**Yangarra Resources Ltd.**
**Management's Discussion and Analysis**
*For the year ended December 31, 2025 and 2024*

*Management's discussion and analysis ("MD&A") of the financial condition and the results of operations should be read in conjunction with the December 31, 2025 audited consolidated financial statements, together with the accompanying notes.*

*Yangarra Resources Ltd. (the "Company" or "Yangarra") 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.*

*Additional information about Yangarra filed with Canadian securities commissions is available on-line at www.sedarplus.ca.*

*The MD&A has been prepared using information that is current to March 5, 2026.*

*The financial information presented herein has been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. Throughout this discussion, percentage changes are calculated using numbers rounded to the decimal to which they appear. All references to dollar amounts are in Canadian dollars.*

***BOE Presentation***

*Production information is commonly reported in units of barrel of oil equivalent ("boe"). For purposes of computing such units, natural gas is converted to equivalent barrels of oil using a conversion factor of six thousand cubic feet to one barrel of oil. This conversion ratio of 6:1 is based on an energy equivalent wellhead value for the individual products. Such disclosure of boe may be misleading, particularly if used in isolation. Figures that are presented on a boe basis herein are calculated as the total aggregate amount for the period divided by boe production volumes for the period. Readers should be aware that historical results are not necessarily indicative of future performance.*

***Non–IFRS and Additional IFRS Measures***

*This document contains "funds flow from operations" or "FFO", which is an additional IFRS measure. This document also contains the terms "adjusted net debt", "netbacks" "adjusted EBITDA" and "capital expenditures", which are non-IFRS financial measures. The Company uses these measures to help evaluate its performance. These non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Readers are cautioned that such financial measures should not be construed as alternatives to or more meaningful than the most directly comparable IFRS measures as indicators of the Company's performance.*

*Funds flow from operations ("FFO")*

*Yangarra's determination of FFO and FFO per share may not be comparable to that reported by other companies. Management uses FFO to analyze operating performance and leverage and considers FFO to be a key measure as it demonstrates the Company's ability to generate cash flow necessary to fund future capital investments and to repay debt, if applicable. FFO is calculated using cash flow from operating activities before changes in non-cash working capital and decommissioning costs incurred. Yangarra presents FFO per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of net income per share.*

For the year ended December 31, 2025 and 2024 (in 000's of CDN dollars, except per share and per unit)

*The following table reconciles FFO to cash flow from operating activities, which is the most directly comparable measure calculated in accordance with IFRS:*

| | 2025 Q4 | 2024 Q4 | Year Ended 2025 | Year Ended 2024 |
|---|---|---|---|---|
| Cash flow from operating activities | $ 11,204 | $ 15,293 | $ 59,078 | $ 71,037 |
| Decommissioning costs incurred | 442 | - | 799 | 527 |
| Changes in non-cash working capital | 2,477 | 917 | 2,928 | 4,035 |
| Funds flow from operations | $ 14,123 | $ 16,210 | $ 62,805 | $ 75,599 |

*Netbacks*

*The Company considers corporate netbacks to be a key measure that demonstrates Yangarra's profitability relative to current commodity prices. Corporate netbacks are comprised of operating, field operating, FFO and net income (loss) netbacks. Field Operating netback is calculated as the average sales price of its commodities (including realized gains (losses) on financial instruments) less royalties, operating costs and transportation expenses. Operating netback starts with Field Operating netback and subtracts realized gains (losses) on financial instruments. FFO netback starts with the Operating netback and further deducts general and administrative costs, finance expense and adds finance income. To calculate the net income (loss) netback, Yangarra takes Operating netback and deducts share-based compensation expense as well as depletion and depreciation charges, accretion expense, unrealized gains (losses) on financial instruments, any impairment or exploration and evaluation expense and deferred income taxes. See "Company Netbacks", below, for the Company's calculation of netbacks.*

*FFO margins and operating margins*

*FFO margins and operating margins are calculated as the ratio of FFO netbacks to sales price and operating netback to sales price, respectively.*

*Adjusted net debt*

*Adjusted net debt is used to assess efficiency, liquidity and the general financial strength of the Company. We define adjusted net debt as the sum of our existing credit facilities, trade and other payables, and trade receivables and prepaids. The following table summarizes our calculation of adjusted net debt:*

| | Dec 31, 2025 | Dec 31, 2024 |
|---|---|---|
| Bank Debt | $ 127,666 | $ 115,785 |
| Accounts receivable | (31,748) | (28,878) |
| Prepaid expenses and inventory | (9,425) | (9,223) |
| Accounts payable and accrued liabilities | 20,226 | 25,463 |
| Adjusted net Debt | $ 106,719 | $ 103,147 |

*Adjusted earnings before interest, taxes, depletion and depreciation, amortization*

*Adjusted earnings before interest, taxes, depletion and depreciation, amortization ("Adjusted EBITDA") which represents EBITDA, excluding changes in the fair value of commodity contracts, is used to assess efficiency, liquidity and the general financial strength of the Company.*

For the year ended December 31, 2025 and 2024 (in 000's of CDN dollars, except per share and per unit)

| | 2025 Q4 | 2024 Q4 | Year Ended 2025 | Year Ended 2024 |
|---|---|---|---|---|
| Net income for the Period | $ 564 | $ 3,884 | $ 15,019 | $ 26,228 |
| Finance | 2,622 | 3,693 | 10,416 | 12,657 |
| Deferred tax expense | 2,540 | (1,051) | 7,851 | 6,360 |
| Depletion and depreciation | 10,268 | 9,243 | 38,012 | 35,512 |
| Change in fair value of commodity contracts | (786) | 2,577 | (3,735) | 2,122 |
| Adjusted EBITDA | $ 15,208 | $ 18,346 | $ 67,563 | $ 82,879 |

