Yangarra Resources Ltd.
Condensed Interim Consolidated Financial Statements
For three and nine months ended September 30, 2025 and 2024

(in thousands of Canadian dollars)

		September 30 2025		December 31 2024
		(unaudited)		(audited)
Assets				
Current				
Accounts receivable *(note 10)*	$	**24,267**	$	28,878
Prepaid expenses and inventory		**10,379**		9,223
Commodity contracts *(note 10c iii)*		**1,291**		93
Total current assets		**35,937**		38,194
Non-current				
Property and equipment *(note 2)*		**804,590**		786,521
Exploration and evaluation assets		**35,668**		35,668
Commodity contracts *(note 10c iii)*		**2**		–
Total assets	$	**876,197**	$	860,383
Liabilities				
Current				
Accounts payable and accrued liabilities		**15,430**		25,463
Commodity contracts *(note 10c iii)*		**886**		2,332
Current portion of lease obligations *(note 4)*		**1,188**		957
Current portion of decommissioning liability *(note 5)*		**506**		545
Total current liabilities		**18,010**		29,297
Non-current				
Bank debt *(note 3)*		**119,874**		115,785
Lease obligations *(note 4)*		**251**		1,203
Other liabilities		**928**		969
Commodity contracts *(note 10c iii)*		**4**		307
Decommissioning liability *(note 5)*		**16,630**		16,185
Deferred tax liability		**132,320**		127,009
Total liabilities		**288,017**		290,755
Shareholders' equity				
Share capital *(note 6)*		**199,862**		197,013
Contributed surplus		**35,906**		34,658
Retained earnings		**352,412**		337,957
Total shareholders' equity		**588,180**		569,628
Total liabilities and shareholders' equity	$	**876,197**	$	860,383

Contingency *(note 14)*

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

(unaudited, in thousands of Canadian dollars except per share amounts)

	Three months ended September 30		Nine months ended September 30	
	2025	2024	**2025**	2024
Revenue				
Petroleum and natural gas sales *(note 13)*	$ **24,401**	$ 26,260	$ **88,055**	$ 102,403
Royalties	**(1,116)**	(1,679)	**(5,226)**	(6,275)
	23,285	24,581	**82,829**	96,128
Commodity price risk contracts *(note 10c iii)*				
Gain (loss) on commodity contract settlement	**1,452**	297	**559**	(688)
Unrealized change in fair value of commodity contracts	**262**	67	**2,949**	455
	24,999	24,945	**86,337**	95,895
Expenses				
Production	**4,812**	5,943	**14,764**	19,174
Transportation	**2,795**	1,375	**9,136**	5,067
General and administrative	**1,422**	877	**3,861**	4,027
Finance *(note 12)*	**2,627**	2,980	**7,794**	8,964
Share-based compensation *(note 7)*	**1,010**	840	**3,038**	2,548
Abandonment expense	**234**	91	**234**	91
Depletion and depreciation *(note 2)*	**8,756**	7,690	**27,744**	26,269
	21,656	19,796	**66,571**	66,140
Income before tax	**3,343**	5,149	**19,766**	29,755
Deferred tax expense	**1,049**	1,185	**5,311**	7,411
Net income and total comprehensive income	$ **2,294**	$ 3,964	$ **14,455**	$ 22,344
Earnings per share *(note 8)*				
Basic	$ **0.02**	$ 0.04	$ **0.14**	$ 0.23
Diluted	$ **0.02**	$ 0.04	$ **0.13**	$ 0.21

(unaudited, in thousands of Canadian dollars)

	2025	2024
Share capital *(note 6)*		
Balance, beginning of period	$ **197,013**	$ 192,715
Exercise of stock options	**383**	2,093
Fair value transferred on exercise of stock options	**184**	977
Fair value transferred on vesting of Restricted Share Units ("RSUs")	**2,282**	1,228
Balance, end of period	**199,862**	197,013
Contributed surplus		
Balance, beginning of period	**34,658**	32,154
Share-based compensation *(note 7)*	**3,714**	3,567
Fair value transferred on exercise of stock options	**(184)**	(977)
Fair value transferred on vesting of RSUs	**(2,282)**	(1,228)
Balance, end of period	**35,906**	33,516
Retained earnings		
Balance, beginning of period	**337,957**	311,729
Net income	**14,455**	22,344
Balance, end of period	**352,412**	334,073
Total shareholders' equity	$ **588,180**	$ 564,602

