lend approximately 172,500,000 UAH for general working capital. During the year ended December 31, 2018, the Company repaid 30,000,000 UAH, during the year ended December 31, 2021 repaid 75,000,000 UAH and during the year ended December 31, 2022, the remaining balance of 67,500,000 UAH was repaid in full. See Note 4.

**8 Bank loan guarantee and discontinued operations**

**Loan**

During the year ended December 31, 2021, the Company’s subsidiary, Tysgaz, entered into a loan agreement with a Ukraine bank for €650,000 (\$793,000). The loan bears interest at 7.5%, will mature in November 2023 and is secured by the Jenbacher power generation units and a general guarantee by the Company. During the year ended December 31, 2022, the Company repaid \$160,000 (2021 - \$164,000) in principal and paid \$21,000 (2021 - \$31,000) in interest. This loan was assumed by the buyer of 3P. The Ukraine bank released the Company of the guarantee in conjunction with the sale. See Note 5. A summary of the shareholder loan is presented below.

Bank Loan	
Carrying value, January 1, 2022	\$ 577,000
Principal repayments	(139,000)
Interest payment	(21,000)
Currency translation adjustment	(52,000)
Loan assumed by the purchaser of 3P International (Note 5)	(365,000)
Carrying value, December 31, 2022 and September 30, 2023	\$ -

**Carcetti Capital Corp.**  
**For the three and nine months ended September 30, 2023 and 2022**  
**Notes to the condensed interim financial statements**  
(Unaudited, expressed in US dollars)

---

**9 Share capital and share-based payments**

(a) Share capital

**Issued shares**

During the nine months ended September 30, 2023:

In May 2023, the Company closed a private placement financing which consisted of 4,166,667 common shares at a price of CAD \$0.12 per share for gross proceeds of \$368,742 (CAD \$500,000).

During the year ended December 31, 2022:

On December 30, 2022, the Company completed a share consolidation on the basis of one (1) new share for every three hundred (300) old shares. All share, share option and per share amounts in these consolidated financial statements have been adjusted to give retroactive effect to the stock consolidation.

**Preferred share redemption and special distribution**

On December 30, 2022, the Company completed the reorganization of the Company's share capital to permit the Company to pay a Special Distribution of CAD \$9.00 per share (CAD\$0.03 per share pre-share consolidation) cash to shareholders of record as at December 23, 2022 which totaled approximately \$6,900,000. In connection with the Special Distribution, the Company filed articles of amendment which created a new class of shares called Class B Common Shares and a class of Preferred Shares and effected an exchange of the existing Company common shares for new Class B Common Shares and Preferred Shares on the basis of one Class B Common Share and one Preferred Share for every Company common share currently outstanding. The Preferred Shares were immediately redeemed, in accordance with a notice from the Company provided by way of a news release issued on December 30, 2022, in exchange for the Special Distribution. The Preferred Share Redemption was treated as a reduction in the share capital of the Company and was payable to shareholders as at December 30, 2022. During the nine months ended September 30, 2023, the Special Distribution was paid to shareholders of record.

(b) Stock options

The Company has a stock option plan under which it is authorized to grant options to its directors, officers, employees and consultants for the purchase of up to 10% of the issued and outstanding common shares. The term of options under the plan shall not exceed 10 years, have an exercise price not less than the current market price and may be subject to vesting terms as determined by the board of directors. The continuity and schedule of the stock options is presented below:

	Number of Options	Weighted Average Exercise Price (CAD)
		\$
<b>Balance, January 1, 2022</b>	<b>28,666</b>	<b>24.00</b>
Options forfeited	(16,333)	22.00
<b>Balance, December 31, 2022 and September 30, 2023</b>	<b>12,333</b>	<b>24.00</b>

  

Number of Options	Weighted Average Exercise Price	Expiry Date
	\$	
12,333	24.00	December 7, 2026
<b>12,333</b>		

The weighted average life of options outstanding at September 30, 2023 was 3.19 years.