*Working capital surplus (deficit)*

*Working capital surplus (deficit) is the total of current assets less current liabilities and is used to assess efficiency, liquidity and the general financial strength of the Company.*

***Forward-looking Statements***

*Certain information regarding the Company set forth in this report, including management's assessment of the Company's future plans and operations, contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These risks and uncertainties, many of which are beyond the Company's control, include the impact of general economic conditions and specific industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, the lack of available qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. The Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements, and accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits the Company can derive from such events.*

## Overview

Yangarra is a junior oil and gas company engaged in the exploration, development and production of natural gas and oil with operations in Western Canada, with a main focus on the Cardium and Belly River in Central Alberta, where the Company has extensive infrastructure and land holdings. Yangarra is dedicated to creating value for its shareholders through its commitment to a clear business strategy and performance objectives. The Company's strategy is to increase the value of its corporate assets through the drill bit and by assembling a large, focused land base in Central Alberta that features high-quality, long-life light oil and liquids-rich gas reserves. The Company has assembled a significant future drilling inventory and will strive to grow this inventory through drilling, geology and strategic acquisitions.

2025 Highlights

- Average production of 10,003 boe/d (42% liquids), a decrease of 5% from 2024
- Oil and gas sales of $115.3 million, a decrease of 14% from 2024
- Funds flow from operations of $62.8 million ($0.57 per share – fully diluted) a decrease of 17% from 2024
- Adjusted EBITDA of $67.6 million ($0.62 per share – fully diluted)
- Net income of $15.0 million ($0.14 per share – fully diluted), resulting in an income margin of 13%
- Return on capital employed of 4%
- Operating costs of $8.64/boe (including $3.39/boe of transportation costs)
- Operating netback of $21.27/boe
- Operating margin of 67% and funds flow from operations margin of 54%
- G&A costs of $1.55/boe
- Royalties at 6% of oil and gas revenue
- Capital expenditures of $64.1 million (including $6.1 of raw land purchases)
- Adjusted net debt of $106.7 million
- Retained earnings of $353.0 million
- Decommissioning liabilities of $17.2 million (discounted)

Fourth Quarter Highlights

- Average production of 9,577 boe/d (44% liquids), a 6% decrease from the same period in 2024
- Oil and gas sales of $27.2 million, a decrease of 12% from the same period in 2024
- Funds flow from operations of $14.1 million ($0.13 per share – fully diluted), a decrease of 13% from the same period in 2024.
- Adjusted EBITDA of $15.2 million ($0.14 per share – fully diluted), a decrease of 17% from the same period in 2024
- Net income of $0.5 million ($0.01 per share – fully diluted)
- Operating costs of $8.68/boe (including $3.70/boe of transportation costs)
- Operating netback of $20.61/boe

- Operating margin of 67% and funds flow from operations margin of 52%
- G&A costs of $2.06/boe
- Royalties at 7% of oil and gas revenue
- All in cash costs of $14.72/boe
- Capital expenditures of $19.2 million
- Adjusted net debt to fourth quarter annualized funds flow from operations of 1.89 : 1

Operations Update

- Yangarra drilled 14 wells during 2025, spending $43.6 million on drilling & completions. Three of the 14 wells in the program were not on-stream at of year-end
- During 2025, Yangarra dedicated $8.5 million of strategic capital designed to create long-term value by allowing the Company to access new areas and/or tie-in drilling opportunities that would have required third-party infrastructure, including upgrades to existing facilities and one-time expenditures to reduce long-term operating costs. This included major pipeline work connecting new core areas with existing infrastructure and capital invested in a lower-risk exploration play.
- Land purchases and acquisitions totaled $6.1 million, adding potential locations targeting both the Cardium and the emerging Belly River play. Yangarra focused on multi-zonal prospects that will allow the Company to leverage existing infrastructure, including surface access.
- Yangarra spent $1.2 million on abandonment and reclamation activities in 2025, versus the mandatory minimum spend from the AER of $0.6 million.
- The Company's Board of Directors has approved a capital budget of $60 million for 2026, which is intended to hold production at 10,000 boe/d.
    - In 2025, only 60% of the Company's total capital budget resulted in production additions during the year, with a five-month pause in drilling & completions due to weaker commodity prices. The outlook for 2026 is more positive than 2025, especially for natural gas prices as a result of increasing LNG egress, especially when combined with Yangarra's healthy hedge program.
    - As a result of the 2025 strategic spend, the majority of the 2026 capital program will now be geared towards drilling and completions spread throughout the year with no unexpected pauses in activity other than potentially during spring-break. This program should result in a smoother growth profile of production for the year.