(unaudited, in thousands of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2025	2024	**2025**	2024
Operating				
Net income for the period	$ **2,294**	3,964	$ **14,455**	$ 22,344
Add back non-cash items:				
Unrealized change in fair value of commodity contracts	**(262)**	(67)	**(2,949)**	(455)
Finance expense *(note 12)*	**2,627**	2,980	**7,794**	8,964
Share-based compensation *(note 7)*	**1,010**	840	**3,038**	2,548
Depletion and depreciation *(note 2)*	**8,756**	7,690	**27,744**	26,269
Deferred tax provision	**1,049**	1,185	**5,311**	7,411
Cash interest and finance costs paid *(note 12)*	**(2,293)**	(2,874)	**(6,711)**	(7,693)
Decommissioning costs incurred *(note 5)*	**(357)**	(526)	**(357)**	(526)
Change in non-cash working capital *(note 9)*	**1,430**	1,114	**(451)**	(3,118)
Net cash flow from operating activities	**14,254**	14,306	**47,874**	55,744
Financing				
Exercise of stock options *(note 6)*	–	–	**383**	2,093
Bank debt (repayment) advance *(note 3)*	**(1,077)**	(1,880)	**3,551**	(5,995)
Lease obligation repayment *(note 4)*	**(222)**	(248)	**(739)**	(851)
Lease interest paid *(note 12)*	**(18)**	(32)	**(67)**	(110)
Repayment of other liabilities	–	–	**(41)**	–
Net cash flow (used in) from financing activities	**(1,317)**	(2,160)	**3,087**	(4,863)
Investing				
Additions to property and equipment *(note 2)*	**(12,440)**	(15,667)	**(44,834)**	(39,736)
Change in non-cash working capital *(note 9)*	**(497)**	3,521	**(6,127)**	(11,145)
Net cash flow used in investing activities	**(12,937)**	(12,146)	**(50,961)**	(50,881)
Change in cash	–	–	–	–
Cash, beginning of period	–	–	–	–
Cash, end of period	$ –	$ –	$ –	$ –

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

(in thousands of Canadian dollars, except per share and per unit amounts)

1. Basis of preparation and statement of compliance and authorization

Yangarra Resources Ltd. ("Yangarra" or the "Company") is a publicly-traded company involved in the production, exploration and development of resource properties in Western Canada. The address of the registered office is 1530, 715 – 5 Avenue SW, Calgary Alberta, T2P 2X6. These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Yangarra Resources Corp., Yangarra Production Partnership and Yangarra Holding Corp., after the elimination of intercompany transactions and balances

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries. The condensed interim consolidated financial statements were authorized for issuance by the Company's Board of Directors on October 28, 2025.

These condensed interim consolidated financial statements statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee.

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting on a basis consistent with the accounting, estimation and judgement policies described in the Company's audited consolidated financial statements as at and for the year ended December 31, 2024 (the "Annual Financial Statements"). These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, stock options and RSUs which are recognized at fair value. All financial information is reported in Canadian dollars, unless otherwise noted. Certain information and disclosures normally included in the notes to the Annual Financial Statements prepared in accordance with IFRS have been condensed or omitted. These condensed interim consolidated financial statements should be read in conjunction with the Annual Financial Statements.

