EUROGAS INTERNATIONAL INC.

CONDENSED INTERIM FINANCIAL STATEMENTS
(unaudited)

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021

MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED CONDENSED INTERIM FINANCIAL REPORTING

The accompanying unaudited condensed interim financial statements of Eurogas International Inc. ("Eurogas International" or the "Corporation") as at and for the three and six months ended June 30, 2021 (the "June 2021 Interim Financial Statements") are the responsibility of management and the Board of Directors of the Corporation.

The June 2021 Interim Financial Statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in note 3 to the Corporation's audited annual financial statements as at and for the year ended December 31, 2020. In preparing the June 2021 Interim Financial Statements, management has made informed judgments and estimates in accounting for transactions which were not complete at the date of the statement of financial position. In the opinion of management, the June 2021 Interim Financial Statements of the Corporation have been prepared within acceptable limits of materiality and are in compliance with International Accounting Standard 34, "*Interim Financial Reporting*".

Management has established processes which are in place to provide it with sufficient knowledge to support management representations that it has exercised reasonable diligence that: (i) the June 2021 Interim Financial Statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated, or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as at the date of, and for the periods presented by, the June 2021 Interim Financial Statements; and (ii) the June 2021 Interim Financial Statements fairly present in all material respects the financial condition, results of operations and cash flows of the Corporation, as at the date of and for the periods presented by the June 2021 Interim Financial Statements.

The Board of Directors is responsible for reviewing and approving the June 2021 Interim Financial Statements, together with other financial information of the Corporation and for ensuring that management fulfills its financial reporting responsibility. The Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee has met with management to review the financial reporting process and other financial information of the Corporation, including the June 2021 Interim Financial Statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial disclosure of the Corporation, including the June 2021 Interim Financial Statements, for issuance to the Corporation's shareholders.

Management recognizes its responsibility for conducting the Corporation's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) Garth A.C. MacRae
Director

(signed) Samuel W. Ingram
Director

Toronto, Canada
September 14, 2021

NOTICE TO READER

The June 2021 Interim Financial Statements have been prepared by and are the responsibility of management. These financial statements have not been reviewed by the Corporation's independent external auditor.

EUROGAS INTERNATIONAL INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(unaudited)

(expressed in Canadian dollars)

	Note		As at June 30, 2021		As at December 31, 2020
ASSETS					
Current					
Cash		$	1,281	$	2,291
		$	**1,281**	**$**	**2,291**
LIABILITIES					
Current					
Accounts payable and accrued liabilities		$	898,323	$	906,139
Amounts due to Dundee Corporation	6		6,586,307		6,429,937
Accrued dividends on Series A Preference Shares	8		16,593,251		15,955,536
Series A Preference Shares	8		32,150,000		32,150,000
			56,227,881		55,441,612
SHAREHOLDERS' DEFICIENCY					
Share capital	9		1		1
Contributed surplus	9		18,000		18,000
Deficit			(56,244,601)		(55,457,322)
			(56,226,600)		(55,439,321)
		$	**1,281**	**$**	**2,291**

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

Going Concern Assumption (note 1)

Commitments (note 13)

EUROGAS INTERNATIONAL INC.
CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(unaudited)

(expressed in Canadian dollars)

	Note	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
ITEMS IN NET LOSS					
General and administrative expenses	10	$ (19,049)	$ (34,482)	$ (48,247)	$ (77,104)
Dividends on Series A Preference Shares	8	(320,619)	(319,743)	(637,715)	(639,486)
Other interest expense	6	(60,729)	(57,428)	(119,710)	(133,111)
Foreign exchange gain (loss)		9,833	30,581	18,393	(35,120)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		**$ (390,564)**	**$ (381,072)**	**$ (787,279)**	**$ (884,821)**
NET LOSS PER COMMON SHARE					
Basic and diluted net loss per common share	11	$ (0.01)	$ (0.01)	$ (0.03)	$ (0.03)

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

EUROGAS INTERNATIONAL INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(unaudited)

(expressed in Canadian dollars)