For the year ended December 31, 2025 and 2024 (in 000's of CDN dollars, except per share and per unit)

## Financial Information

| | 2025 Q4 | 2024 Q4 | Year Ended 2025 | Year Ended 2024 |
|---|---|---|---|---|
| **Statements of Income and Comprehensive Income** | | | | |
| Petroleum & natural gas sales | $ 27,197 | $ 30,961 | $ 115,252 | $ 133,364 |
| Income before tax | $ 3,104 | $ 2,833 | $ 22,870 | $ 32,588 |
| Net income | $ 564 | $ 3,884 | $ 15,019 | $ 26,228 |
| Net income per share - basic | $ 0.01 | $ 0.04 | $ 0.15 | $ 0.27 |
| Net income per share - diluted | $ 0.01 | $ 0.04 | $ 0.14 | $ 0.25 |
| **Statements of Cash Flow** | | | | |
| Funds flow from operations | $ 14,123 | $ 16,210 | $ 62,805 | $ 75,599 |
| Funds flow from operations per share - basic | $ 0.14 | $ 0.16 | $ 0.62 | $ 0.77 |
| Funds flow from operations per share - diluted | $ 0.13 | $ 0.15 | $ 0.57 | $ 0.73 |
| Cash flow from operating activities | $ 11,204 | $ 15,293 | $ 59,078 | $ 71,037 |
| Weighted average number of shares - basic | 101,656 | 98,734 | 101,194 | 98,096 |
| Weighted average number of shares - diluted | 109,743 | 104,796 | 109,283 | 104,225 |

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| **Statements of Financial Position** | | |
| Property and equipment | $ 810,189 | $ 786,521 |
| Total assets | $ 894,405 | $ 860,383 |
| Working capital surplus (deficit) | $ 20,537 | $ 8,897 |
| Adjusted net debt | $ 106,719 | $ 103,147 |
| Shareholders equity | $ 590,468 | $ 569,628 |

For the year ended December 31, 2025 and 2024 (in 000's of CDN dollars, except per share and per unit)

## Business Environment

| | 2025 Q4 | 2024 Q4 | Year Ended 2025 | Year Ended 2024 |
|---|---|---|---|---|
| **Realized Pricing (Including realized commodity contracts)** | | | | |
| Light Crude Oil ($/bbl) | $ 77.37 | $ 98.10 | $ 86.51 | $ 97.55 |
| NGL ($/bbl) | $ 34.23 | $ 36.55 | $ 39.12 | $ 43.85 |
| Natural Gas ($/mcf) | $ 2.61 | $ 1.65 | $ 1.95 | $ 1.58 |
| **Realized Pricing (Excluding commodity contracts)** | | | | |
| Light Crude Oil ($/bbl) | $ 77.37 | $ 99.70 | $ 86.98 | $ 99.25 |
| NGL ($/bbl) | $ 33.31 | $ 36.55 | $ 39.20 | $ 43.85 |
| Natural Gas ($/mcf) | $ 2.50 | $ 1.59 | $ 1.83 | $ 1.54 |
| **Oil Price Benchmarks** | | | | |
| West Texas Intermediate ("WTI") (US$/bbl) | $ 59.64 | $ 70.69 | $ 65.46 | $ 76.55 |
| Edmonton Par ($/bbl) | $ 75.35 | $ 94.10 | $ 84.74 | $ 97.11 |
| Edmonton Par to WTI differential (US$/bbl) | $ (5.62) | $ (3.43) | $ (4.68) | $ (5.67) |
| **Natural Gas Price Benchmarks** | | | | |
| AECO (5A - daily) gas ($/mcf) | $ 2.11 | $ 1.40 | $ 1.59 | $ 1.38 |
| **Foreign Exchange** | | | | |
| Canadian Dollar/U.S. Exchange | 0.72 | 0.71 | 0.72 | 0.73 |

Crude oil prices decreased by 14% for the year ended December 31, 2025, with the West Texas Intermediate ("**WTI**") reference price averaging US$65.46/bbl compared with US$76.55/bbl in the same period in 2024. Demand for crude oil is generally tied to global economic growth, but is also influenced by factors such as infrastructure, political instability, market uncertainty, weather conditions and government regulations.

Edmonton par differentials to WTI narrowed in the year ended December 31, 2025 when compared to the same period in 2024, moving from a US$5.67/bbl differential in 2024 to US$4.68/bbl in 2025. In the year ended December 31, 2025 the CDN/US foreign exchange rate was 0.72 compared to 0.73 in 2024. The Edmonton par reference price is denominated in Canadian dollars so the change in the foreign exchange rate has decreased the Edmonton par price relative to WTI. Edmonton par is the closest reference price point for Yangarra's oil and therefore is the closest proxy to realized pricing.

When compared to 2024, realized pricing on oil decreased by 12%, excluding commodity contracts, and decreased by 11% when the effects of commodity contracts are included.

When compared to 2024, liquids pricing decreased by 11%, excluding commodity contracts, and decreased by 11% when the effects of commodity contracts are included due to decreased condensate pricing in 2025.

When compared to 2024, realized pricing on natural gas increased by 19%, excluding commodity contracts, and increased by 23% when the effects of commodity contracts are included, primarily due to the 15% increase in AECO natural gas prices from 2024.

