Yangarra Resources Ltd.
Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2026 and 2025

(unaudited, in thousands of Canadian dollars)

		March 31 2026		December 31 2025
Assets				
Current				
Accounts receivable *(note 12)*	$	**29,019**	$	31,748
Prepaid expenses and inventory		**8,648**		9,425
Commodity contracts *(note 12c iii)*		**3,721**		1,109
Total current assets		**41,388**		42,282
Non-current				
Property and equipment *(note 2)*		**822,872**		810,189
Exploration and evaluation assets		**41,791**		41,791
Commodity contracts *(note 12c iii)*		**–**		143
Total assets	$	**906,051**	$	894,405
Liabilities				
Current				
Accounts payable and accrued liabilities		**24,814**		20,226
Commodity contracts *(note 12c iii)*		**1,913**		63
Current portion of lease obligations *(note 4)*		**945**		950
Current portion of decommissioning liability *(note 5)*		**506**		506
Total current liabilities		**28,178**		21,745
Non-current				
Bank debt *(note 3)*		**125,475**		127,666
Lease obligations *(note 4)*		**1,831**		2,089
Other liabilities		**794**		928
Decommissioning liability *(note 5)*		**17,022**		16,649
Deferred tax liability		**136,497**		134,860
Total liabilities		**309,797**		303,937
Shareholders' equity				
Share capital *(note 6)*		**204,240**		200,600
Contributed surplus		**34,134**		36,892
Retained earnings		**357,880**		352,976
Total shareholders' equity		**596,254**		590,468
Total liabilities and shareholders' equity	$	**906,051**	$	894,405

Contingency *(note 14)*

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

(unaudited, in thousands of Canadian dollars)

		2026		2025
Revenue				
Petroleum and natural gas sales *(note 10)*	$	**29,474**	$	34,147
Royalties		**(1,465)**		(2,125)
		28,009		32,022
Commodity price risk contracts *(note 12c iii)*				
Gain (loss) on commodity contract settlement		**(102)**		(668)
Unrealized change in fair value of commodity contracts		**619**		(1,921)
		28,526		29,433
Expenses				
Production		**4,883**		4,787
Transportation		**2,948**		2,985
General and administrative		**1,199**		1,226
Finance *(note 11)*		**2,498**		2,747
Share-based compensation *(note 7)*		**724**		1,014
Depletion and depreciation *(note 2)*		**9,733**		9,357
		21,985		22,116
Income before tax		**6,541**		7,317
Deferred tax expense		**1,637**		1,929
Net income and total comprehensive income	$	**4,904**	$	5,388
Earnings per share *(note 8)*				
Basic	$	**0.05**	$	0.05
Diluted	$	**0.04**	$	0.05

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

(unaudited, in thousands of Canadian dollars)

		2026		2025
Share capital *(note 6)*				
Balance, beginning of period	$	**200,600**	$	197,013
Fair value transferred on vesting of Restricted Share Units ("RSUs")		**3,640**		2,282
Balance, end of year		**204,240**		199,295
Contributed surplus				
Balance, beginning of period		**36,892**		34,658
Share-based compensation *(note 7)*		**882**		1,240
Fair value transferred on vesting of RSUs		**(3,640)**		(2,282)
Balance, end of period		**34,134**		33,616
Retained earnings				
Balance, beginning of period		**352,976**		337,957
Net income		**4,904**		5,388
Balance, end of period		**357,880**		343,345
Total shareholders' equity	$	**596,254**	$	576,256

(in thousands of Canadian dollars)