2. Property and equipment

	Oil and Natural Gas Interests	*Well and Plant Equipment*	*Other Assets*	*Total*
Cost				
Balance, December 31, 2024	$ 943,494	$ 175,517	$ 20,904	$ 1,139,915
Cash additions	**34,578**	**9,596**	**660**	**44,834**
Share-based compensation *(note 7)*	**676**	**–**	**–**	**676**
Decommissioning liability *(note 5)*	**303**	**–**	**–**	**303**
Balance, September 30, 2025	**$ 979,051**	**$ 185,113**	**$ 21,564**	**$ 1,185,728**
Depletion and depreciation				
Balance, December 31, 2024	313,055	26,833	13,506	353,394
Depletion and depreciation	**23,855**	**2,480**	**623**	**26,958**
ROU asset depreciation	**–**	**–**	**786**	**786**
Balance, September 30, 2025	**$ 336,910**	**$ 29,313**	**$ 14,915**	**$ 381,138**
At December 31, 2024	$ 630,439	$ 148,684	$ 7,398	$ 786,521
At September 30, 2025	**$ 642,141**	**$ 155,800**	**$ 6,649**	**$ 804,590**

(in thousands of Canadian dollars, except per share and per unit amounts)

2. Property and equipment (continued)

At September 30, 2025, all of the Company's properties are pledged as security for the bank debt (note 3). The calculation of depletion for the nine months ended September 30, 2025 included estimated future development costs of $449,374 (December 31, 2024 – $494,800) associated with the development of the Company's proved plus probable reserves.

Cash additions for the nine months ended September 30, 2025 include $644 (2024 – $593) of recoveries related to the Company's working interest in operated capital expenditure programs on which overhead has been charged in accordance with standard industry operating agreements and $nil (2024 – $200) of capitalized salaries and consulting expenses directly related to geological, drilling and completions.

Included in property and equipment at September 30, 2025 is $1,832 (December 31, 2024 – $2,617) of right-of-use ("ROU") assets associated with the Company's lease obligations.

3. Bank debt

Balance, December 31, 2024	$	115,785
Advance		**3,551**
Accretion of debt transaction costs		**538**
Balance, September 30, 2025	$	**119,874**
Current		–
Non-current	$	**119,874**

As at September 30, 2025, the maximum amount available under the syndicated credit facility was $140,000 (December 31, 2024 – $130,000) comprised of a $120,000 (December 31, 2024 – $105,000) extendable revolving term credit facility and a $20,000 (December 31, 2024 – $25,000) operating facility. The amount available under these facilities is re-determined at least twice a year and is primarily based on the Company's oil and gas reserves, the syndicate of lending institutions' forecast commodity prices, the current economic environment and other factors as determined by the syndicate (the "Borrowing Base"). If the total advances made under the credit facilities are greater than the re-determined Borrowing Base, the Company has 60 days to repay any shortfall. The facilities last for a 364-day period and will be subject to the next 364-day extension by May 29, 2026. If not extended by May 30, 2026, the facilities will cease to revolve, and all outstanding balances will become repayable on May 29, 2027. The facilities are secured by a general security agreement over all assets of the Company.

The Company is required to ensure that not less than 30% of the forecasted daily production for a rolling twelve-month period is hedged and subject to commodity swaps with a minimum of 15% of such forecasted production being subject to commodity swaps that are swaps only (as opposed to a combination of swaps, collars and/or puts/calls).

The Company is subject to a financial covenant requiring an adjusted working capital ratio above 1:1 (current assets plus the undrawn availability under the revolving facility, divided by the current liabilities less the drawn portion of the revolving facility and excluding unrealized commodity contracts). The Company was in compliance with this covenant as at September 30, 2025 and December 31, 2024.

The total standby fees on the revolving facility range, depending on the debt to EBITDA ratio, between 200 bps to 400 bps on bank prime borrowings and between 300 bps and 500 bps on bankers' acceptances. The undrawn portion of the revolving facility is subject to a standby fee in the range of 75 bps to 125 bps.

As at September 30, 2025, the $119,874 (December 31, 2024 – $115,785) reported amount of bank debt was comprised of $11,769 (December 31, 2024 – $11,395) drawn on the operating facility and $110,000 (December 31, 2024 – $105,000) drawn on the revolving facility and net of unamortized transaction costs of $1,895 (December 31, 2024 – $610). During the nine months ended September 30, 2025, the weighted average effective interest rate for the bank debt was approximately 6.98% (nine months ended September 30, 2024 – 8.46%).