For the year ended December 31, 2025 and 2024 (in 000's of CDN dollars, except per share and per unit)

## Results of Operations

### Net petroleum and natural gas production, pricing and revenue

| | 2025 Q4 | 2024 Q4 | Year Ended 2025 | Year Ended 2024 |
|---|---|---|---|---|
| **Daily production volumes** | | | | |
| Natural Gas (mcf/d) | 32,189 | 35,733 | 34,791 | 37,308 |
| Light Crude Oil (bbl/d) | 1,807 | 2,070 | 1,824 | 2,150 |
| NGL's (bbl/d) | 2,404 | 2,182 | 2,379 | 2,131 |
| Combined (BOE/d 6:1) | 9,577 | 10,207 | 10,003 | 10,500 |
| **Revenue** | | | | |
| Petroleum & natural gas sales | $ 27,197 | $ 30,961 | $ 115,252 | $ 133,364 |
| Realized gain (loss) on commodity contract settlement | 519 | (121) | 1,078 | (809) |
| Total sales | 27,716 | 30,840 | 116,330 | 132,555 |
| Royalty expense | (1,907) | (2,389) | (7,133) | (8,664) |
| Total Revenue - Net of royalties | $ 25,809 | $ 28,451 | $ 109,197 | $ 123,891 |

Total sales decreased 12% in 2025 to $116,330 from $132,555 in 2024. The decrease is attributable to:

- a 9% decrease in average product prices
- an 5% decrease in production (on a boe basis)

### Company Netbacks ($/boe)

| | 2025 Q4 | 2024 Q4 | Year Ended 2025 | Year Ended 2024 |
|---|---|---|---|---|
| Sales price | $ 30.87 | $ 32.97 | $ 31.57 | $ 34.71 |
| Royalty expense | (2.16) | (2.54) | (1.95) | (2.25) |
| Production costs | (4.99) | (5.38) | (5.25) | (6.30) |
| Transportation costs | (3.70) | (3.16) | (3.39) | (2.09) |
| **Field operating netback** | 20.02 | 21.89 | 20.98 | 24.07 |
| Realized gain (loss) on commodity contract settlement | 0.59 | (0.13) | 0.30 | (0.21) |
| **Operating netback** | 20.61 | 21.76 | 21.28 | 23.86 |
| G&A | (2.06) | (1.33) | (1.55) | (1.37) |
| Cash finance expenses | (2.40) | (3.19) | (2.46) | (2.94) |
| Depletion and depreciation | (11.65) | (9.84) | (10.41) | (9.24) |
| Non Cash - finance expenses | (0.58) | (0.74) | (0.39) | (0.35) |
| Abandonment Expenses | (0.15) | - | (0.10) | (0.02) |
| Stock-based compensation | (1.14) | (0.89) | (1.11) | (0.88) |
| Unrealized gain (loss) on financial instruments | 0.89 | (2.74) | 1.02 | (0.55) |
| Deferred income tax | (2.88) | 1.12 | (2.15) | (1.66) |
| **Net income netback** | $ 0.64 | $ 4.15 | $ 4.12 | $ 6.85 |

The overall average price earned by the Company during 2025 was lower when compared to 2024 as although natural gas prices increased by 23%, oil and liquids prices decreased by 11%. The average sales price decreased by 9% during 2025 when compared to 2024.

When compared to 2024, field netbacks decreased by 13% and operating netbacks decreased by 11% primarily due to lower realized pricing.

For the year ended December 31, 2025 and 2024 (in 000's of CDN dollars, except per share and per unit)

### Royalty Expense

| | 2025 Q4 | 2024 Q4 | Year Ended 2025 | Year Ended 2024 |
|---|---|---|---|---|
| Royalty expense | $ 1,907 | $ 2,389 | $ 7,133 | $ 8,664 |
| Per BOE | $ 2.16 | $ 2.54 | $ 1.95 | $ 2.25 |
| As a % of sales (including commodity contracts) | 7% | 8% | 6% | 7% |
| As a % of sales (excluding commodity contracts) | 7% | 8% | 6% | 6% |

For 2025 royalties decreased to $7,133 or 6% as a percentage of sales. The decrease is a result of lower revenue and lower oil prices in 2025.

### Production and Transportation Costs

| | 2025 Q4 | 2024 Q4 | Year Ended 2025 | Year Ended 2024 |
|---|---|---|---|---|
| Production costs | $ 4,394 | $ 5,052 | $ 19,158 | $ 24,226 |
| Per BOE | $ 4.99 | $ 5.38 | $ 5.25 | $ 6.30 |
| Transportation costs | $ 3,257 | $ 2,972 | $ 12,393 | $ 8,039 |
| Per BOE | $ 3.70 | $ 3.16 | $ 3.39 | $ 2.09 |
| Combined | $ 7,651 | $ 8,024 | $ 31,551 | $ 32,265 |
| Combined ($/BOE) | $ 8.68 | $ 8.54 | $ 8.64 | $ 8.40 |

Production and transportation costs increased by 3% on a per boe basis when compared to 2024 due to the increased impact of inflation in 2025. On a dollar basis, operating costs decreased by 2% due to decreased production.

### Depletion and depreciation

| | 2025 Q4 | 2024 Q4 | Year Ended 2025 | Year Ended 2024 |
|---|---|---|---|---|
| Depletion and depreciation | $ 10,268 | $ 9,243 | $ 38,012 | $ 35,512 |
| Per BOE | $ 11.65 | $ 9.84 | $ 10.41 | $ 9.24 |

Depletion and depreciation decreased in the year ended December 31, 2025 due to an decrease in production. On a per BOE basis, depletion increased when compared to 2024 due to a reduction in the proved plus probable reserve base.