	Share Capital	Contributed Surplus	Deficit	Total
Balance, December 31, 2019	$ 1	$ 18,000	$ (53,795,459)	$ (53,777,458)
Transactions for the six months ended June 30, 2020				
Net loss for the period	-	-	(884,821)	(884,821)
Balance, June 30, 2020	1	18,000	(54,680,280)	(54,662,279)
Transactions from July 1, 2020 to December 31, 2020				
Net loss for the period	-	-	(777,042)	(777,042)
Balance, December 31, 2020	1	18,000	(55,457,322)	(55,439,321)
Transactions for the six months ended June 30, 2021				
Net loss for the period	-	-	(787,279)	(787,279)
Balance, June 30, 2021	**$ 1**	**$ 18,000**	**$ (56,244,601)**	**$ (56,226,600)**

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

EUROGAS INTERNATIONAL INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOW
(unaudited)

(expressed in Canadian dollars)

	Note		For the six months ended June 30, 2021		For the six months ended June 30, 2020
OPERATING ACTIVITIES					
Net loss for the period		$	(787,279)	$	(884,821)
Non-cash items in net loss:					
Non-cash changes in accrued dividends on Series A Preference Shares	8		637,715		639,486
			(149,564)		(245,335)
Changes in non-cash working capital:					
Accounts payable and accrued liabilities			(7,816)		56,340
CASH USED IN OPERATING ACTIVITIES			(157,380)		(188,995)
FINANCING ACTIVITIES					
Changes in amounts due to Dundee Corporation			156,370		186,607
CASH PROVIDED FROM FINANCING ACTIVITIES			156,370		186,607
NET DECREASE IN CASH DURING THE PERIOD			(1,010)		(2,388)
CASH, BEGINNING OF PERIOD			2,291		4,229
CASH, END OF PERIOD		**$**	**1,281**	**$**	**1,841**

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

1. NATURE OF OPERATIONS AND GOING CONCERN ASSUMPTION

Eurogas International Inc. ("Eurogas International" or the "Corporation") is incorporated under the *Companies Act (Barbados)* and is an independent oil and gas exploration company, targeting oil and natural gas reserves. The Corporation is domiciled in Barbados and its registered office is c/o George Walton Payne & Company, Suites 205-207 Dowell House, Roebuck & Palmetto Streets, City of Bridgetown, Barbados.

The common shares of the Corporation are listed on the Canadian Securities Exchange under the symbol "EI". At June 30, 2021, Dundee Corporation, the principal shareholder of the Corporation, held 54% of the issued and outstanding common shares of the Corporation.

These unaudited condensed interim financial statements have been prepared using accounting principles applicable to a going concern. The going concern basis assumes that the Corporation will continue its operations for the foreseeable future, and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. As at June 30, 2021, the Corporation had negative working capital of \$56,226,600 (December 31, 2020 – \$55,439,321) and, during the six months then ended, it incurred a net loss of \$787,279 (six months ended June 30, 2020 – \$884,821).

The Corporation's ability to continue as a going concern is dependent upon the discovery of economically recoverable reserves, obtaining exploitation concessions for any such economically recoverable reserves, the ability to raise the necessary capital to finance development and settle current obligations of the Corporation, and working capital from future profitable production or proceeds from disposition of assets. There can be no assurance that the Corporation will be successful in achieving these initiatives. These material uncertainties may cast significant doubt upon the Corporation's ability to continue as a going concern and the ultimate appropriateness of using accounting principles applicable to a going concern.

These unaudited condensed interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Corporation be unable to continue as a going concern. If the Corporation is not able to continue as a going concern, the Corporation may be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements. These differences could be material.

2. BASIS OF PREPARATION

These unaudited condensed interim financial statements of the Corporation as at and for the three and six months ended June 30, 2021 ("June 2021 Interim Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and with interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook – Accounting, as applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, "*Interim Financial Reporting*". The June 2021 Interim Financial Statements should be read in conjunction with the Corporation's audited financial statements as at and for the year ended December 31, 2020 ("2020 Audited Financial Statements") which were prepared in accordance with IFRS as applicable for annual financial statements. The June 2021 Interim Financial Statements were approved by the Board of Directors of the Corporation for issuance on September 14, 2021.

Other than as described below, the June 2021 Interim Financial Statements follow the same accounting principles and methods of application as those disclosed in note 3 to the 2020 Audited Financial Statements.

Accounting Standards, Interpretations and Amendments to Existing Standards not yet Effective
There were no changes to existing IFRS accounting standards and interpretations since December 31, 2020 that are expected to have a material effect on the Corporation's financial statements.