**Carcetti Capital Corp.**  
**For the three and nine months ended September 30, 2023 and 2022**  
**Notes to the condensed interim financial statements**  
(Unaudited, expressed in US dollars)

**10 Loss per share**

	Three months ended		Nine months ended	
	September 30, 2023	2022	September 30, 2023	2022
	\$	\$	\$	\$
<b>Numerator:</b>				
Loss (income) from continuing operations - basic and diluted	23,760	(599,054)	252,762	155,518
Loss (income) from discontinuing operations - basic and diluted	-	(410,644)	-	(267,644)
Loss (income) for the period - basic and diluted	23,760	(599,054)	252,762	155,518
<b>Denominator (in 000's)</b>				
Weighted average shares – basic and diluted	5,214,050	1,047,383	3,153,610	1,047,383
Basic and diluted loss (income) per share from continuing operations	0.00	(0.57)	0.08	0.15
Basic and diluted loss (income) per share from discontinuing operations	-	(0.39)	-	(0.26)
Basic and diluted loss (income) per share	0.00	(0.57)	0.08	0.15

**11 Operating segments**

The Company operated in one reportable segment in the oil and gas industry. All revenue in 2022 was earned in Ukraine and the Company divested all its oil and gas investments during the year ended December 31, 2022. The Company is not operating in any reportable segments as it continues to explore new directions.

**12 Related party transactions**

Transactions with related parties are incurred in the normal course of business. During the nine months ended September 30, 2023 and year ended December 31, 2022, related party transactions included the shareholder loan, the sale of 3P, the transactions with KUB Holdings and KUB-Gas (Notes 5, 6, and 7) and key management compensation.

Key management personnel include executive officers and non-executive directors. Executive officers are compensated and may participate in the Company's stock option and RSU plans. Non-executive directors also may participate in the Company's stock option and RSU plans. Key management personnel compensation is comprised of the following and included both the continued and discontinued operations:

	Three months ended		Nine months ended	
	September 30, 2023	2022	September 30, 2023	2022
	\$	\$	\$	\$
Directors' fees <sup>(1)</sup>	2,237	21,000	9,759	64,000
Consulting fees <sup>(1)</sup>	-	53,000	181,416	143,000
Management wages <sup>(1)</sup>	-	11,000	-	139,000
Bonus <sup>(1)(2)</sup>	-	-	-	251,000
	2,237	85,000	191,175	597,000

(1) These amounts are included in salaries and consulting fees within selling and general administrative expenses in continued and discontinued operations.

(2) The Company recorded \$nil in bonuses to management during the nine months ended September 30, 2023 (September 30, 2022 - \$251,000). The 2022 bonuses were paid as part of an incentive and retention strategy for the asset divestitures and debt reduction that occurred in conjunction with the closing of the KUB Holdings sale on February 2, 2022. See Note 4.

**Carcetti Capital Corp.**  
**For the three and nine months ended September 30, 2023 and 2022**  
**Notes to the condensed interim financial statements**  
(Unaudited, expressed in US dollars)

---

**12 Related part transactions (continued)**

During the nine months ended September 30, 2023, the Company entered into the following transactions with related parties not disclosed elsewhere in the Financial Statements:

- i. Paid or incurred directors fees of \$2,982 (September 30, 2022 - \$nil) to Glenn Kumoi, CEO and director of the company.

As at September 30, 2023, \$nil (December 31, 2022 - \$nil) was included in trade and other payables owing to officers and directors of the Company.

**13 Financial instruments**

The Company's financial instruments consist of cash, trade and other receivables (excluding sales tax), trade and other payables and preferred share redemption payable. The fair values of financial instruments other than cash approximate their carrying values. Trade and other receivables, trade and other payables and preferred share redemption payable approximate fair value due to the short term nature of the accounts.

The Company classifies its fair value measurements in accordance with the three levels fair value hierarchy as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 – Inputs that are not based on observable market data.

The following table summarizes the carrying values of the Company's financial instruments:

- (i) Cash
- (ii) Trade and other receivables (excludes sales tax)
- (iii) Trade and other payables and preferred share redemption payable

	September 30, 2023	December 31, 2022
	\$	\$
Fair value through profit or loss (i)	269,768	7,190,302
Liabilities - amortized cost (iii)	9,929	6,992,389

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>As at September 30, 2023</b>				
Cash	269,768	-	-	269,768
<b>As at December 31, 2022</b>				
Cash	7,190,302	-	-	7,190,302

**14 Subsequent event**

In November 2023, the Company granted 90,000 stock options to directors of the Company exercisable to purchase up to 90,000 common shares of the Company, at an exercise price of \$0.26 per share exercisable for up to five years.