For the year ended December 31, 2025 and 2024 (in 000's of CDN dollars, except per share and per unit)

**General and administrative expenses ("G&A")**

| | 2025 Q4 | 2024 Q4 | Year Ended 2025 | Year Ended 2024 |
|---|---|---|---|---|
| Gross G&A expenses | $ 2,170 | $ 1,581 | $ 6,675 | $ 6,201 |
| G&A recoveries | (356) | (334) | (1,000) | (927) |
| Net G&A expenses | $ 1,814 | $ 1,247 | $ 5,675 | $ 5,274 |
| Per BOE | $ 2.06 | $ 1.33 | $ 1.55 | $ 1.37 |

G&A increased by 8% on a net basis and gross basis when compared to 2024 due to additional costs in 2025 for investor relations and market making efforts for capital market support. On a per BOE basis G&A increased by 13% due to a decrease in production.

**Other expenses**

| | 2025 Q4 | 2024 Q4 | Year Ended 2025 | Year Ended 2024 |
|---|---|---|---|---|
| Cash Finance | | | | |
| Cash interest and finance expense | $ 2,208 | $ 2,969 | $ 8,802 | $ 10,662 |
| Lease interest paid | (96) | 28 | 88 | 138 |
| Non-Cash Finance | | | | |
| Accretion of decommissioning liability | 147 | 132 | 607 | 551 |
| Accretion of debt issue costs | 285 | 219 | 823 | 812 |
| Accretion on lease obligations | 78 | 345 | 96 | 494 |
| | $ 2,622 | $ 3,693 | $ 10,416 | $ 12,657 |
| Share-based compensation | $ 1,006 | $ 834 | $ 4,044 | $ 3,382 |

Interest and financing fees include interest on the Company's bank debt (the average amount drawn in 2025 was $121,726) and bank debt servicing charges.

For the year ended December 31, 2025, if interest rates had been 1% lower with all other variables held constant, net income would have been $1,217 (2024 - $1,212) higher, due to lower interest expense. An equal and opposite impact would have occurred had interest rates been higher by the same amount.

In the year ended December 31, 2025, the Company issued 4,893 (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 – $1.11) per RSU. The Company is no longer issuing new options under the Stock Option plan. All previously issued stock options will continue to vest and expire as per the agreements in place when they were originally issued.

During the year ended December 31, 2025, the Company recognized $4,044 (2024 – $3,382) of share-based compensation in the consolidated statement of income and comprehensive income. During the year ended December 31, 2025, the Company capitalized $895 (2024 - $1,327) to property and equipment.

For the year ended December 31, 2025 and 2024 (in 000's of CDN dollars, except per share and per unit)

**Commodity price risk contracts**

| | 2025 Q4 | 2024 Q4 | Year Ended 2025 | Year Ended 2024 |
|---|---|---|---|---|
| Realized gain (loss) on commodity contract settlement | $ 519 | $ (121) | $ 1,078 | $ (809) |
| Change in fair value of commodity contracts | 786 | (2,577) | 3,735 | (2,122) |
| | $ 1,305 | $ (2,698) | $ 4,813 | $ (2,931) |

As at December 31, 2025 the Company was committed to the following commodity price risk contracts:

| Year | Volume | | Term | Reference | Type | Strike Price |
|---|---|---|---|---|---|---|
| Oil | | | | | | |
| 2026 | 300 | bbl/d | Jan-26 | WTI-USD | Collar | USD $50.00 - $61.50 |
| Natural Gas | | | | | | |
| 2025/2026 | 10,000 | GJ/d | Nov 25 - Mar 26 | AECO 7A | Call | CAD $3.50 |
| 2025/2026 | 2,000 | GJ/d | Dec 25 - Mar 26 | AECO 7A | Swap | CAD $3.49 |
| 2025/2026 | 2,000 | GJ/d | Dec 25 - Mar 26 | AECO 7A | Swap | CAD $3.665 |
| 2025/2026 | 3,000 | GJ/d | Dec 25 - Mar 26 | AECO 7A | Swap | CAD $3.00 |
| 2025/2026 | 2,500 | GJ/d | Dec 25 - Mar 26 | AECO 7A | Swap | CAD $3.00 |
| 2025/2026 | 7,500 | GJ/d | Dec 25 - Jun 26 | AECO 7A | Collar | CAD $1.50 - $4.00 |
| 2025/2026 | 2,000 | GJ/d | Dec 25 - Jun 26 | AECO 7A | Collar | CAD $1.00 - $3.75 |
| 2026 | 1,000 | GJ/d | Apr 26 - Oct 26 | AECO 7A | Swap | CAD $2.505 |
| 2026 | 1,000 | GJ/d | Apr 26 - Oct 26 | AECO 7A | Swap | CAD $2.70 |
| 2026 | 7,500 | GJ/d | Apr 26 - Jun 26 | AECO 7A | Swap | CAD $2.355 |
| 2025 | 5,000 | GJ/d | Jul 26 - Sep 26 | AECO 7A | Swap | CAD $2.51 |
| 2026 | 2,500 | GJ/d | Jul 26 - Sep 26 | AECO 7A | Swap | CAD $2.64 |
| 2026 | 2,500 | GJ/d | Jul 26 - Sep 26 | AECO 7A | Collar | CAD $1.50 - $3.00 |
| 2026 | 2,500 | mmbtu/d | Jul 26 - Sep 26 | NYMEX - USD | Swap | USD $3.84 |
| 2026 | 2,500 | mmbtu/d | Jul 26 - Sep 26 | NYMEX - USD | Collar | USD $3.50 - $4.11 |
| 2026 | 2,000 | mmbtu/d | Jul 26 - Sep 26 | NYMEX - USD | Collar | USD $3.50 - $4.25 |
| 2026 | 5,000 | GJ/d | Oct 26 - Dec 26 | AECO 7A | Collar | CAD $2.00 - $4.40 |
| 2026 | 2,000 | GJ/d | Oct 26 - Dec 26 | AECO 7A | Collar | CAD $2.25 - $4.10 |
| 2026 | 1,500 | GJ/d | Oct 26 - Dec 26 | AECO 7A | Collar | CAD $2.00 - $3.85 |
| 2026 | 500 | GJ/d | Oct 26 - Dec 26 | AECO 7A | Collar | CAD $2.00 - $3.57 |
| 2026 | 2,000 | GJ/d | Oct 26 | AECO 7A | Swap | CAD $3.00 |
| 2026 | 1,500 | GJ/d | Oct 26 - Dec 26 | AECO 7A | Swap | CAD $3.05 |
| 2026 | 3,500 | GJ/d | Oct 26 | AECO 7A | Swap | CAD $3.05 |
| 2026 | 1,500 | GJ/d | Nov 26 | AECO 7A | Swap | CAD $2.92 |
| 2026 | 1,500 | GJ/d | Dec 26 | AECO 7A | Swap | CAD $3.05 |
| 2026/2027 | 2,000 | GJ/d | Nov 26 - Mar 27 | AECO 7A | Swap | CAD $3.465 |
| 2026/2027 | 2,000 | GJ/d | Nov 26 - Mar 27 | AECO 7A | Swap | CAD $3.55 |
| 2026/2027 | 2,000 | GJ/d | Nov 26 - Mar 27 | AECO 7A | Swap | CAD $3.61 |

