

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Supernova Energy Inc

265 Sunrise Hwy, Suite 1-276 Rockville Centre, New York 11570

(785) 422 9121

www.snenergyinc.com

info@snenergyinc.com

SIC: 1311 – Crude Petroleum & Natural Gas, 1381 – Drilling Oil & Gas Wells

Quarterly Report

For the Period Ending: September 30, 2022

(the “Reporting Period”)

Outstanding Shares

The number of shares outstanding of our Common Stock was:

As of September 30, 2022, the number of shares outstanding of our Common Stock was: 331,798,754.

As of June 30, 2022, the number of shares outstanding of our Common Stock was: 331,798,754.

As of December 31, 2021, the number of shares outstanding of our Common Stock was: 314,980,572.

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: No:

Change in Control

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: No:

1) Name and address(es) of the issuer and its predecessors (if any)

There are no predecessors to Supernova Energy Inc.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

N/A

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

N/A

The address(es) of the issuer's principal executive office:

265 Sunrise Hwy, Suite 1-276 Rockville Centre, New York 11570

The address(es) of the issuer's principal place of business:

Check if principal executive office and principal place of business are the same address:

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: Yes: If Yes, provide additional details below:

2) Security Information

Transfer Agent

Name: Securities Transfer Corporation
Phone: (469) 633-0101
Email: info@stctransfer.com
Address: 2901 N. Dallas Parkway, Suite 380, Plano, Texas 75093

Publicly Quoted or Traded Securities:

| | | |
|--|----------------------|---------------------------------------|
| Trading symbol: | <u>SPRN</u> | |
| Exact title and class of securities outstanding: | <u>Common Stock</u> | |
| CUSIP: | <u>86845R 207</u> | |
| Par or stated value: | <u>\$0.0001</u> | |
| Total shares authorized: | <u>3,000,000,000</u> | as of date: <u>September 30, 2022</u> |
| Total shares outstanding: | <u>331,798,754</u> | as of date: <u>September 30, 2022</u> |
| Total number of shareholders of record: | <u>25</u> | as of date: <u>September 30, 2022</u> |

Other classes of authorized or outstanding equity securities:

| | | |
|--|------------------------------|---------------------------------------|
| Trading symbol: | <u>SPRN</u> | |
| Exact title and class of securities outstanding: | <u>Preferred Shares</u> | |
| CUSIP: | <u>86845R 207</u> | |
| Par or stated value: | <u>\$0.0001</u> | |
| Total shares authorized: | <u>25,000,000</u> | as of date: <u>September 30, 2022</u> |
| Total shares outstanding: | <u>98,800 (Unclassified)</u> | as of date: <u>September 30, 2022</u> |

| | | |
|--|-----------------------------------|---------------------------------------|
| Trading symbol: | <u>SPRN</u> | |
| Exact title and class of securities outstanding: | <u>Series A Convertible Stock</u> | |
| CUSIP: | <u>86845R 207</u> | |
| Par or stated value: | <u>\$0.0001</u> | |
| Total shares authorized: | <u>2,000,000</u> | as of date: <u>September 30, 2022</u> |
| Total shares outstanding: | <u>185,000</u> | as of date: <u>September 30, 2022</u> |

Trading symbol: SPRN
Exact title and class of securities outstanding: Series B Preferred Stock
CUSIP: 86845R 207
Par or stated value: \$0.0001
Total shares authorized: 25,000 as of date: September 30, 2022
Total shares outstanding: 25,000 as of date: September 30, 2022

Security Description:

1. For common equity, describe any dividend, voting and preemption rights.

The company has never declared any dividends. Each share is eligible to cast one vote at a general or special meeting of the shareholders.

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

There are three classes of preferred shares, and their voting and other rights are as follows:

Preferred: No voting rights and are non-convertible

Preferred A: Each holder of outstanding Shares of Series A Preferred Stock will be entitled to vote with holders of outstanding shares of Common Stock. Each Preferred Share of Series A will have the right to a number of votes equal to the number of shares of Common Stock into which the share is convertible.

Preferred B: The outstanding shares of Series B Non-Convertible Preferred Stock shall vote together with the shares of Common Stock and other voting securities of the Company as a single class and, regardless of the number of shares of Series B Non-Convertible Preferred Stock outstanding and as long as at least one of such shares of Series B Non-Convertible Preferred Stock is outstanding, shall represent eighty percent (80%) of all votes entitled to be voted at any annual or special meetings of stockholders of the Company or action by written consent of stockholders.

3. Describe any other material rights of common or preferred stockholders.

None

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

None

3) Issuance History

A. Changes to the Number of Outstanding Shares

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: Yes: (If yes, you must complete the table below)

| Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date <u>12/31/2019</u> Common: <u>115,980,572</u> Preferred: <u>159,800</u> | | | *Right-click the rows below and select "Insert" to add rows as needed. | | | | | | |
|--|---|--|--|---|--|--|---|---|---------------------------------|
| Date of Transaction | Transaction type (e.g. new issuance, cancellation, shares returned to treasury) | Number of Shares Issued (or cancelled) | Class of Securities | Value of shares issued (\$/per share) at Issuance | Were the shares issued at a discount to market price at the time of issuance? (Yes/No) | Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed). | Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided | Restricted or Unrestricted as of this filing. | Exemption or Registration Type. |
| <u>05/18/19</u> | <u>Issuance of Preferred A Stock</u> | <u>30,000</u> | <u>Preferred A Stock</u> | <u>\$0.40</u> | <u>N/A – not actively trading</u> | <u>Ruthy Navon</u> | <u>Shares issued for extension of acquisition purchase period</u> | <u>Restricted</u> | <u>Exemption</u> |
| <u>05/18/19</u> | <u>Issuance of Preferred A Stock</u> | <u>30,000</u> | <u>Preferred A Stock</u> | <u>\$0.40</u> | <u>N/A – not actively trading</u> | <u>Kenneth B Liebscher</u> <u>Harry Bygdnes</u> | <u>Shares issued for extension of acquisition purchase period</u> | <u>Restricted</u> | <u>Exemption</u> |
| <u>09/02/20</u> | <u>Issuance of common stock</u> | <u>11,000,000</u> | <u>Common Stock</u> | <u>\$0.0001</u> | <u>Yes</u> | <u>1207124 BC Ltd.</u> <u>Harry Bygdnes</u> | <u>Shares issued for debt</u> | <u>Unrestricted</u> | <u>Exemption</u> |
| <u>07/26/21</u> | <u>Issuance of common stock</u> | <u>12,000,000</u> | <u>Common Stock</u> | <u>\$0.0001</u> | <u>Yes</u> | <u>1207124 BC Ltd.</u> <u>Harry Bygdnes</u> | <u>Shares issued for debt</u> | <u>Unrestricted</u> | <u>Exemption</u> |
| <u>08/05/21</u> | <u>Issuance of common stock</u> | <u>150,000,000</u> | <u>Common Stock</u> | <u>\$0.0001</u> | <u>Yes</u> | <u>Nicolas Upchurch</u> | <u>Shares issued for cash</u> | <u>Restricted</u> | <u>Exemption</u> |
| <u>08/17/21</u> | <u>Issuance of common stock</u> | <u>26,000,000</u> | <u>Common Stock</u> | <u>\$0.0001</u> | <u>Yes</u> | <u>Black Ridge Holding</u> <u>Brian Keasberry</u> | <u>Shares issued for debt</u> | <u>Unrestricted</u> | <u>Exemption</u> |
| <u>2/24/22</u> | <u>Issuance of common stock</u> | <u>16,818,182</u> | <u>Common Stock</u> | <u>\$0.0001</u> | <u>Yes</u> | <u>SRAX INC</u> <u>Estela Nieves</u> | <u>Shares issued for vendor payment</u> | <u>Restricted</u> | <u>Exemption</u> |
| Shares Outstanding on Date of This Report: <u>Ending Balance</u> <u>Ending Balance:</u> Date <u>9/30/2022</u> Common: <u>331,798,754</u> Preferred: <u>308,800</u> | | | | | | | | | |

Use the space below to provide any additional details, including footnotes to the table above:

N/A

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities :

No: Yes: (If yes, you must complete the table below)

| Date of Note Issuance | Outstanding Balance (\$) | Principal Amount at Issuance (\$) | Interest Accrued (\$) | Maturity Date | Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares) | Name of Noteholder (entities must have individual with voting / investment control disclosed). | Reason for Issuance (e.g. Loan, Services, etc.) |
|-----------------------|--------------------------|-----------------------------------|-----------------------|---------------|--|--|---|
| 08/21/13 | 5,500 | 5,000 | 500 | 08/21/14 | Non-Convertible | International IR Jake Bottay | Loan |
| 03/11/14 | 28,035 | 20,000 | 8,305 | 03/11/15 | Non-Convertible | Craigstone LTD Kenneth Ciapala | Loan |
| 11/20/14 | 18,747 | 15,000 | 3,747 | 11/20/15 | Non-Convertible | Maverick LLC Ester Barrios | Loan |
| 01/05/15 | 30,918 | 22,500 | 8,418 | 01/05/16 | Non-Convertible | Craigstone LTD Kenneth Ciapala | Loan |
| 01/29/15 | 102,814 | 75,000 | 27,814 | 01/29/16 | Non-Convertible | Craigstone LTD Kenneth Ciapala | Loan |
| 06/10/15 | 33,822 | 25,000 | 8,822 | 06/10/16 | Non-Convertible | Craigstone LTD Kenneth Ciapala | Loan |
| 09/01/15 | 181,099 | 135,000 | 46,099 | 09/01/16 | Non-Convertible | Blackridge Holdings LLC Brian Keasberry | Loan |
| 09/30/15 | 66,875 | 50,000 | 16,875 | 09/30/16 | Non-Convertible | Blackridge Holdings LLC Brian Keasberry | Loan |
| 11/10/15 | 21,314 | 16,000 | 5,314 | 11/10/16 | Non-Convertible | Craigstone LTD Kenneth Ciapala | Loan |
| 11/19/15 | 5,324 | 4,000 | 1,324 | 11/19/16 | Non-Convertible | Craigstone LTD Kenneth Ciapala | Loan |
| 12/24/15 | 19,891 | 15,000 | 4,891 | 12/24/16 | Non-Convertible | Craigstone LTD Kenneth Ciapala | Loan |
| 01/27/16 | 22,634 | 15,000 | 7,634 | 01/27/17 | Non-Convertible | Tamarind Investments Kenneth Ciapala | Loan |
| 03/02/17 | 25,500 | 20,000 | 5,500 | 03/02/18 | Non-Convertible | Blackridge Holdings LLC Brian Keasberry | Loan |
| 03/06/17 | 27,600 | 20,000 | 7,600 | 03/06/18 | Non-Convertible | Blackridge Holdings LLC Brian Keasberry | Loan |
| 09/30/17 | 153,099 | 125,000 | 28,099 | 09/30/18 | Non-Convertible | Blackridge Holdings LLC Brian Keasberry | Loan |
| 11/21/17 | 20,535 | 15,000 | 5,535 | 11/21/18 | Non-Convertible | Fountain Drive Kenneth Ciapala | Loan |
| 11/29/17 | 20,508 | 15,000 | 5,508 | 11/29/18 | Non-Convertible | Blackridge Holdings LLC Brian Keasberry | Loan |
| 02/09/18 | 20,368 | 15,000 | 5,368 | 02/09/19 | Non-Convertible | Blackridge Holdings LLC Brian Keasberry | Loan |
| 02/15/18 | 24,397 | 20,000 | 4,397 | 02/15/19 | Non-Convertible | Blackridge Holdings LLC Brian Keasberry | Loan |

| | | | | | | | |
|-----------------|----------------|----------------|---------------|-----------------|--|--|-------------|
| <u>03/16/18</u> | <u>35,733</u> | <u>25,000</u> | <u>10,733</u> | <u>03/16/19</u> | <u>Convertible at 60% of the lowest trading price during the 20 days preceding conversion</u> | Minivest Soham Awon | <u>Loan</u> |
| <u>05/09/18</u> | <u>19,969</u> | <u>15,000</u> | <u>4,969</u> | <u>05/09/19</u> | <u>Non-Convertible</u> | Blackridge Holdings LLC Brian Keasberry | <u>Loan</u> |
| <u>03/30/21</u> | <u>3,084</u> | <u>2,840</u> | <u>284</u> | <u>03/30/22</u> | <u>Convertible at option of holder based on a conversion rate to be agreed upon within 48 hours of holder exercising option to convert</u> | Blackridge Holdings Inc Brian Keasberry | <u>Loan</u> |
| <u>07/30/21</u> | <u>69,773</u> | <u>65,000</u> | <u>4,773</u> | <u>07/30/22</u> | <u>Convertible at option of holder based on a conversion rate to be agreed upon within 48 hours of holder exercising option to convert</u> | Blackridge Holdings Inc Brian Keasberry | <u>Loan</u> |
| <u>09/30/21</u> | <u>68,889</u> | <u>65,000</u> | <u>3,889</u> | <u>09/30/22</u> | <u>Convertible at option of holder based on a conversion rate to be agreed upon within 48 hours of holder exercising option to convert</u> | Blackridge Holdings Inc Brian Keasberry | <u>Loan</u> |
| <u>10/20/21</u> | <u>21,109</u> | <u>20,000</u> | <u>1,109</u> | <u>10/20/22</u> | <u>Convertible at option of holder based on a conversion rate to be agreed upon within 48 hours of holder exercising option to convert</u> | Wexford Industries Ltd L. Farber | <u>Loan</u> |
| <u>12/15/21</u> | <u>20,864</u> | <u>20,000</u> | <u>864</u> | <u>12/15/22</u> | <u>Convertible at option of holder based on a conversion rate to be agreed upon within 48 hours of holder exercising option to convert</u> | Blackridge Holdings Inc Brian Keasberry | <u>Loan</u> |
| <u>12/30/21</u> | <u>20,798</u> | <u>20,000</u> | <u>798</u> | <u>12/30/22</u> | <u>Convertible at option of holder based on a conversion rate to be agreed upon within 48 hours of holder exercising option to convert</u> | Blackridge Holdings Inc Brian Keasberry | <u>Loan</u> |
| <u>11/01/21</u> | <u>10,792</u> | <u>10,000</u> | <u>792</u> | <u>11/01/22</u> | <u>Non-convertible</u> | Wexford Industries Ltd. L.Farber | <u>Loan</u> |
| <u>1/26/22</u> | <u>258,493</u> | <u>250,000</u> | <u>8,493</u> | <u>1/26/24</u> | <u>Convertible at option of holder based on a conversion rate to be agreed upon within 48 hours of holder exercising option to convert</u> | Blackridge Holdings Inc Brian Keasberry | <u>Loan</u> |
| <u>2/25/22</u> | <u>154,110</u> | <u>150,000</u> | <u>4,110</u> | <u>2/25/24</u> | <u>Convertible at option of holder based on a conversion rate to be agreed upon within 48 hours of holder exercising option to convert</u> | Wexford Industries, Ltd L. Farber | <u>Loan</u> |
| <u>3/16/22</u> | <u>10,232</u> | <u>10,000</u> | <u>232</u> | <u>3/16/24</u> | <u>Convertible at option of holder based on a conversion rate to be agreed upon within 48 hours of holder exercising option to convert</u> | Wexford Industries, Ltd L. Farber | <u>Loan</u> |
| <u>3/25/22</u> | <u>102,126</u> | <u>100,000</u> | <u>2,126</u> | <u>3/25/24</u> | <u>Convertible at option of holder based on a conversion rate to be agreed upon within 48 hours of holder exercising option to convert</u> | Wexford Industries, Ltd L. Farber | <u>Loan</u> |
| <u>3/28/22</u> | <u>32,659</u> | <u>32,000</u> | <u>659</u> | <u>3/28/24</u> | <u>Convertible at option of holder based on a conversion rate to be agreed upon within 48 hours of holder exercising option to convert</u> | Wexford Industries, Ltd L. Farber | <u>Loan</u> |
| <u>4/02/22</u> | <u>152,926</u> | <u>150,000</u> | <u>2,926</u> | <u>4/02/24</u> | <u>Convertible at option of holder based on a conversion rate to be agreed upon within 48 hours of holder exercising option to convert</u> | Black Ridge Holdings, Inc Brian Keasberry | <u>Loan</u> |
| <u>5/11/22</u> | <u>15,164</u> | <u>15,000</u> | <u>164</u> | <u>5/11/23</u> | <u>Convertible at option of holder based on a conversion rate to be agreed upon within 48 hours of holder exercising option to convert</u> | Wexford Industries, Ltd L. Farber | <u>Loan</u> |
| <u>5/24/22</u> | <u>35,284</u> | <u>35,000</u> | <u>284</u> | <u>5/24/23</u> | <u>Convertible at option of holder based on a conversion rate to be</u> | Daniel Mendes | <u>Loan</u> |

| | | | | | | | |
|----------------|---------------|---------------|------------|----------------|--|--|-------------|
| | | | | | <u>agreed upon within 48 hours of holder exercising option to convert</u> | | |
| <u>5/25/22</u> | <u>1,008</u> | <u>1,000</u> | <u>8</u> | <u>5/25/23</u> | <u>Convertible at option of holder based on a conversion rate to be agreed upon within 48 hours of holder exercising option to convert</u> | Wexford Industries, Ltd L. Farber | <u>Loan</u> |
| <u>5/25/22</u> | <u>40,316</u> | <u>40,000</u> | <u>316</u> | <u>5/25/23</u> | <u>Convertible at option of holder based on a conversion rate to be agreed upon within 48 hours of holder exercising option to convert</u> | Wexford Industries, Ltd L. Farber | <u>Loan</u> |
| <u>5/25/22</u> | <u>70,552</u> | <u>70,000</u> | <u>552</u> | <u>5/25/23</u> | <u>Convertible at option of holder based on a conversion rate to be agreed upon within 48 hours of holder exercising option to convert</u> | Blackridge Holdings Inc Brian Keasberry | <u>Loan</u> |
| <u>5/25/22</u> | <u>5,039</u> | <u>5,000</u> | <u>39</u> | <u>5/25/23</u> | <u>Convertible at option of holder based on a conversion rate to be agreed upon within 48 hours of holder exercising option to convert</u> | Blackridge Holdings Inc Brian Keasberry | <u>Loan</u> |
| <u>6/24/22</u> | <u>42,055</u> | <u>42,000</u> | <u>55</u> | <u>6/24/23</u> | <u>Convertible at option of holder based on a conversion rate to be agreed upon within 48 hours of holder exercising option to convert</u> | Blackridge Holdings Inc Brian Keasberry | <u>Loan</u> |
| <u>6/30/22</u> | <u>58,100</u> | <u>58,100</u> | <u>0</u> | <u>6/30/23</u> | <u>Convertible at option of holder based on a conversion rate to be agreed upon within 48 hours of holder exercising option to convert</u> | Wexford Industries, Ltd L. Farber | <u>Loan</u> |