3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these unaudited condensed interim financial statements in accordance with IFRS requires the Corporation to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates and assumptions affect the reported amounts of assets, liabilities, and amounts in net operating income or loss, and the related disclosure of contingent assets and liabilities included in the Corporation's financial statements. The Corporation evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that the Corporation believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amounts of items in net operating income or loss that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. There have been no significant changes in accounting judgments, estimates and assumptions made by the Corporation in the preparation of the June 2021 Interim Financial Statements from those judgments, estimates and assumptions disclosed in note 4 to the 2020 Audited Financial Statements.

4. EQUITY ACCOUNTED INVESTMENT

The Corporation accounts for its 45% joint venture interest in Innovative Production Services, Ltd. ("IPS") using the equity method. IPS' sole business activity is the ownership and continuing maintenance of a mobile offshore production unit (the "MOPU"), which is currently located in Louisiana, in the United States of America. The MOPU was originally acquired by IPS in expectation of leasing the equipment to affiliated companies to facilitate their producing, processing and transporting of oil and natural gas. IPS has undertaken several initiatives to monetize the asset through lease or sale to third parties. These efforts have not yet been successful and the MOPU is currently inactive, and the Corporation determined that its carrying value was $nil since December 31, 2018. The Corporation is not aware of any commitments or liabilities relating to its ownership in IPS.

5. EXPLORATION AND EVALUATION PROPERTIES

The Corporation had entered into a joint operating arrangement with DNO Tunisia AS ("DNO Tunisia") and with Atlas Petroleum Exploration Worldwide Ltd. ("APEX"), pursuant to which the joint venturers agreed to undertake exploration, evaluation and extraction activities on the Sfax offshore permit (the "Sfax Permit"), located in Tunisia, and targeting oil and natural gas reserves. On July 30, 2018, Panoro Energy ASA ("Panoro"), an independent exploration and production company based in London, England and listed on the Oslo Stock Exchange, acquired 100% of DNO Tunisia, following which Panoro became the operator of the Sfax Permit. Following completion of the transaction, Panoro assumed responsibility for all drilling and other obligations associated with the Sfax Permit, including any monetary penalties arising due to non-fulfillment of work commitments agreed to under the terms of the Sfax Permit. The Corporation holds a 5.625% working interest in the Sfax Permit, subject to certain cumulative revenue thresholds and priority recovery of expenditures.

In August 2015, the operator received regulatory approval from the Tunisian authorities for a two-year extension of the first renewal period related to the Sfax Permit, extending the first renewal period and the associated exploration well drilling obligations to December 8, 2017 and, on July 21, 2017, the operator received regulatory approval for an additional extension to December 8, 2018. On February 1, 2019, Panoro announced the renewal of the Sfax Permit for an additional three-year period, extending to December 8, 2021, subject to the precondition of fulfilling the outstanding drilling obligation.

Notwithstanding the above, cash flows from the Corporation's joint operating interest in the Sfax Permit remain uncertain and, consequently, the Corporation continues to carry the Sfax Permit at $nil at June 30, 2021.

6. AMOUNTS DUE TO DUNDEE CORPORATION

The Corporation has established a $5,000,000 revolving demand credit facility with Dundee Corporation. Borrowings under the revolving demand credit facility bear interest at a rate per annum equal to the prime lending rate for loans as set out by a Canadian Schedule I Chartered Bank, plus 1.25%. As lender to the Corporation, Dundee Corporation may, at its discretion and subject to the necessary regulatory approvals, require the Corporation to convert all of the amounts outstanding pursuant to the revolving demand credit facility, including interest thereon, into common shares of the Corporation, at a conversion price that is based on the fair value of the common shares, defined as the closing price of the common shares of the Corporation at the time of such conversion, subject to a minimum conversion price of $0.05 per common share. At June 30, 2021, the Corporation had drawn $6,586,307 (December 31, 2020 – $6,429,937) against the revolving demand credit facility. Interest expense incurred on the revolving demand credit facility during the three and six months ended June 30, 2021 was $60,372 and $119,254, respectively (three and six months ended June 30, 2020 – $57,340 and $132,863, respectively). Although the Corporation has exceeded amounts available pursuant to this demand credit facility, Dundee Corporation has not demanded payment.

7. INCOME TAXES

The Corporation's activities are subject to income taxation in Barbados at a rate of 2.5%. After consideration of estimated future taxable income and potential tax planning strategies, the Corporation has determined that the benefit of loss carry forwards should not be recognized. Accordingly, the Corporation has not recorded an income tax recovery amount or a deferred income tax asset in respect of its operating losses.