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As the Company had a limited number of derivatives in place as at December 31,2025, 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.

**Deferred Taxes**

| | 2025 Q4 | 2024 Q4 | Year Ended 2025 | Year Ended 2024 |
|---|---|---|---|---|
| Deferred tax expense | $ 2,540 | $ (1,051) | $ 7,851 | $ 6,360 |

Yangarra did not pay income taxes in 2025 and does not expect to pay income taxes in 2026 or in the near future as it has sufficient tax pools to cover taxable income. Deferred tax expense is higher in the 2025 periods than in the 2024 periods due to changes in tax pool estimates in 2025.

| | Rate % | Year Ended 2025 |
|---|---|---|
| Canadian oil and gas property expenses | 10 | $ 25,126 |
| Canadian development expenses | 30 | 144,971 |
| Canadian exploration expenses | 100 | - |
| Undepreciated capital costs | 10-30 | 37,612 |
| Non-capital losses (various expiry dates) | 100 | 29,258 |
| Share issue costs | | 507 |
| | | $ 237,474 |

## Liquidity and Capital Resources

The following table summarizes the change in adjusted net debt during the periods presented:

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Adjusted net debt - beginning of period | $ (103,147) | $ (118,646) |
| Funds flow from operations | $ 62,805 | 75,599 |
| Additions to property and equipment | $ (57,947) | (59,626) |
| Decommissioning costs incurred | $ (799) | (527) |
| Additions to E&E Assets | $ (6,123) | - |
| Issuance of shares | $ 882 | 2,093 |
| Lease obligation repayment | $ (1,438) | (1,106) |
| Other | $ (952) | (934) |
| Adjusted net debt - end of period | $ (106,719) | $ (103,147) |
| Credit facility limit | $ 140,000 | $ 130,000 |

As at December 31, 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

For the year ended December 31, 2025 and 2024 (in 000's of CDN dollars, except per share and per unit)

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 29, 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 December 31, 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 December 31, 2025, the $127,666 (December 31, 2024 – $115,785) reported amount of bank debt was comprised of $14,276 (December 31, 2024 – $11,395) drawn on the operating facility and $115,000 (December 31, 2024 – $105,000) drawn on the revolving facility and net of unamortized transaction costs of $1,610 (December 31, 2024 – $610). During the year ended December 31, 2025, the weighted average effective interest rate for the bank debt was approximately 6.9% (2024 - 8.6%).

## Capital Spending

| Cash additions | 2025 Q4 | 2024 Q4 | Year Ended 2025 | Year Ended 2024 |
|---|---|---|---|---|
| Land, acquisitions and lease rentals | $ (265) | $ 110 | $ 703 | $ 323 |
| Drilling and completion | 12,986 | 17,034 | 43,617 | 49,773 |
| Geological and geophysical | - | - | 105 | 323 |
| Equipment | 3,104 | 2,494 | 12,700 | 8,051 |
| Other asset additions | 161 | 252 | 821 | 1,156 |
| | $ 15,986 | $ 19,890 | $ 57,947 | $ 59,626 |
| Exploration & evaluation assets | $ 3,247 | $ - | $ 6,123 | $ - |

During 2025, Yangarra drilled 14 wells at a cost of $43.6 million. Within the $12.7 million of equipment costs, there was $8.5 million of strategic capital designed to create long-term value by allowing the Company to access new areas and/or tie-in drilling opportunities that would have required third-party infrastructure, including upgrades to existing facilities and one-time expenditures to reduce long-term operating costs. This included major pipeline work connecting new core areas with existing infrastructure and capital invested in a lower-risk exploration play. Land purchases and acquisitions totaled $6.1 million.

## Outlook

The Company's Board of Directors has approved a capital budget of $60 million for 2026, which is intended to hold production at 10,000 boe/d for the year.