		2026		2025
Operating				
Net income for the period	$	**4,904**	$	5,388
Add back non-cash items:				
Unrealized change in fair value of commodity contracts *(note 12c iii)*		**(619)**		1,921
Finance expense *(note 11)*		**2,498**		2,747
Share-based compensation *(note 7)*		**724**		1,014
Depletion and depreciation *(note 2)*		**9,733**		9,357
Deferred tax expense		**1,637**		1,929
Interest and finance costs paid *(note 11)*		**(2,038)**		(2,354)
Change in non-cash working capital *(note 9)*		**4,323**		(289)
Net cash flow from operating activities		**21,162**		19,713
Financing				
Bank debt advance (repayment) *(note 3)*		**(2,481)**		2,518
Lease obligation repayment *(note 4)*		**(263)**		(257)
Lease interest paid *(note 11)*		**(14)**		(26)
Other liabilities repayment		**(133)**		(40)
Net cash flow (used in) from financing activities		**(2,891)**		2,195
Investing				
Additions to property and equipment *(note 2)*		**(22,042)**		(17,376)
Change in non-cash working capital *(note 9)*		**3,771**		(4,532)
Net cash flow used in investing activities		**(18,271)**		(21,908)
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 consolidated financial statements were authorized for issuance by the Company's Board of Directors on April 30, 2026.

These 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, 2025 (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, 2025	$ 989,432	$ 188,217	$ 23,946	$ 1,201,595
Cash additions	18,902	2,951	189	22,042
Share-based compensation *(note 7)*	158	–	–	158
Decommissioning liability *(note 5)*	216	–	–	216
Balance, March 31, 2026	**$ 1,008,708**	**$ 191,168**	**$ 24,135**	**$ 1,224,011**
Depletion and depreciation				
Balance, December 31, 2025	$ 345,717	$ 30,249	$ 15,440	$ 391,406
Depletion and depreciation	**8,358**	**916**	**226**	**9,500**
ROU asset depreciation	**–**	**–**	**233**	**233**
Balance, March 31, 2026	**$ 354,075**	**$ 31,165**	**$ 15,899**	**$ 401,139**
At December 31, 2025	$ 643,715	$ 157,968	$ 8,506	$ 810,189
At March 31, 2026	**$ 654,633**	**$ 160,003**	**$ 8,236**	**$ 822,872**

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

2. Property and equipment (continued)

At March 31, 2026, all of the Company's properties are pledged as security for the bank debt (note 3). The calculation of depletion for the three months ended March 31, 2026 included estimated future development costs of $439,058 (December 31, 2025 – $461,100) associated with the development of the Company's proved plus probable reserves.

Cash additions for the three months ended March 31, 2026 include $313 (2025 – $223) 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 $124 (2025 – $105) of capitalized salaries and consulting expenses directly related to geological, drilling and completions.

Included in property and equipment at March 31, 2026 is $3,506 (December 31, 2025 – $3,739) of right-of-use ("ROU") assets associated with the Company's lease obligations.

3. Bank debt

As at March 31, 2026 and December 31, 2025, the maximum amount available under the syndicated credit facility was $140,000 comprised of a $120,000 extendable revolving term credit facility and a $20,000 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 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.

Balance, December 31, 2025	$	127,666
Advance		**(2,481)**
Accretion of debt transaction costs		**290**
Balance, March 31, 2026	$	**125,475**
Current		–
Non-current	$	**125,475**

As at March 31, 2026, the $125,475 (December 31, 2025 – $127,666) reported amount of bank debt was comprised of $11,795 (December 31, 2025 – $14,276) drawn on the operating facility and $115,000 (December 31, 2025 – $115,000) drawn on the revolving facility and net of unamortized transaction costs of $1,320 (December 31, 2025 – $1,610).

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 March 31, 2026 and December 31, 2025. 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 the next 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 was in compliance with this covenant as at March 31, 2026 and December 31, 2025.

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.

During the three months ended March 31, 2026, the weighted average effective interest rate for the bank debt was approximately 6.76% (three months ended March 31, 2025 – 7.11%).

(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 into and exited in coordination with specific business requirements which includes the assessment of the appropriate durations for the related leased asset.