(in thousands of Canadian dollars, except per share and per unit amounts)

4. Lease obligations

The Company incurs lease payments related to the oil hauling fleet, operator/crew trucks and the head office. Leases are entered and exited in coordination with specific business requirements which includes the assessment of the appropriate durations for the related leased asset.

Balance, December 31, 2024	$	2,160
Lease payments		**(739)**
Accretion		**18**
Balance, September 30, 2025	$	**1,439**
Current		**1,188**
Non-current	$	**251**

Maturity analysis – contractual undiscounted cash flows		
Less than one year	$	**1,188**
One to six years		**559**
Total undiscounted lease obligations		**1,747**

5. Decommissioning liability

The following table presents the reconciliation of the carrying amount of the liability associated with the decommissioning of the Company's property and equipment:

Balance, December 31, 2024	$	16,730
Liabilities incurred		**473**
Effect of change in estimates		**(170)**
Accretion		**460**
Expenditures		**(357)**
Balance, September 30, 2025	$	**17,136**
Current		**506**
Non-current	$	**16,630**

The current portion of decommissioning liability relates to wells the Company plans to abandon and reclaim in the next 12 months as part of the Alberta Energy Regulator's mandatory spend target.

The following significant assumptions were used to estimate the decommissioning liability:

Undiscounted cash flows	$	**22,663**
Discount rate		**2.46% - 3.61%**
Inflation rate		**2%**
Weighted average expected timing of cash flows		**5 years**

(in thousands of Canadian dollars, except per share and per unit amounts)

6. Share capital

Authorized:

Unlimited number of common shares, without nominal or par value. Unlimited number of First Preferred Shares and an unlimited number of Second Preferred Shares, both issuable in series.

Issued:

Common shares	*Number of shares*		*Amount*
Balance, December 31, 2024	98,734	$	197,013
Fair value transferred on vesting of RSUs	**1,950**		**2,282**
Exercise of stock options	**592**		**383**
Fair value transferred on exercise of stock options	–		**184**
Balance, September 30, 2025	**101,276**	**$**	**199,862**

7. Share-based compensation

During the nine months ended September 30, 2025, the Company issued 4,678 (2024 – 4,893) RSUs that vest equally over 3 years. The RSUs are exercisable in either cash or shares at the option of the Company. As it is the Company's intention to settle in shares, the RSUs are treated as share-based compensation with a fair value on the date of issue of $1.02 (2024 – $1.17) per RSU.

The following table provides a continuity of RSUs outstanding:

	Number of RSUs
Balance, December 31, 2024	5,435
Granted	**4,678**
Vested	**(1,950)**
Forfeited	**(73)**
Balance, September 30, 2025	**8,090**

The following table provides a continuity of stock options outstanding:

	Number of stock options	***Weighted – average exercise price***
Balance, December 31, 2024	2,565	$0.99
Exercised	**(592)**	**(0.65)**
Cancelled	**(888)**	**(1.28)**
Balance, September 30, 2025	**1,085**	**$0.95**

The following provides a summary of stock options outstanding as at September 30, 2025:

Range of exercise price	*Number outstanding*	*Weighted-average remaining contractual life (years)*	*Weighted-average exercise price*	*Number exercisable*	*Weighted-average exercise price*
$ 0.50 – $ 1.00	868	0.17	0.59	868	0.59
$ 1.01 – $ 1.50	15	0.59	1.27	15	1.27
$ 2.00 – $ 2.50	189	1.55	2.45	189	2.45
$ 2.51 – $ 3.00	13	1.50	2.90	13	2.90
	1,085	0.43	$ 0.95	1,085	$ 0.95

(in thousands of Canadian dollars, except per share and per unit amounts)

7. Share-based compensation (continued)

During the nine months ended September 30, 2025, the Company recognized $3,038 (2024 – $2,548) of share-based compensation in the condensed interim consolidated statements of income and comprehensive income and capitalized $676 (2024 – $1,019) of share-based compensation to property and equipment (note 2).