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## Decommissioning Liabilities

As at December 31, 2025, the undiscounted decommissioning obligation associated with the Company's existing properties was estimated to be $23,076 for which $17,155 has been recorded using a discount rate of 2.46% - 3.85% an inflation rate of 2% and an estimated weighted average timing of cash flows of 5.0 years.

## Off Balance Sheet Arrangements

There were no off-balance sheet arrangements.

## Share Capital

Details of changes in the number of outstanding equity instruments are detailed in the following table:

| | Common Shares | Stock Options | Restricted Share Units |
|---|---|---|---|
| **Balance - December 31, 2024** | 98,734 | 2,565 | 5,435 |
| Granted | - | - | 4,678 |
| Exercised | 1,445 | (1,445) | - |
| Vested | 1,950 | - | (1,950) |
| Forfeited | - | (904) | (75) |
| **Balance - December 31, 2025** | 102,129 | 216 | 8,088 |
| Vested | 3,389 | - | (3,389) |
| **Balance - Date of MD&A** | 105,518 | 216 | 4,699 |

There has been no change to the number of outstanding equity instruments as of the date of this MD&A.

## Contingency

In the normal conduct of operations, there are other 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.

## Contractual Obligations and Commitments

As at December 31, 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 | $ 20,226 | $ 20,226 | $ 20,226 | $ - | $ - |
| Bank debt | 127,666 | 129,276 | - | 129,276 | - |
| Lease obligations | 3,039 | 3,039 | 950 | 1,571 | 518 |
| Other liabilities | 928 | 928 | - | - | 928 |
| Commodity contracts | 63 | 63 | 63 | - | - |
| | $ 151,922 | $ 153,532 | $ 21,239 | $ 130,847 | $ 1,446 |

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## Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. A substantial portion of the Company's accounts receivable are with natural gas and liquids marketers and partners on joint operations in the oil and gas industry and are subject to normal industry credit risks.

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* | *December 31, 2025* | *December 31, 2024* |
|---|---|---|
| Natural gas and liquids marketers | $ 9,941 | $ 11,315 |
| Partners on joint operations | 13,275 | 9,920 |
| Other | 8,532 | 7,643 |
| | $ 31,748 | $ 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 received in January 2026.

The Company's receivables are aged as follows:

| *As at* | *December 31, 2025* | *December 31, 2024* |
|---|---|---|
| Under 30 days | $ 14,856 | $ 15,757 |
| 30 to 60 days | 4,322 | 575 |
| 60 to 90 days | 277 | 461 |
| Over 90 days | 12,293 | 12,085 |
| | $ 31,748 | $ 28,878 |

## Capital Resources

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:

| | *December 31, 2025* | *December 31, 2024* |
|---|---|---|
| Shareholders' equity | $ 590,468 | $ 569,628 |
| Bank debt | $ 127,666 | $ 115,785 |

The Company monitors capital based on annual cash from operations before changes in non-cash working capital and capital expenditure budgets, which are updated as necessary and are reviewed and periodically approved by the Board of Directors.

The Company manages its capital structure and makes adjustments by continually monitoring its business conditions including the current economic conditions, the risk characteristics of the Company's petroleum and natural gas assets, the depth of its investment opportunities, current and forecasted net debt levels, current and forecasted commodity prices and other facts that influence commodity prices and funds from operations such as quality and basis differentials, royalties, operating costs and transportation costs. In order to maintain or adjust the capital structure, the Company considers its forecasted cash from operations before changes in non-cash working capital while attempting to finance an acceptable capital expenditure program including acquisition opportunities, the current level of bank debt available from the Company's lender, the level of bank debt that may be attainable from its lender as a result of petroleum and natural gas reserve growth, the availability of other sources of debt with different characteristics than existing debt, the sale of assets, limiting the size of the capital expenditure program and the issue of new equity if available on favorable terms. At December 31, 2025 and December 31, 2024, the Company's capital structure was subject to banking covenants. No changes were made to the capital policy in 2025.

For the year ended December 31, 2025 and 2024 (in 000's of CDN dollars, except per share and per unit)

## Selected Quarterly Financial Information

| | 2025 Q4($) | 2025 Q3($) | 2025 Q2($) | 2025 Q1($) |
|---|---|---|---|---|
| Petroleum & natural gas sales | 27,197 | 24,401 | 29,507 | 34,147 |
| Net income | 564 | 2,294 | 6,773 | 5,388 |
| Net income per share – basic [1] | 0.01 | 0.02 | 0.07 | 0.05 |
| Net income per share – diluted [1] | 0.01 | 0.02 | 0.06 | 0.05 |
| Funds flow from operations | 14,123 | 13,181 | 15,499 | 20,002 |
| Funds flow from operations per share – basic [1] | 0.14 | 0.13 | 0.15 | 0.20 |
| Funds flow from operations per share –diluted [1] | 0.13 | 0.12 | 0.14 | 0.18 |
| Capital expenditures (including E&E) | 19,235 | 12,440 | 15,019 | 17,376 |

| | 2024 Q4($) | 2024 Q3($) | 2024 Q2($) | 2024 Q1($) |
|---|---|---|---|---|
| Petroleum & natural gas sales | 30,961 | 26,260 | 35,718 | 40,425 |
| Net income | 3,884 | 3,964 | 9,350 | 9,030 |
| Net income per share – basic [1] | 0.04 | 0.04 | 0.09 | 0.09 |
| Net income per share – diluted [1] | 0.04 | 0.04 | 0.09 | 0.09 |
| Funds flow from operations | 16,210 | 13,718 | 21,411 | 24,260 |
| Funds flow from operations per share – basic [1] | 0.16 | 0.14 | 0.22 | 0.25 |
| Funds flow from operations per share –diluted [1] | 0.15 | 0.13 | 0.20 | 0.24 |
| Capital expenditures (including E&E) | 19,890 | 15,667 | 8,058 | 16,011 |

(1) Sum of quarterly per share figures may not add to annual per share figures due to rounding.