Use the space below to provide any additional details, including footnotes to the table above:

N/A

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. (Please ensure that these descriptions are updated on the Company's Profile on www.otcmarkets.com).

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

Supernova Energy, Inc. is a diversified US-based oil and gas company with working interest in Kentucky and holdings in a greenhouse gas mitigation company. The Company's goal is to acquire economical leases in known oil and gas formations and offset its carbon footprint via investments in climate action companies and technology.

B. List any subsidiaries, parent company, or affiliated companies.

No Subsidiaries

C. Describe the issuers' principal products or services.

The Company has a working interest in oil wells in Kentucky.

5) Issuer's Facilities

At present, the arrangement for the Company Office is on a month-by-month rental agreement with an executive suites company in Rockville Centre, NY. We believe that this arrangement is adequate and suitable for our current needs. However, when expansion of our business demands increased office space, there are considerable office facilities available in the Rockville Centre area in which we are presently located. The business address is: 265 Sunrise Hwy, Suite 1-276 Rockville Centre, New York 11570

6) Officers, Directors, and Control Persons

| Name of Officer/Director or Control Person | Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%) | Residential Address (City / State Only) | Number of shares owned | Share type/class | Ownership Percentage of Class Outstanding | Note |
|--|---|---|------------------------|--------------------------------|---|-------|
| <u>Kevin G Malone</u> | <u>Owner 5% Plus</u> | <u>New York, NY</u> | <u>125,000</u> | <u>Preferred A¹</u> | <u>67.56</u> | _____ |
| <u>Kevin G Malone</u> | <u>Owner 5% Plus</u> | <u>New York, NY</u> | <u>25,000</u> | <u>Preferred B²</u> | <u>100</u> | _____ |
| <u>Nicholas Upchurch</u> | <u>Director/Officer</u> | <u>Albany, NY</u> | <u>150,000,000</u> | <u>Common</u> | <u>45.21</u> | _____ |
| <u>Kenneth B Liebscher</u> | <u>N/A</u> | <u>Blaine, WA</u> | <u>30,000</u> | <u>Preferred A¹</u> | <u>16.22</u> | _____ |
| <u>Ruthy Navron</u> | <u>N/A</u> | <u>Richmond, BC</u> | <u>30,000</u> | <u>Preferred A¹</u> | <u>16.22</u> | _____ |
| <u>USA Build LLC</u> <u>Fernando Tellez</u> | <u>N/A</u> | <u>Cypress, CA</u> | <u>47,500,000</u> | <u>Common</u> | <u>14.32</u> | |

¹ Each share of Series A Preferred Stock may be converted into one hundred (100) shares of Common Stock.

² The outstanding shares of Series B Non-Convertible Preferred Stock shall vote together with the shares of Common Stock and other voting securities of the Company as a single class and, regardless of the number of shares of Series B Non-Convertible Preferred Stock outstanding and as long as at least one of such shares of Series B Non-Convertible Preferred Stock is outstanding, shall represent eighty percent (80%) of all votes entitled to be voted at any annual or special meeting of stockholders of the Company or action by written consent of stockholders

³ The preferred shares are non-convertible.

7) Legal/Disciplinary History

A. Identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

There are no legal or regulatory proceedings against the company, current or anticipated.

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: Philip Magri
Firm: Carmel Milazzo & Feil LLP
Address 1: 55 West 39th Street, 18th Floor, New York, NY 10018
Address 2: New York, NY 10018
Phone: 212-658-0458
Email: pmagri@cmfllp.com

Accountant or Auditor

None

Investor Relations

None

Other Service Providers

None

9) Financial Statements

A. The following financial statements were prepared in accordance with:

- IFRS
- U.S. GAAP

B. The following financial statements were prepared by (name of individual)²:

Name: **Nicholas Upchurch**
Title: **President**
Relationship to Issuer: **Officer**

Describe the qualifications of the person or persons who prepared the financial statements:

The Company's management, consisting of Nicholas Upchurch, is responsible for preparing the Financial Statements contained in the Statements. Mr. Upchurch has been in the Oil and Gas business since 1998. In that time, he owned his own businesses as well as worked for large corporations. He is familiar with US GAAP and financial statements. He has been Chief Financial Officer of the Company since December 15, 2021, and as a member of the Company's Board of Directors since December 12, 2014.

SUPERNOVA ENERGY, INC.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

For the
Quarter Ended September 30, 2022

Fiscal Year: 12/31

Address:
265 Sunrise Hwy, Suite 1-276 Rockville Centre, New York 11570

| Contents | Page |
|---|------|
| SUPERNOVA ENERGY, INC | |
| Unaudited Condensed Consolidated Balance Sheets | 2 |
| Unaudited Condensed Consolidated Statements of Operations | 3 |
| Unaudited Condensed Consolidated Statements of Stockholders' Equity | 4 |
| Unaudited Condensed Consolidated Statements of Cash Flows | 6 |
| Notes to the Unaudited Condensed Consolidated Financial Statements | 7 |

² The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

SUPERNOVA ENERGY, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

| | <u>September 30,</u> <u>2022</u> | <u>December 31,</u> <u>2021</u> |
|---|-------------------------------------|------------------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 545 | \$ 29,390 |
| Accounts receivable | - | 100,000 |
| Prepaid expenses | 59,808 | - |
| Prepaid acquisition costs | - | 29,000 |
| Total Current Assets | <u>60,353</u> | <u>158,390</u> |
| Property and Equipment (Note 5 and 6) | | |
| Oil and gas properties | | |
| Proved | 1 | 922,897 |
| Unproved | - | 546,325 |
| Support equipment | <u>267,631</u> | <u>267,631</u> |
| Total property, plant and equipment | 267,632 | 1,736,853 |
| Accumulated depletion, depreciation, and impairment | <u>(267,631)</u> | <u>(1,636,853)</u> |
| Total oil and gas properties, net | <u>1</u> | <u>100,000</u> |
| Investment in KLIR Sky, Ltd. (Note 7) | <u>105,000</u> | <u>-</u> |
| TOTAL ASSETS | \$ <u>165,354</u> | \$ <u>258,390</u> |
| LIABILITIES & SHAREHOLDERS' DEFICIT | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses (Note 8) | 714,386 | 613,882 |
| Accounts payable and accrued expenses, related parties (Note 12) | 100,887 | 88,013 |
| Notes payable (Note 9) | 559,000 | 559,000 |
| Convertible notes payable (Note 10) | 297,840 | 282,840 |
| Notes payable - related parties (Note 11) | 36,000 | 36,000 |
| Derivative liabilities (Note 13) | <u>46,977</u> | <u>65,476</u> |
| Total Current Liabilities | 1,755,090 | 1,645,211 |
| Long-term Liabilities | | |
| Asset retirement obligations, net (Note 6) | <u>157,752</u> | <u>157,752</u> |
| TOTAL LIABILITIES | <u>1,912,842</u> | <u>1,802,963</u> |
| SHAREHOLDERS' DEFICIT | | |
| Preferred stock, 25,000,000 total preferred shares authorized at par value of \$0.0001 (Note 14) | 10 | 10 |
| Series A Convertible Preferred Stock designated at par value of \$0.0001; 185,000 and 185,000 shares issued and outstanding, respectively (Note 14) | 18 | 18 |
| Series B Preferred Stock 25,000 shares designated at par value of \$0.0001; 25,000 and 25,000 shares issued and outstanding, respectively (Note 14) | 3 | 3 |
| Common stock, 3,000,000,000 shares authorized at par value of \$0.0001; 331,798,754 and 314,980,572 shares issued and outstanding, respectively (Note 15) | 33,180 | 31,498 |
| Additional paid-in capital (Note 15) | 3,981,719 | 3,764,765 |
| Accumulated deficit | <u>(5,762,418)</u> | <u>(5,340,867)</u> |
| TOTAL SHAREHOLDERS' DEFICIT | <u>(1,747,488)</u> | <u>(1,544,573)</u> |
| TOTAL LIABILITIES & SHAREHOLDERS' DEFICIT | \$ <u>165,354</u> | \$ <u>258,390</u> |