8. Earnings per common share

Basic earnings per share is calculated as follows:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	**2025**	2024
Net income for the period	**$ 2,294**	$ 3,964	**$ 14,455**	$ 22,344
Weighted average number of shares (basic)				
Issued common shares at beginning of period	**101,276**	98,734	**98,734**	94,801
Effect of common shares issued in the period	–	–	**2,305**	3,081
Weighted average number of common shares - basic	**101,276**	98,734	**101,039**	97,882
Net income per share - basic	**0.02**	0.04	**0.14**	0.23

Diluted earnings per share is calculated as follows:

	Three months ended September 30		Nine months ended September 30	
	2025	**2024**	**2025**	2024
Weighted average number of shares (diluted)				
Weighted average number of shares (basic)	**101,276**	98,734	**101,039**	97,882
Effect of outstanding options	**370**	672	**358**	717
Effect of outstanding RSUs	**8,090**	5,647	**8,090**	5,647
Weighted average number of common shares - diluted	**109,736**	105,053	**109,487**	104,246
Net income per share – diluted	**0.02**	0.04	0.13	0.21

The average market value of the Company's shares for purpose of calculating the dilutive effect of stock options and RSUs was based on quoted market prices for the period that the options and RSUs were outstanding. Out-of-the-money stock options are excluded from diluted share calculations. For the three months ended September 30, 2025, 217 (2024 – 1,126) options were excluded based on an average share price of $1.02 (2024 – $1.07) for the period. For the nine months ended September 30, 2025, 216 (2024 – 1,034) options were excluded based on an average share price of $1.00 (2024 – $1.12) for the period.

(in thousands of Canadian dollars, except per share and per unit amounts)

9. Change in non-cash working capital

	Three months ended September 30		Nine months ended September 30	
	2025	2024	**2025**	2024
Accounts receivable	**$ 2,079**	$ 2,053	**$ 4,611**	$ 2,597
Prepaid expenses and inventory	**1,234**	(846)	**(1,156)**	(936)
Accounts payable and accrued liabilities	**(2,380)**	3,428	**(10,033)**	(15,924)
	$ 933	$ 4,635	**$ (6,578)**	$ (14,263)

The change in non-cash working capital has been allocated to the following activities:

Operating	**$ 1,430**	$ 1,114	**$ (451)**	$ (3,118)
Investing	**(497)**	3,521	**(6,127)**	(11,145)
	$ 933	$ 4,635	**$ (6,578)**	$ (14,263)

10. Financial instruments and financial risk management

a. Accounts receivable and credit risk

Purchasers of the Company's natural gas and liquids are subject to credit review to minimize the risk of non-payment. The maximum exposure to credit risk for accounts receivable by type of customer:

As at	***September 30, 2025***	*December 31, 2024*
Natural gas and liquids marketers	**$ 7,916**	$ 11,315
Partners on joint operations	**9,580**	9,920
Other	**6,771**	7,643
	$ 24,267	$ 28,878

The Company has not experienced any significant collection issues with its natural gas and liquids marketers. The majority of the revenue accruals and receivables from natural gas and liquids marketers were collected in October 2025.

The Company's receivables are aged as follows:

As at	***September 30, 2025***	*December 31, 2024*
Under 30 days	**$ 12,144**	$ 15,757
30 to 60 days	**182**	575
60 to 90 days	**162**	461
Over 90 days	**11,779**	12,085
	$ 24,267	$ 28,878

As at September 30, 2025, 98% (December 31, 2024 – 99%) of the over 90-day receivables are due from four (December 31, 2024 – four) industry partners, for which a significant portion of the balances are in dispute (note 14). The Company has performed an analysis of each partner's financial situation and has determined they have the ability to pay.