## Quarterly activities

Fluctuations in quarterly revenues, net income and FFO over the last eight quarters are due primarily to the volatility in commodity prices and changes in sales volumes due to production growth and declines tied to the timing of drilling activity. The Company reduced capital expenditures on drilling and completions starting in 2024 due to weak natural gas prices and a corresponding decrease in petroleum and natural gas sales occurred. A major turn-around at a third-party facility in the third quarter 2024 also contributed to reduced production for 2024. Production in 2025 included nine new wells that came on production during the year. The third quarter of 2025 was also impacted by a third-party turn-around which reduced average production for the year.

## Business Risks and Uncertainties

The Company is exposed to several operational risks inherent in exploring, developing, producing and marketing light crude oil and natural gas. These inherent risks include: economic risk of finding and producing reserves at a reasonable cost; financial risk of marketing reserves at an acceptable price given current market conditions; cost of capital risk associated with securing the needed capital to carry out the Company's operations; risk of environment impact; and credit risk of non-payment for sales contracts and joint venture partners. Other than the risks described herein (including the risks and uncertainties listed in the Forward-Looking Statements section in this MD&A) the Company is also subject to the risk factors set forth in the most recently filed AIF of the Company available on SEDAR+ which can be accessed at www.sedarplus.ca

The Company attempts to control operating risks by maintaining a disciplined approach to implementation of its exploration and development programs. Exploration risks are managed by hiring experienced technical professionals and by concentrating the exploration activity on reservoirs where the Company has experience and expertise. The Company also generates internal prospects and participates in projects where ownership interest is considered sufficient to minimize risk. Operational control allows the Company to manage costs, timing and sales of production and to ensure new production is brought on-stream in a timely manner. The Company maintains a comprehensive insurance program to reduce risk to an acceptable level and to protect it against significant losses.

## Environmental Risks

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Compliance with such legislation can require significant expenditures and a breach could result in the imposition of fines and penalties, some of which could be material. Senior management continually assesses new and existing regulatory requirements and environmental risks and determines the impact these risks might have on the Company, as well as the appropriate actions necessary to manage those risks. These assessments and the resulting policy decisions are discussed quarterly with the Board of Directors which evaluates the performance and effectiveness of the Company's environmental policies and programs.

The Company's environmental responsibilities includes removing property, plant and equipment as well as reclaiming land and property to its original state, subsequent to the completion of oil and natural gas extraction activities. This requirement results in an asset retirement obligation that provides current recognition of estimated expenditures that will be incurred in the future. The Company's decommissioning liabilities are discussed in further detail under "Critical Accounting Estimates" below, as well as in note 7 of the Company's December 31, 2025 audited consolidated financial statements.

## Disclosure Controls and Procedures and Internal Controls over Financial Reporting

As at December 31, 2025, an evaluation of the effectiveness of the Company's disclosure controls and procedures, as defined under the rules adopted by the Canadian securities regulatory authorities, was carried out under the supervision and with the participation of Management, including the Chief Executive Officer ("CEO"), and the Chief Financial Officer ("CFO"). Based on this evaluation, the CEO and CFO concluded that, as at December 31, 2025, the design and operation of the Company's disclosure controls and procedures were effective in meeting all regulatory filing requirements.

Internal control over financial reporting ("ICFR") means a process designed by, or under the supervision of, an issuer's certifying officers, and effected by the issuer's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's Generally Accepted Accounting Procedures ("GAAP") and includes those policies and procedures that:

(a) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the issuer;

(b) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the issuer's GAAP, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and directors of the issuer; and

(c) are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the issuer's assets that could have a material effect on the annual financial statements or interim financial reports;

Management is responsible for establishing and maintaining adequate internal controls over financial reporting.

Management has conducted an evaluation of its internal controls over financial reporting and determined that as at December 31, 2025 the controls were effective to provide reasonable assurance regarding the reliability of financial reporting, and the preparation of financial statements for external reporting purposes. In May 2013, the Committee of Sponsoring Organizations of the Treadway Commission issued an updated Internal Control-Integrated Framework ("2013 Framework") replacing the Internal Control - Integrated Framework (1992). The control framework Yangarra's officers used to design the Company's ICFR is the 2013 Framework.

During the period beginning on October 1, 2025 and ending on December 31, 2025, there were no material changes to the Company's ICFR and the CEO and CFO have filed certifications with the Canadian securities regulators regarding the Company's 2025 public filing documents.

## Critical Accounting Judgments and Estimates

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect reported amounts and presentation of assets, liabilities, revenues, expenses and disclosures of contingencies and commitments. Such estimates primarily relate to unsettled transactions and events at the statement of financial position date which are based on information available to management at each financial statement date. Actual results could differ from those estimated. Judgments, estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There have been no changes to the Company's critical accounting judgments and estimates during the year ended December 31, 2025. Refer to Note 2 of the Company's December 31, 2025 audited consolidated financial statements.