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

SUPERNOVA ENERGY, INC.
Condensed Consolidated Statements of Operations
(Unaudited)

| | Three Months Ended | | Nine Months Ended | |
|--|---------------------------|---------------------|--------------------------|---------------------|
| | September 30, | | September 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| REVENUES | | | | |
| Revenue | \$ - | \$ 600 | \$ 1,400 | \$ 1,800 |
| TOTAL REVENUES | <u>-</u> | <u>600</u> | <u>1,400</u> | <u>1,800</u> |
| OPERATING EXPENSES | | | | |
| Consulting fees | 85,000 | 30,000 | 135,000 | 40,000 |
| Depletion, depreciation, amortization, and accretion expense (Note 5, 6) | - | 15,553 | - | 75,553 |
| General and administrative expenses | 5,170 | 36,091 | 6,380 | 42,947 |
| Marketing and business development | 421,630 | 325 | 580,191 | 325 |
| Management and director's fees (Note 12) | 60,000 | 7,500 | 90,000 | 22,500 |
| Professional fees | 12,957 | 27,183 | 28,760 | 27,183 |
| TOTAL OPERATING EXPENSES | <u>584,757</u> | <u>116,652</u> | <u>840,331</u> | <u>208,508</u> |
| Loss from Operations | <u>(584,757)</u> | <u>(116,052)</u> | <u>(838,931)</u> | <u>(206,708)</u> |
| OTHER INCOME (EXPENSES) | | | | |
| Accretion expense | (29,648) | - | (29,648) | - |
| Change in fair value of derivative liabilities (Note 13) | 2,042 | (11,574) | 18,499 | (25,463) |
| Gain on dilution of investment in KLIR Sky, Ltd. (Note 7) | 755,032 | - | 755,032 | - |
| Impairment of assets | (163,999) | - | (175,150) | - |
| Interest expense (Note 9, 10, and 11) | (131,503) | (10,424) | (178,653) | (29,571) |
| Loss on settlement of debt (Note 15) | - | - | (33,636) | - |
| Total Other Income (Expenses) | <u>431,924</u> | <u>(21,998)</u> | <u>356,444</u> | <u>(55,034)</u> |
| NET LOSS | <u>\$ (152,833)</u> | <u>\$ (138,050)</u> | <u>\$ (482,487)</u> | <u>\$ (261,742)</u> |
| NET LOSS ATTRIBUTABLE TO: | | | | |
| Common shareholders | (121,353) | (138,050) | (421,551) | (261,742) |
| Non-controlling interest - related party | <u>(31,480)</u> | <u>-</u> | <u>(60,936)</u> | <u>-</u> |
| NET LOSS PER SHARE, BASIC AND DILUTED | <u>\$ (0.00)</u> | <u>\$ (0.00)</u> | <u>\$ (0.00)</u> | <u>\$ (0.00)</u> |
| WEIGHTED AVERAGE SHARES OUTSTANDING, BASIC AND DILUTED | | | | |
| | <u>331,798,75</u> | <u>241,371,87</u> | <u>328,410,47</u> | <u>165,389,33</u> |
| | <u>4</u> | <u>6</u> | <u>6</u> | <u>1</u> |

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

SUPERNOVA ENERGY, INC.
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)

| | <u>Preferred Stock</u> | | <u>Series A Preferred Stock</u> | | <u>Series B Preferred Stock</u> | | <u>Common Stock</u> | | <u>Additional Paid-in</u> | <u>Accumulated</u> | <u>Non-controlling</u> | <u>Total Stockholders'</u> |
|-------------------------------------|------------------------|---------------|---------------------------------|---------------|---------------------------------|---------------|---------------------|------------------|---------------------------|-----------------------|------------------------|----------------------------|
| | <u>Shares</u> | <u>Amount</u> | <u>Shares</u> | <u>Amount</u> | <u>Shares</u> | <u>Amount</u> | <u>Shares</u> | <u>Amount</u> | <u>Capital</u> | <u>Deficit</u> | <u>Interest</u> | <u>Deficit</u> |
| Balance - December 31, 2020 | 98,800 | \$ 10 | 185,000 | \$ 18 | 25,000 | \$ 3 | 126,980,572 | \$ 12,698 | \$ 3,764,765 | \$ (5,189,854) | \$ - | \$ (1,412,360) |
| Net loss | - | - | - | - | - | - | - | - | - | (44,720) | - | (44,720) |
| Balance - March 31, 2021 | 98,800 | 10 | 185,000 | 18 | 25,000 | 3 | 126,980,572 | 12,698 | 3,764,765 | (5,234,574) | \$ - | (1,457,080) |
| Net loss | - | - | - | - | - | - | - | - | - | (78,972) | - | (78,972) |
| Balance - June 30, 2021 | 98,800 | \$ 10 | 185,000 | \$ 18 | 25,000 | \$ 3 | 126,980,572 | \$ 12,698 | \$ 3,764,765 | \$ (5,313,546) | \$ - | \$ (1,536,052) |
| Common stock issued for cash | - | - | - | - | - | - | 150,000,000 | 15,000 | - | - | - | 15,000 |
| Debt converted to common stock | - | - | - | - | - | - | 38,000,000 | 3,800 | - | - | - | 3,800 |
| Net loss | - | - | - | - | - | - | - | - | - | (138,050) | - | (138,050) |
| Balance - September 30, 2021 | <u>98,800</u> | <u>\$ 10</u> | <u>185,000</u> | <u>\$ 18</u> | <u>25,000</u> | <u>\$ 3</u> | <u>314,980,572</u> | <u>\$ 31,498</u> | <u>\$ 3,764,765</u> | <u>\$ (5,451,596)</u> | <u>\$ -</u> | <u>\$ (1,655,302)</u> |

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

SUPERNOVA ENERGY, INC.
Condensed Consolidated Statements of Stockholders' Equity (Continued)
(Unaudited)

| | <u>Preferred Stock</u> | | <u>Series A Preferred Stock</u> | | <u>Series B Preferred Stock</u> | | <u>Common Stock</u> | | <u>Additional</u> | <u>Accumulat</u> | <u>Non-</u> | <u>Total</u> |
|--|------------------------|--------------|---------------------------------|--------------|---------------------------------|-------------|---------------------|------------------|---------------------|-----------------------|--------------------|-----------------------|
| | <u>Shares</u> | <u>Amou</u> | <u>Shares</u> | <u>Amoun</u> | <u>Shares</u> | <u>Amou</u> | <u>Shares</u> | <u>Amou</u> | <u>Paid-in</u> | <u>ed</u> | <u>controlling</u> | <u>Stockholde</u> |
| | | | | | | | | | <u>Capital</u> | <u>Deficit</u> | <u>Interest</u> | <u>r's</u> |
| | | | | | | | | | | | | <u>Deficit</u> |
| Balance - December 31, 2021 | 98,800 | \$ 10 | 185,000 | \$ 18 | 25,000 | \$ 3 | 314,980,572 | \$ 31,498 | \$ 3,764,765 | \$ (5,340,867) | \$ - | \$ (1,544,573) |
| Common stock issued for services | - | - | - | - | - | - | 16,818,182 | 1,682 | 216,954 | - | - | 218,636 |
| Non-controlling interest - related party | - | - | - | - | - | - | - | - | - | - | (17,065) | (17,065) |
| Net loss | - | - | - | - | - | - | - | - | - | (207,703) | - | (207,703) |
| Balance - March 31, 2022 | 98,800 | 10 | 185,000 | 18 | 25,000 | 3 | 331,798,754 | 33,180 | 3,981,719 | (5,548,570) | (17,065) | (1,550,705) |
| Non-controlling interest - related party | - | - | - | - | - | - | - | - | - | - | (12,391) | (12,391) |
| Net loss | - | - | - | - | - | - | - | - | - | (92,495) | - | (92,495) |
| Balance - June 30, 2022 | 98,800 | \$ 10 | 185,000 | \$ 18 | 25,000 | \$ 3 | 331,798,754 | \$ 33,180 | \$ 3,981,719 | \$ (5,641,065) | \$ (29,456) | \$ (1,655,591) |
| Non-controlling interest - related party | - | - | - | - | - | - | - | - | - | - | (31,480) | (31,480) |
| Loss on control of KLIR Sky, Ltd. | - | - | - | - | - | - | - | - | - | - | 60,936 | 60,936 |
| Net loss | - | - | - | - | - | - | - | - | - | (121,353) | - | (121,353) |
| Balance - September 30, 2022 | <u>98,800</u> | <u>\$ 10</u> | <u>185,000</u> | <u>\$ 18</u> | <u>25,000</u> | <u>\$ 3</u> | <u>331,798,754</u> | <u>\$ 33,180</u> | <u>\$ 3,981,719</u> | <u>\$ (5,762,418)</u> | <u>\$ -</u> | <u>\$ (1,747,488)</u> |