8. PREFERENCE SHARES

The Corporation is authorized to issue an unlimited number of preference shares without nominal or par value. The preference shares may be issued in one or more series.

Series A Preference Shares

At June 30, 2021, the Corporation had issued 32,150,000 Series A Preference Shares with a face value of $32,150,000. The Series A Preference Shares were issued to Dundee Energy Limited ("Dundee Energy"), a former subsidiary of Dundee Corporation. The terms of the Corporation's Series A Preference Shares are summarized in note 8 to the 2020 Audited Financial Statements.

During the three and six months ended June 30, 2021, the Corporation recognized an expense of $320,619 and $637,715, respectively (three and six months ended June 30, 2020 – $319,743 and $639,486, respectively), representing the dividends accrued on the Series A Preference Shares. At June 30, 2021, cumulative dividends outstanding were $16,593,251 (December 31, 2020 – $15,955,536).

Because of Dundee Energy's entitlement to demand retraction of the Series A Preference Shares at any time, the Corporation has classified the Series A Preference Shares as a financial liability and the associated dividends as financing costs.

On March 27, 2019, Dundee Energy and certain of its subsidiaries filed an assignment for the benefit of creditors under the *Bankruptcy and Insolvency Act*. Once the assignment was filed, all of Dundee Energy's property, including the Series A Preference Shares, vested in the trustee by operation of law, making the trustee the beneficial owner of Dundee Energy's property. The trustee is tasked with realizing on the value of Dundee Energy's property in order to distribute proceeds to Dundee Energy's creditors. The trustee has the ability to abandon property and may elect not to take possession of property that has no realizable value. Since Dundee Energy attributed no value to the Series A Preference Shares, the Corporation's management does not anticipate the trustee will exercise its right to redeem the Series A Preference Shares, demand payment of the associated cumulative dividends outstanding, or exercise its entitlement to elect a majority of the members of the Board of Directors of the Corporation. At June 30, 2021 and December 31, 2020, the Corporation has classified these obligations as current obligations. At June 30, 2021, the trustee did not exercise any of its above-mentioned entitlements.

9. SHARE CAPITAL

	Number of Shares	Share Capital	Contributed Surplus
Outstanding, June 30, 2021 and December 31, 2020	31,105,526	$ 1	$ 18,000

10. GENERAL AND ADMINISTRATIVE EXPENSES BY NATURE

	For the three months ended		For the six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Salary and salary-related	$ 13,500	$ 13,500	$ 27,000	$ 27,000
Corporate and professional fees	5,452	20,581	20,813	49,682
General office	97	401	434	422
	$ 19,049	**$ 34,482**	**$ 48,247**	**$ 77,104**

11. NET LOSS PER COMMON SHARE

	For the three months ended		For the six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Net loss from operations attributable to shareholders	$ (390,564)	$ (381,072)	$ (787,279)	$ (884,821)
Weighted average number of common shares outstanding	31,105,526	31,105,526	31,105,526	31,105,526
Basic and diluted net loss per common share	$ (0.01)	$ (0.01)	$ (0.03)	$ (0.03)

12. RELATED PARTY TRANSACTIONS

The Corporation has entered into a services arrangement with Dundee Resources Limited, a wholly-owned subsidiary of Dundee Corporation. The services arrangement with Dundee Resources Limited provides the Corporation with administrative support services. During the three and six months ended June 30, 2021, the Corporation incurred costs of $nil (three and six months ended June 30, 2020 – $nil and $3,350, respectively) in respect of these arrangements.

Key Management Compensation

Compensation and other fees payable to members of the Board of Directors of the Corporation during the three and six months ended June 30, 2021 were $13,500 and $27,000, respectively (three and six months ended June 30, 2020 – $13,500 and $27,000, respectively).

13. COMMITMENTS

In prior years, the Corporation and APEX had entered into a farm-out option agreement with Delta Hydrocarbons B.V. ("Delta") pertaining to the Sfax Permit and the related Ras El Besh development concession. Delta subsequently expressed a desire to exit from the farm-out option agreement and, under a settlement arrangement, Delta forfeited its option in exchange for a portion of certain payments, if and when received by the Corporation and APEX, to a maximum of US$20 million. Payment obligations to Delta pursuant to the settlement arrangement may include a share of the proceeds from the cost oil or cost gas portion of any future production revenues realized by the Corporation and APEX from the Sfax Permit.