(in thousands of Canadian dollars, except per share and per unit amounts)

10. Financial instruments and financial risk management (continued)

b. Liquidity risk

As at September 30, 2025, the contractual maturities of the Company's obligations are as follows:

	Carrying Amount	*Contractual Cash Flows*	*Less than 1 Year*	*1-2 Years*	*2-5 Years*
Accounts payable and accrued liabilities	$ 15,430	$ 15,430	$ 15,430	$ –	$ –
Bank debt *(note 3)*	119,874	121,769	121,769	–	–
Lease obligations *(note 4)*	1,439	1,747	1,188	393	166
Other liabilities	928	928	–	–	928
Commodity contracts *(note 10c iii)*	890	890	886	4	–
	$ 138,561	$ 140,764	$ 139,273	$ 397	$ 1,094

c. Market risk

The Company has exposure to the following market risks:

i. Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate fluctuations on its bank debt which bears interest at a floating rate and to mitigate this risk, the Company may enter into interest rate contracts. For the nine months ended September 30, 2025, if interest rates had been 1% lower with all other variables held constant, net income would have been \$864 (2024 – \$895) higher, due to lower interest expense. An equal and opposite impact would have occurred had interest rates been higher by the same amount. The Company had no interest rate contracts in place as at September 30, 2025.

ii. Currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. All of the Company's petroleum and natural gas sales are denominated in Canadian dollars, however, the underlying market prices in Canada for petroleum and natural gas are impacted by changes in the exchange rate between the Canadian and United States dollar. The sensitivity of the fair value of a 10% change in foreign exchange rates would have an immaterial impact the condensed interim consolidated statements of income and comprehensive income.

iii. Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices.

As the Company had a limited number of derivatives in place as at September 30, 2025, the sensitivity of the fair value of a 10% volatility in commodity prices would have an immaterial impact on unrealized gains (losses) reported in the consolidated statements of income and comprehensive income.

(in thousands of Canadian dollars, except per share and per unit amounts)

10. Financial instruments and financial risk management (continued)

iii. Commodity price risk

As at September 30, 2025 the Company was committed to the following commodity price risk contracts:

Year	Volume		Term	Reference	Type	Strike Price	Fair Value
Oil							
2025	200	bbl/d	Oct 25	WTI-USD	Collar	USD $55.00 - $69.25	$ –
2025	400	bbl/d	Oct 25	WTI-USD	Collar	USD $55.00 - $68.25	1
2025	200	bbl/d	Nov 25	WTI-USD	Collar	USD $55.00 - $69.00	1
2025	400	bbl/d	Nov 25	WTI-USD	Collar	USD $55.00 - $69.00	2
Natural Gas							
2025	10,000	GJ/d	Apr 25 - Oct 25	AECO - 7A	Swap	CAD $1.815	524
2025	4,000	GJ/d	May 25 – Nov 25	AECO - 7A	Swap	CAD $1.76	126
2025	2,000	GJ/d	Apr 25 - Oct 25	AECO - 7A	Swap	CAD $1.98	125
2025	1,000	GJ/d	Apr 25 – Nov 25	AECO - 7A	Swap	CAD $1.75	31
2025	10,000	GJ/d	Nov 25	AECO - 7A	Swap	CAD $2.435	27
2025/2026	10,000	GJ/d	Nov 25 - Mar 26	AECO - 7A	Call	CAD $3.50	(235)
2025/2026	2,000	GJ/d	Dec 25 - Mar 26	AECO - 7A	Swap	CAD $3.49	136
2025/2026	2,000	GJ/d	Dec 25 - Mar 26	AECO - 7A	Swap	CAD $3.665	178
2025/2026	3,000	GJ/d	Dec 25 - Mar 26	AECO - 7A	Swap	CAD $3.00	28
2025/2026	2,500	GJ/d	Dec 25 - Mar 26	AECO - 7A	Swap	CAD $3.00	24
2025/2026	7,500	GJ/d	Dec 25 - Jun 26	AECO - 7A	Collar	CAD $1.50 - $4.00	(140)
2025/2026	2,000	GJ/d	Dec 25 - Jun 26	AECO - 7A	Collar	CAD $1.00 - $3.75	(55)
2025/2026	2,500	GJ/d	Dec 25 - Jun 26	AECO - 7A	Collar	CAD $1.50 - $3.00	(55)
2026	1,000	GJ/d	Apr 26 - Oct 26	AECO - 7A	Swap	CAD $2.505	(27)
2026	1,000	GJ/d	Apr 26 - Oct 26	AECO - 7A	Swap	CAD $2.70	14
2026	7,500	GJ/d	Apr 26 - Jun 26	AECO - 7A	Swap	CAD $2.355	(143)
2026	5,000	GJ/d	Jul 26 - Sep 26	AECO - 7A	Swap	CAD $2.51	(57)
2026	2,500	GJ/d	Jul 26 - Sep 26	AECO - 7A	Swap	CAD $2.64	1
2026	2,500	mmbtu/d	Jul 26 - Sep 26	NYMEX	Swap	USD $3.84	(18)
2026	2,500	mmbtu/d	Jul 26 - Sep 26	NYMEX	Collar	USD $3.50 - $4.11	(39)
2026	2,000	mmbtu/d	Jul 26 - Sep 26	NYMEX	Collar	USD $3.50 - $4.25	(19)
2026/2027	2,000	GJ/d	Nov 26 - Mar 27	AECO - 7A	Swap	CAD $3.465	(22)
NGLs							
2025	550	bbl/d	Apr 25 - Nov 25	Conway C3	Swap	USD 0.70/g	76
2025	300	bbl/d	Apr 25 - Nov 25	Conway C4	Swap	USD 0.8325/g	(81)
Total							**$ 403**