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

SUPERNOVA ENERGY, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

| | Nine Months Ended | |
|---|--------------------------|------------------|
| | September 30, | |
| | <u>2022</u> | <u>2021</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss | \$ (482,487) | \$ (261,742) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Accretion expense | 29,648 | - |
| Change in fair value of derivative liabilities | (18,499) | 25,463 |
| Depreciation, depletion, amortization and accretion | - | 75,553 |
| Gain on dilution of investment in KLIR Sky, Ltd. | (755,032) | - |
| Impairment of assets | 175,150 | - |
| Loss on settlement debt | 33,636 | - |
| Shares issued for services | 125,192 | - |
| Changes in operating assets and liabilities: | | |
| Prepaid expenses | 29,000 | (2,347) |
| Accounts receivable | 100,000 | - |
| Accounts payable and accrued expenses | 633,594 | 28,683 |
| Accounts payable and accrued expenses - related party | (2,427) | 9,530 |
| Net cash used in operating activities | <u>(132,225)</u> | <u>(124,860)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Acquisition of oil and gas leases | (64,000) | - |
| Assets under construction expenditures | (930,000) | - |
| Investments in KLIR Sky, Ltd. | (1,050) | - |
| Cash disposed upon dilution of investment in KLIR Sky, Ltd. | (45,470) | - |
| Net cash used in investing activities | <u>(1,040,520)</u> | <u>-</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Decrease in bank overdraft | - | (9) |
| Proceeds from common stock | - | 15,000 |
| Proceeds from notes payable – related party | - | 16,000 |
| Proceeds from convertible note payable, net | 1,143,900 | 130,000 |
| Net cash provided by financing activities | <u>1,143,900</u> | <u>160,991</u> |
| Net decrease in cash and cash equivalents | (28,845) | 36,131 |
| Cash and cash equivalents, beginning of period | 29,390 | - |
| Cash and cash equivalents, end of period | <u>\$ 545</u> | <u>\$ 36,131</u> |
| Supplemental cash flow information | | |
| Cash paid for interest | <u>\$ -</u> | <u>\$ -</u> |
| Cash paid for taxes | <u>\$ -</u> | <u>\$ -</u> |
| Non-cash investing and financing activities: | | |
| Common stock issued for prepaid services | \$ 59,808 | \$ - |
| Conversion of debt to common stock | <u>\$ -</u> | <u>\$ 3,800</u> |

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

SUPERNOVA ENERGY INC.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

NOTE 1 – NATURE OF BUSINESS

Supernova Energy, Inc. (“the Company”) is an oil and gas exploration and production company incorporated in the state of Nevada on June 22, 2009. On October 21, 2013, the Company elected to change its corporate name from Northumberland Resources, Inc. to Supernova Energy, Inc. On January 12, 2023, the Company acquired a 91% ownership interest in KLIR Sky, Ltd. (“KLIR”) in consideration for \$1,050. On September 6, 2023, the Company lost its controlling interest in KLIR due to a dilution of its investment upon the completion of a financing of KLIR.

NOTE 2 – GOING CONCERN

The Company's condensed consolidated financial statements are prepared using generally accepted accounting principles in the United States of America (“U.S. GAAP”) applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

To continue as a going concern, the Company will need, among other things, additional capital resources. Management's plan is to obtain such resources for the Company by obtaining capital from management and significant shareholders sufficient to meet its minimal operating expenses and seeking equity and/or debt financing. However, management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. The accompanying condensed consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

In early 2020, the World Health Organization declared the rapidly spreading coronavirus disease (“COVID-19”) outbreak a pandemic. This pandemic has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. The Company considered the impact of COVID-19 on the assumptions and estimates used and determined that there were no retroactive material adverse impacts on the Company's condensed consolidated results of operations and financial position at September 30, 2022. The full extent of the future impacts of COVID-19 on the Company's operations is uncertain. A prolonged outbreak could have a material adverse impact on financial results and business operations of the Company in the future. The Company is *not* aware of any specific event or circumstance that would require an update to its estimates or judgments or a revision of the carrying value of its assets or liabilities as of the date of issuance of these condensed consolidated financial statements. These estimates *may* change, as new events occur and additional information is obtained.

During the nine months ended September 30, 2022, the Company incurred net loss of \$482,487. As of September 30, 2022, there is an accumulated deficit of \$5,762,418 and the Company had a working capital deficit of \$1,694,737. There are limited assets to fund short term operating cash flow or service debt obligations. There is no assurance that financing will be available in the future. In view of these matters, there is substantial doubt that the Company will continue as a going concern. The Company is currently pursuing sources of short and long-term working capital.

NOTE 3 – BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. GAAP and are presented in U.S. dollars. The Company's condensed consolidated financial statements include the accounts of the Company and the accounts of its previously 91% owned subsidiary, KLIR, from January 12, 2022, to September 6, 2022. Intercompany transactions and balances have been eliminated. Commencing on September 7, 2022: (a) KLIR's accounts are not part of the Company's condensed consolidated financial statements, and (b) the fair value of the KLIR common stock held by the Company are now reflected on the Company's condensed consolidated balance sheets as an investment. Changes in the fair value of the Company's investment in KLIR at the end of each reporting period are reflected as gains or losses on the Company's condensed consolidated statements of operations as other income and expenses.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the Company's financial statements and notes thereto for the year ended December 31, 2021. The results of operations for the period ended September 30, 2022, are not necessarily indicative of the operating results for the full years. In the opinion of management, the unaudited condensed consolidated financial statements include all adjustments necessary for the fair presentation of the Company's condensed consolidated financial position and of the results of operations and cash flows for the periods presented, all such adjustments were of a normal and recurring nature.

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

The Company considers all highly liquid investments with the original maturities of three months or less to be cash equivalents. The Company had \$545 and \$29,390 of cash and cash equivalents at September 30, 2022 and December 31, 2021, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made in preparing these condensed consolidated financial statements include the estimate of the fair value of investments, proved oil and gas reserves and related present value estimates of future net cash flows therefrom and the assessment of asset retirement obligations.

Oil and Gas Properties

The Company uses the full cost method of accounting for oil and natural gas properties. Under this method, all acquisition, exploration and development costs, including certain payroll, asset retirement costs, other internal costs, and interest incurred for finding oil and natural gas reserves, are capitalized. Internal costs that are capitalized are directly attributable to acquisition, exploration and development activities and do not include costs related to production, general corporate overhead or similar activities. Costs associated with production and general corporate activities are expensed in the period incurred. Proceeds from the sale of oil and natural gas properties are applied to reduce the capitalized costs of oil and natural gas properties unless the sale would significantly alter the relationship between capitalized costs and proved reserves, in which case a gain or loss is recognized.

Capitalized costs associated with impaired properties and capitalized costs related to properties having proved reserves, plus the estimated future development costs, and asset retirement costs under Financial

Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 410 “Asset Retirement and Environmental Obligations” (FASB ASC 410), are amortized using the unit-of-production method based on proved reserves. Capitalized costs of oil and natural gas properties, net of accumulated amortization and deferred income taxes, are limited to the total of estimated future net cash flows from proved oil and natural gas reserves, discounted at ten percent, plus the cost of unevaluated properties.

There are many factors, including global events that may influence the production, processing, marketing and price of oil and natural gas. A reduction in the valuation of oil and natural gas properties resulting from declining prices or production could adversely impact depletion rates and capitalized cost limitations. Capitalized costs associated with properties that have not been evaluated through drilling or seismic analysis, including exploration wells in progress, are excluded from the unit-of-production amortization. Exclusions are adjusted annually based on drilling results and interpretative analysis.

Sales of oil and natural gas properties are accounted for as adjustments to the net full cost pool with no gain or loss recognized, unless the adjustment would significantly alter the relationship between capitalized costs and proved reserves. If it is determined that the relationship is significantly altered, the corresponding gain or loss will be recognized in the statements of operations.

Costs of oil and gas properties are depleted using the unit-of-production method. During the nine months ended September 30, 2022, and 2021, the Company recognized \$0 and \$75,933, respectively of depletion expense related to oil and gas production.

Ceiling Test – In applying the full cost method and in accordance with ASC 932, the Company performs an impairment test (ceiling test) at each reporting date, whereby the carrying value of property and equipment is compared to the value of its proved reserves discounted at a ten percent interest rate of future net revenues, based on current economic and operating conditions, plus the cost of Properties not being amortized, plus the lower of cost or fair market value of unproved properties included in costs being amortized, less the income tax effects related to book and tax basis differences of the properties. During the nine months ended September 30, 2022, and 2021, no impairment expense was recorded in connection with the full cost ceiling test calculation.

Revenue recognition

The Company recognizes revenue in accordance with ASC 606, “*Revenue Recognition*” following the five steps procedure:

- | | |
|---------|--|
| Step 1: | Identify the contract(s) with customers |
| Step 2: | Identify the performance obligations in the contract |
| Step 3: | Determine the transaction price |
| Step 4: | Allocate the transaction price to performance obligations |
| Step 5: | Recognize revenue when the entity satisfies a performance obligation |

The Company’s revenue is derived from the sale of oil and natural gas to its customers. The Company recognizes revenue at a point in time in which it satisfies its obligation by transferring control of the product to the customer upon the customer taking delivery of oil from the operators’ storage tanks.

During the nine months ended September 30, 2022, and 2021, the Company recorded revenue of \$1,400 and \$1,800, respectively.

Asset Retirement Obligations

The Company records the fair value of a liability for an asset retirement obligation in the period in which it is incurred and a corresponding increase in the carrying amount of the related long-lived asset. The liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of

the related asset. If the liability is settled for an amount other than the recorded amount, a gain or loss is recognized.

Long-Lived Assets

Long-lived assets include equipment and intangible assets other than those with indefinite lives. We assess the carrying value of our long-lived asset groups when indicators of impairment exist and recognize an impairment loss when the carrying amount of a long-lived asset is not recoverable from the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Indicators of impairment include significant underperformance relative to historical or projected future operating results, significant changes in our use of the assets or in our business strategy, loss of or changes in customer relationships and significant negative industry or economic trends. When indications of impairment arise for a particular asset or group of assets, we assess the future recoverability of the carrying value of the asset (or asset group) based on an undiscounted cash flow analysis. If carrying value exceeds projected, net, undiscounted cash flows, an additional analysis is performed to determine the fair value of the asset (or asset group), typically a discounted cash flow analysis, and an impairment charge is recorded for the excess of carrying value over fair value.

Property and equipment are recorded at historical cost less accumulated depreciation, unless impaired. Depreciation is charged to operations over the estimated useful lives of the assets using the straight-line. Upon retirement or sale, the historical cost of assets disposed of and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. Expenditures for repairs and maintenance are charged to expense as incurred.

Income Taxes

Income taxes are provided in accordance with FASB Codification Topic 740, *Accounting for Income Taxes*. A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting and net operating loss-carry forwards.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or the entire deferred tax asset will not be realized. Deferred tax assets and liabilities are adjusted for the effect of changes in tax laws and rates on the date of enactment.

The asset and liability approach is used to account for income taxes by recognizing deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. The Company records a valuation allowance to reduce the deferred tax assets to the amount that is more likely than not to be realized.

Fair Value Measurements

The fair value of a financial instrument is the amount that could be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets are marked to bid prices and financial liabilities are marked to offer prices. Fair value measurements do not include transaction costs. A fair value hierarchy is used to prioritize the quality and reliability of the information used to determine fair values. Categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is defined into the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

The Company's financial instruments measured using a level 3 fair value consist of derivative liabilities in connection with the conversion feature of a convertible note payable, and an investment in KLIR Sky, Ltd., which are measured on a recurring basis.

The following table summarizes fair value measurements by level at September 30, 2022, and December 31, 2021, measured at fair value on a recurring basis:

| September 30, 2022 | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|----------------|----------------|----------------|--------------|
| Assets | | | | |
| Investment in KLIR Sky, Ltd. | - | - | \$105,000 | \$105,000 |
| Liabilities | | | | |
| Derivative liabilities | - | - | (46,977) | (46,977) |
| Total | - | - | \$58,023 | \$58,023 |
| | | | | |
| December 31, 2021 | Level 1 | Level 2 | Level 3 | Total |
| Liabilities | | | | |
| Derivative liabilities | - | - | \$(65,476) | \$(65,476) |
| Total | - | - | \$(65,476) | \$(65,476) |

Basic and Diluted Loss per Share

Basic and diluted loss per share is calculated by dividing the Company's net loss applicable to common shareholders by the weighted average number of common shares during the period. Diluted earnings per share is calculated by dividing the Company's net income available to common shareholders by the diluted weighted average number of shares outstanding during the year. Diluted loss per share is the same as basic loss per share during periods where net losses are incurred since the inclusion of the potential common stock equivalents would be anti-dilutive as a result of the net loss.

Comprehensive Loss

ASC 220, "Comprehensive Income", establishes standards for the reporting and display of comprehensive income (loss) and its components in the financial statements. As of September 30, 2022 and 2021, there were no items that represent comprehensive income (loss).

Leases

FASB ASC 840 "Leases" requires lessees to record lease assets and liabilities for operating leases and disclose key information about leasing arrangements. Upon entering into an arrangement, the Company evaluates whether the arrangement provides the Company with the ability to control the use of the asset over the term of the lease. If an arrangement contains a lease, upon commencement of the arrangement, the company recognizes an operating lease right-of-use asset and a corresponding operating lease liability. The amount of the operating lease right-of-use asset is measured utilizing the present value of the future minimum lease payments over the lease term. The Company has not recognized any right-of-use assets or lease liabilities as of September 30, 2022.

Recent Accounting Pronouncements

There are several new accounting pronouncements issued by the Financial Accounting Standards Board ("FASB") which are not yet effective. Each of these pronouncements, as applicable, has been or will be adopted by the Company. As of September 30, 2022, none of these pronouncements is expected to have a material effect on the condensed consolidated financial position, results of operations or cash flows of the Company.

NOTE 5 – PROPERTY AND EQUIPMENT

As of September 30, 2022, and December 31, 2021, the Company's oil and gas pumping and support equipment of \$267,631 were fully depreciated. During the nine months ended September 30, 2022, and 2021, depreciation was \$nil.

NOTE 6 – OIL AND GAS PROPERTIES

As of September 30, 2022, and December 31, 2021, the Company's oil and gas properties consisted of the following:

| | September 30, 2022 | December 31, 2021 |
|---------------------------------|-----------------------|----------------------|
| Proved producing properties | \$ 1 | \$ 922,897 |
| Proved non-producing properties | - | - |
| Unproved properties | - | 396,325 |
| Unproved purchase OMR Drilling | - | 150,000 |
| Accumulated depletion | - | (1,369,222) |
| Net Oil and Gas Properties | <u>\$ 1</u> | <u>\$ 100,000</u> |

Kentucky Lease Holdings:

Monroe Lease – Monroe County, KY, 500 acres +/-

- This lease has one producing oil well and one temporarily abandoned well.
- Working interest (WI) – 35%

As of September 30, 2022 and December 31, 2021, the Company has recognized an asset retirement obligation of \$157,752 and \$157,752, respectively, on its Monroe Lease property.

NOTE 7 – INVESTMENT IN KLIR SKY, LTD.

On January 12, 2023, the Company acquired a 91% ownership interest in KLIR in consideration for \$1,050. On September 6, 2023, the Company lost its controlling interest in KLIR due to a dilution of its investment upon the completion of a financing of KLIR. As a result, the Company deconsolidated the accounts of KLIR and recognized a gain on dilution of its investment in KLIR, as follows:

| | |
|---|----------------------|
| | December 31, 2021 |
| Fair value of the retained noncontrolling investment in KLIR at September 6, 2022 | <u>\$ 105,000</u> |
| Less: Non-controlling interest in KLIR derecognized at September 6, 2022 | <u>(60,936)</u> |
| Add: Carrying amount of KLIR's net liabilities: | |
| Cash | 45,470 |
| Assets under construction | 930,000 |
| Due from related parties | 5,200 |
| Accounts payable and accrued liabilities | (608,963) |
| Note payable | (10,000) |
| Convertible notes payable | <u>(1,072,675)</u> |
| Net liabilities of KLIR at September 6, 2022 | <u>710,968</u> |
| Gain on dilution of investment in KLIR | <u>\$ 755,032</u> |

As of September 30, 2022, the Company held a 11% interest in KLIR with a fair value of \$105,000. As KLIR is a private company, a publicly quoted stock price is not available. As a result, the fair value was determined based on the most recent equity financing completed by KLIR for cash.

NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

| | September 30, 2022 | December 31, 2021 |
|---|-----------------------|----------------------|
| Trade payables | \$ 352,795 | \$ 397,733 |
| Accrued interest payable (Notes 9, 10 and 11) | 361,591 | 216,149 |
| Total | \$ 714,386 | \$ 613,882 |

NOTE 9 – NOTES PAYABLE

- a) On March 11, 2014, the Company issued a \$20,000 note payable, bearing interest at 10% per annum and due one year from the date of issuance. As of September 30, 2022, the note is in default. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of \$13,123 and \$750, respectively. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$20,000 and \$20,000, respectively, and accrued interest payable of \$17,123 and \$4,000, respectively.
- b) On January 5, 2015, the Company issued a \$22,500 note payable, bearing interest at 5% per annum and due one year from the date of issuance. As of September 30, 2022, the note is in default. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of \$4,207 and \$562, respectively. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$22,500 and \$22,500, respectively, and accrued interest payable of \$8,707 and \$4,500, respectively.
- c) On January 29, 2015, the Company issued a \$75,000 note payable, bearing interest at 5% per annum and due one year from the date of issuance. As of September 30, 2022, the note is in default and incurs a default interest rate of 10% per annum. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of \$39,051 and \$2,813, respectively. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$75,000 and \$75,000, respectively, and accrued interest payable of \$54,051 and \$15,000, respectively.
- d) On June 10, 2015, the Company issued a \$25,000 note payable, bearing interest at 8% per annum and due one year from the date of issuance. As of September 30, 2022, the note is in default. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of \$9,625 and \$9,625, respectively. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$25,000 and \$25,000, respectively, and accrued interest payable of \$14,625 and \$5,000, respectively.
- e) On September 1, 2015, the Company issued a \$135,000 note payable, bearing interest at 5% per annum and due one year from the date of issuance. As of September 30, 2022, the note is in default. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of \$20,823 and \$5,063, respectively. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$135,000 and \$135,000, respectively, and accrued interest payable of \$47,823 and \$27,000, respectively.
- f) On September 30, 2015, the Company issued a \$50,000 note payable, bearing interest at 5% per annum and due one year from the date of issuance. As of September 30, 2022, the note is in default. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of \$7,514 and \$1,875, respectively. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$50,000 and \$50,000, respectively, and accrued interest payable of \$17,514 and \$10,000, respectively.
- g) On November 10, 2015, the Company issued a \$16,000 note payable, bearing interest at 5% per annum and due one year from the date of issuance. As of September 30, 2022, the note is in default. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of \$2,315 and \$600, respectively. As of September 30, 2022, and December 31,

2021, the Company has recorded outstanding principal of \$16,000 and \$16,000, respectively, and accrued interest payable of \$5,515 and \$3,200, respectively.

- h) On November 19, 2015, the Company issued a \$4,000 note payable, bearing interest at 5% per annum and due one year from the date of issuance. As of September 30, 2022, the note is in default. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of \$574 and \$150, respectively. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$4,000 and \$4,000, respectively, and accrued interest payable of \$1,374 and \$800, respectively.
- i) On December 24, 2015, the Company issued a \$15,000 note payable, bearing interest at 5% per annum and due one year from the date of issuance. As of September 30, 2022, the note is in default and incurs a default interest rate of 10% per annum. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of \$6,407 and \$563, respectively. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$15,000 and \$15,000, respectively, and accrued interest payable of \$9,407 and \$3,000, respectively.
- j) On January 27, 2016, the Company issued a \$15,000 note payable, bearing interest at 5% per annum and due one year from the date of issuance. As of September 30, 2022, the note is in default and incurs default interest rate of 10% per annum. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of \$3,080 and \$1,125, respectively. As of September 30, 2022, and 2021, the Company has recorded outstanding principal of \$15,000 and \$15,000, respectively, and accrued interest payable of \$9,267 and \$6,187, respectively.
- k) On March 2, 2017, the Company issued a total of \$21,500 of notes payable, bearing interest at 8% per annum and due one year from the date of issuance. As of September 30, 2022, the notes are in default. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of \$5,052 and \$750, respectively. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$21,500 and \$21,500, respectively, and accrued interest payable of \$9,352 and \$4,300, respectively.
- l) On March 6, 2017, the Company issued a \$20,000 note payable, bearing interest at 8% per annum and due one year from the date of issuance. As of September 30, 2022, the note is in default. On September 2, 2020, the Company issued 12,000,000 common shares to extinguish \$1,200 of accrued interest payable. On May 13, 2021, an additional \$1,200 of accrued interest payable was converted into 12,000,000 common shares. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of \$4,816 and \$1,200, respectively. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$20,000 and \$20,000, respectively, and accrued interest payable of \$6,516 and \$4,100, respectively.
- m) On September 30, 2017, the Company issued a \$125,000 note payable, bearing interest at bearing interest at 5% per annum and due one year from the date of issuance. As of September 30, 2022, the note is in default. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of \$6,267 and \$4,688, respectively. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$125,000 and \$125,000, respectively, and accrued interest payable of \$31,267 and \$25,000, respectively.
- n) On May 9, 2018, the Company issued a \$15,000 note payable, bearing interest at 8% per annum and due one year from the date of issuance. As of September 30, 2022, the note is in default. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of \$903 and \$900, respectively. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$15,000 and \$15,000, respectively, and accrued interest payable of \$5,277 and \$4,374, respectively.

NOTE 10 – NOTES PAYABLE - CONVERTIBLE

- a) On November 24, 2017, the Company issued a \$15,000 negotiable convertible promissory note agreement, bearing compounding interest at 8% per annum. As of September 30, 2022, the note is in default. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of (\$791) and \$900, respectively. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$15,000 and \$15,000, respectively, and accrued interest payable of \$4,009 and \$4,800, respectively. The holder of the note, at any time,

may request to convert any portion of the unpaid principal and accrued interest to be converted into common stock or preferred shares of the Company at a rate mutually agreed upon between the holder and the Company within 48 hours of the conversion request.

- b) On November 28, 2017, the Company issued a \$15,000 negotiable convertible promissory note agreement, bearing compounding interest at 8% per annum and due one year from the date of issuance. As of September 30, 2022, the note is in default. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of \$1,980 and \$900. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$15,000 and \$15,000, respectively, and accrued interest payable of \$6,780 and \$4,800, respectively. The holder of the note, at any time, may request to convert any portion of the unpaid principal and accrued interest to be converted into common stock or preferred shares of the Company at a rate mutually agreed upon between the holder and the Company within 48 hours of the conversion request.
- c) On February 9, 2018, the Company issued a \$15,000 negotiable convertible promissory note agreement, bearing compounding interest at 8% per annum and due one year from the date of issuance. As of September 30, 2022, the note is in default. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of \$1,786 and \$900, respectively. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$15,000 and \$15,000, respectively, and accrued interest payable of \$6,454 and \$4,668, respectively. The holder of the note, at any time, may request to convert any portion of the unpaid principal and accrued interest to be converted into common stock or preferred shares of the Company at a rate mutually agreed upon between the holder and the Company within 48 hours of the conversion request.
- d) On February 15, 2018, the Company issued a \$20,000 negotiable convertible promissory note agreement, bearing interest at 8% per annum and due one year from the date of issuance. As of September 30, 2022, the note is in default. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of \$4,972 and \$1,200, respectively. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$20,000 and \$20,000, respectively, and accrued interest payable of \$5,769 and \$3,597, respectively. On August 9, 2021, the \$2,600 of accrued interest was converted into 26,000,000 common shares of the Company. The holder of the note, at any time, may request to convert any portion of the unpaid principal and accrued interest to be converted into common stock or preferred shares of the Company at a rate mutually agreed upon between the holder and the Company within 48 hours of the conversion request.
- e) On March 16, 2018, the Company issued a \$25,000 negotiable convertible promissory note agreement, bearing interest at 10% per annum and due one year from the date of issuance. As of September 30, 2022, the note is in default. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of \$1,870 and \$1,870, respectively. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$25,000 and \$25,000, respectively, and accrued interest payable of \$11,363 and \$9,493, respectively. A debt discount of \$25,000 was recorded at issuance. As of September 30, 2022, the debt discount was fully amortized. The holder of the note, at any time, may request to convert any portion of the unpaid principal and accrued interest into common stock at 60% of the lowest trading price during the twenty days preceding the conversion.
- f) On March 30, 2021, the Company issued a \$2,840 negotiable convertible promissory note agreement, bearing interest at 8% per annum and due one year from the date of issuance. As of September 30, 2022, the note is in default and incurs a default interest rate of 10% per annum. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of \$199 and \$115, respectively. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$2,840 and \$2,840, respectively, and accrued interest payable of \$370 and \$172, respectively. The holder of the note, at any time, may request to convert any portion of the unpaid principal and accrued interest to be converted into common stock or preferred shares of the Company at a rate mutually agreed upon between the holder and the Company within 48 hours of the conversion request.
- g) On July 30, 2021, the Company issued a \$65,000 negotiable convertible promissory note agreement, bearing interest at 8% per annum and due one year from the date of issuance. As of

September 30, 2022, the note is in default and incurs a default interest rate of 10% per annum. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of \$4,110 and \$883, respectively. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$65,000 and \$65,000, respectively, and accrued interest payable of \$6,304 and \$2,194, respectively. The holder of the note, at any time, may request to convert any portion of the unpaid principal and accrued interest to be converted into common stock or preferred shares of the Company at a rate mutually agreed upon between the holder and the Company within 48 hours of the conversion request.