(in thousands of Canadian dollars, except per share and per unit amounts)

10. Financial instruments and financial risk management (continued)

d. Fair value of financial instruments

The Company's commodity contract assets and liabilities are financial instruments measured at fair value through profit or loss. The fair value of commodity contracts is a level 2 measurement based on inputs other than quoted prices that are observable for the asset or liability. As at September 30, 2025 and December 31, 2024, the carrying amount of commodity contract assets and liabilities was equal to their fair values.

11. Capital disclosures

The Company's objective when managing capital is to maintain a flexible capital structure which will allow it to execute its capital expenditure program, which includes expenditures in oil and gas activities which may or may not be successful. Therefore, the Company monitors the level of risk incurred in its capital expenditures to balance the proportion of debt and equity in its capital structure.

The Company considers its capital structure to include shareholders' equity and debt:

	September 30, 2025	*December 31, 2024*
Shareholders' equity	**$ 588,180**	$ 569,628
Bank debt	**$ 119,874**	$ 115,785

12. Finance expense

	Three months ended September 30		Nine months ended September 30	
	2025	2024	**2025**	2024
Cash interest and finance costs	**$ 2,293**	$ 2,874	**$ 6,711**	$ 7,693
Interest on lease obligations	**18**	32	**67**	110
Accretion of decommissioning liability *(note 5)*	**177**	146	**460**	419
Accretion of debt transaction costs *(note 3)*	**133**	214	**538**	593
Accretion of lease obligations *(note 4)*	**6**	(286)	**18**	149
	$ 2,627	$ 2,980	**$ 7,794**	$ 8,964

13. Revenue

The Company derives its revenue from contracts with customers primarily through the sale of commodities at a point in time representing the following major product types:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	**2025**	2024
Crude Oil	**$ 13,630**	$ 15,348	**$ 45,236**	$ 59,307
Natural Gas	**2,506**	2,385	**16,174**	15,816
Natural Gas Liquids	**8,265**	8,527	**26,645**	27,280
	$ 24,401	$ 26,260	**$ 88,055**	$ 102,403

At September 30, 2025, receivables from contracts with customers, which are included in trade accounts receivable, were $10,737 (December 31, 2024 – $15,061).

14. Contingency

In the normal conduct of operations, there are pending claims by and against the Company. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. In the opinion of management, based on the advice and information provided by its legal counsel, the final determination of these other litigations will not materially affect the Company's financial position or results of operations.