- h) On September 30, 2021, the Company issued a \$65,000 negotiable convertible promissory note agreement, bearing interest at 8% per annum and due one year from the date of issuance. As of September 30, 2022, the note is in default and incurs a default interest rate of 10% per annum. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of \$3,889 and \$nil, respectively. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$65,000 and \$65,000, respectively, and accrued interest payable of \$5,200 and \$1,311, respectively. The holder of the note, at any time, may request to convert any portion of the unpaid principal and accrued interest to be converted into common stock or preferred shares of the Company at a rate mutually agreed upon between the holder and the Company within 48 hours of the conversion request.
- i) On October 20, 2021, the Company issued a \$20,000 negotiable convertible promissory note agreement, bearing interest at 8% per annum and due one year from the date of issuance. As of September 30, 2022, the note is in default and incurs a default interest rate of 10% per annum. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of \$1,175 and \$nil, respectively. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$20,000 and \$20,000, respectively, and accrued interest payable of \$1,490 and \$316, respectively. The holder of the note, at any time, may request to convert any portion of the unpaid principal and accrued interest to be converted into common stock or preferred shares of the Company at a rate mutually agreed upon between the holder and the Company within 48 hours of the conversion request.
- j) On December 15, 2021, the Company issued a \$20,000 negotiable convertible promissory note agreement, bearing interest at 8% per annum and due one year from the date of issuance. As of September 30, 2022, the note is in default and incurs a default interest rate of 10% per annum. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of \$1,113 and \$nil, respectively. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$20,000 and \$20,000, respectively, and accrued interest payable of \$1,184 and \$70, respectively. The holder of the note, at any time, may request to convert any portion of the unpaid principal and accrued interest to be converted into common stock or preferred shares of the Company at a rate mutually agreed upon between the holder and the Company within 48 hours of the conversion request.
- k) On December 30, 2021, the Company issued a \$20,000 negotiable convertible promissory note agreement, bearing interest at 8% per annum and due one year from the date of issuance. As of September 30, 2022, the note is in default and incurs a default interest rate of 10% per annum. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of \$1,097 and \$nil, respectively. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$20,000 and \$20,000, respectively, and accrued interest payable of \$1,101 and \$4, respectively. The holder of the note, at any time, may request to convert any portion of the unpaid principal and accrued interest to be converted into common stock or preferred shares of the Company at a rate mutually agreed upon between the holder and the Company within 48 hours of the conversion request.
- l) On May 11, 2022, the Company issued a \$15,000 negotiable convertible promissory note agreement, bearing interest at 8% per annum and due one year from the date of issuance. During the nine months ended September 30, 2022, the Company recorded interest expense of \$284. As of September 30, 2022, the Company has recorded outstanding principal of \$15,000, and accrued interest payable of \$284. The holder of the note, at any time, may request to convert any portion of the unpaid principal and accrued interest to be converted into common stock or preferred shares of the Company at a rate mutually agreed upon between the holder and the Company within 48 hours of the conversion request.

NOTE 11 – NOTES PAYABLE – RELATED PARTIES

- a) On August 21, 2013, the Company borrowed \$5,000 from a related party, bearing a one-time interest charge of \$500 and due on January 1, 2014. As of September 30, 2022, the note is in default. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$5,000 and \$5,000, respectively and accrued interest payable of \$nil.
- b) On November 20, 2014, the Company issued an unsecured \$15,000 note payable to a related party, bearing interest at 5% per annum and due one year from the date of issuance. As of September 30, 2022, the note is in default. During the nine months ended September 30, 2022, and 2021, the Company recorded interest expense of \$2,524 and \$2,524, respectively. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$15,000 and \$15,000, respectively and accrued interest payable of \$5,899 and \$3,375, respectively.
- c) On September 15, 2021, the Company issued an unsecured, non-interest bearing \$16,000 note payable to a related party and due one year from the date of issuance. As of September 30, 2022, the note is in default. As of September 30, 2022, and December 31, 2021, the Company has recorded outstanding principal of \$16,000 and \$16,000, respectively.

The principal on all notes payable from related parties are \$36,000 and \$36,000 at September 30, 2022 and December 31, 2021, respectively.

NOTE 12 – RELATED PARTY TRANSACTIONS

Accounts payable and accrued liabilities, related parties consist of the following:

| | September 30, 2022 | December 31, 2021 |
|------------------------------------|-----------------------|----------------------|
| Accrued director fees | \$ 83,638 | \$ 84,638 |
| Accrued interest payable (Note 11) | 5,899 | 3,375 |
| Due to KLIR Sky, Ltd. | 11,350 | - |
| Total | <u>\$ 100,887</u> | <u>\$ 88,013</u> |

* The amounts owing to related parties are unsecured, non-interest bearing, and due on demand.

During the nine months ended September 30, 2022, and 2021, the Company incurred management and director's fees of \$90,000 and \$22,500, respectively, to a company controlled by the Company's Chief Executive Officer ("CEO").

NOTE 13 – DERIVATIVE LIABILITIES

The embedded conversion option of the Company's convertible notes described in Note 10(e) contain a conversion feature that qualifies for embedded derivative classification. The fair value of this liability will be re-measured at the end of every reporting period and the change in fair value will be reported in the statement of operations as a gain or loss on change in fair value of derivative liabilities. The table below sets forth a summary of changes in the fair value of the Company's Level 3 financial liabilities:

| | <u>Derivative liabilities</u> |
|--|-------------------------------|
| Balance, December 31, 2021 | \$ 65,476 |
| Change in fair value of embedded conversion option | <u>(18,499)</u> |
| Balance, September 30, 2022 | <u>\$ 46,977</u> |

The Company uses Level 3 inputs for its valuation methodology for the embedded conversion option liabilities as their fair values were determined by using a binomial model based on various assumptions. Significant changes in any of these inputs in isolation would result in a significant change in the fair value measurement. As required, these are classified based on the lowest level of input that is significant to the fair value measurement. The following table shows the assumptions used in the calculations:

| | Expected volatility | Risk-free interest rate | Expected dividend yield | Expected life (in years) |
|--------------------------|---------------------|-------------------------|-------------------------|--------------------------|
| As at September 30, 2022 | 206% | 4.05% | 0% | 1.00 |

NOTE 14 – PREFERRED STOCK

The Company is authorized to issue 25,000,000 shares of preferred stock. On March 16, 2018, the Company amended its articles of incorporation to reduce the par value of its preferred shares from \$0.001 per share to \$0.0001 per share. As of September 30, 2022, and December 31, 2021, unclassified preferred shares were 98,800 and 98,800, respectively.

Series A Convertible Preferred Stock

On June 7, 2018, the Company authorized the issuance of 2,000,000 shares Series A Convertible Preferred Stock, included in the 25,000,000 shares of preferred stock that have been previously authorized. As of September 30, 2022, and December 31, 2021, there were 185,000 and 185,000, respectively, outstanding shares of Series A Convertible Preferred Stock.

Series B Preferred Stock

On August 17, 2018, pursuant to its Articles of Incorporation and Bylaws, the Board of Directors of the Company, unanimously approved the designation of a new series of preferred stock, Series B Non-Convertible Preferred Stock, included in the 25,000,000 shares of preferred stock that have been previously authorized. As of September 30, 2022, and December 31, 2021, there were 25,000 and 25,000, respectively, outstanding shares of Series B Preferred Stock.

The Series B Preferred Stock consists of 25,000 shares and have a par value of \$0.0001 per share. Each outstanding share of the Series B Non-Convertible Preferred Stock shall represent its proportionate share of the 80% which is allocated to the outstanding shares of Series B Non-Convertible Preferred Stock. The holders of shares of Series B Non-Convertible Preferred Stock shall not be entitled to receive any dividends.

NOTE 15 – COMMON STOCK

On May 30, 2018, the Company amended its articles of incorporation, increasing the authorized amount of common stock that may be issued from 100,000,000 shares to 3,000,000,000 shares and reducing the par value of each share from \$0.001 per share to \$0.0001 per share. At September 30, 2022 and December 31, 2021, there are 331,798,754 and 314,980,572 common shares issued and outstanding, respectively.

On July 26, 2021, the Company issued 12,000,000 common shares to the holder of the promissory note described in Note 9(l) in exchange for the extinguishment of \$1,200 in unpaid accrued interest related to the promissory note payable.

On August 5, 2021, a director of the Company purchased 150,000,000 common shares of the Company for consideration of \$15,000.

On August 17, 2021, the Company issued 26,000,000 common shares to the holder of the promissory note described in Note 10(d) in exchange for the extinguishment of \$2,600 in unpaid accrued interest related to the promissory note payable.

On February 24, 2022, the Company issued 16,818,182 common shares with a fair value of \$218,636 in consideration for amounts owing to a third-party vendor of \$185,000, resulting in a loss on settlement of debt of \$33,636.

NOTE 16 – SUBSEQUENT EVENTS

In accordance with ASC 855-10, the Company's management has reviewed all material events and determined that there are no subsequent events to report.

10) Issuer Certification

Principal Executive Officer:

I, Nicholas Upchurch certify that:

1. I have reviewed this Disclosure Statement for Supernova Energy, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

May 11, 2023

"/s/ Nicholas Upchurch"

Nicholas Upchurch

Principal Financial Officer:

I, Nicholas Upchurch certify that:

1. I have reviewed this Disclosure Statement for Supernova Energy, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

May 11, 2023

"/s/ Nicholas Upchurch"

Nicholas Upchurch