Balance, December 31, 2025	$	3,039
Lease payments		**(263)**
Balance, March 31, 2026	$	**2,776**
Current		**945**
Non-current	$	**1,831**

Maturity analysis – contractual cash flows		
Less than one year	$	**945**
One to six years		**1,831**
Total lease obligations		**2,776**

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, 2025	$	17,156
Liabilities incurred		**252**
Effect of change in estimates		**(36)**
Accretion		**156**
Balance, March 31, 2026	$	**17,528**
Current		**506**
Non-current	$	**17,022**

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	$	**23,367**
Discount rate		**2.82% - 3.88%**
Inflation rate		**2%**
Weighted average expected timing of cash flows		**4.75 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, 2025	102,129	$	200,600
Vested RSUs	**3,466**		**3,640**
Balance, March 31, 2026	**105,595**	**$**	**204,240**

7. Share-based compensation

During the three months ended March 31, 2026, the Company issued 2,296 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 $1.14 per RSU.

The following table provides a continuity of RSUs outstanding:

	Number of RSUs
Balance, December 31, 2025	8,088
Granted	**2,296**
Vested	**(3,466)**
Forfeited	**(14)**
Balance, March 31, 2026	**6,904**

The following table provides a continuity of stock options outstanding:

	Number of stock options	***Weighted – average exercise price***
Balance, December 31, 2025	216	$2.39
Cancelled	**(7)**	**(1.13)**
Balance, March 31, 2026	**209**	**$2.44**

The following provides a summary of stock options outstanding as at March 31, 2026:

Range of exercise price	*Number outstanding*	*Weighted-average remaining contractual life (years)*	*Weighted-average exercise price*	*Number exercisable*	*Weighted-average exercise price*
$ 1.01 – $ 1.50	7	0.22	$ 1.40	7	$ 1.40
$ 2.00 – $ 2.50	189	1.05	2.45	189	2.45
$ 2.51 – $ 3.00	13	1.00	2.90	13	2.90
	209	1.00	$ 2.44	209	$ 2.44

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

8. Earnings per common share

Basic earnings per share was calculated as follows:

For the three months ended March 31		***2026***		*2025*
Net income for the period	$	**4,904**	$	5,388
Weighted average number of shares (basic)				
Issued common shares at beginning of period		**102,129**		98,734
Effect of equity issued in the period		**3,389**		1,907
Weighted average number of common shares - basic		**105,518**		100,641
Net income per share - basic		**0.05**		0.05

Diluted earnings per share was calculated as follows:

Weighted average number of shares (diluted)				
Weighted average number of shares (basic)		**105,518**		100,641
Effect of outstanding options		**–**		639
Effect of outstanding RSUs		**6,903**		8,106
Weighted average number of common shares - diluted		**112,421**		109,386
Net income per share - diluted		**0.04**		0.05

The average market value of the Company's shares for purposes 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. For the three months ended March 31, 2026, 209 (2025 – 216) options were excluded as they were out-of-the-money based on an average share price of $1.13 (2025 – $1.04) for the period

9. Change in non-cash working capital

For the three months ended March 31		***2026***		*2025*
Accounts receivable	$	**2,729**	$	911
Prepaid expenses and inventory		**777**		618
Accounts payable and accrued liabilities		**4,588**		(6,350)
	$	**8,094**	$	(4,821)

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

Operating	$	**4,323**	$	(289)
Investing		**3,771**		(4,532)
	$	**8,094**	$	(4,821)

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

10. 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:

For the three months ended March 31		***2026***		*2025*
Crude Oil	$	**14,853**	$	16,647
Natural Gas		**6,935**		7,545
Natural Gas Liquids		**7,686**		9,955
	$	**29,474**	$	34,147

At March 31, 2026, receivables from contracts with customers, which are included in accounts receivable, were $15,145 (December 31, 2025 – $16,508).

11. Finance expense

For the three months ended March 31		***2026***		*2025*
Cash interest and finance costs	**$**	**2,038**	$	2,354
Interest on lease obligations		**14**		26
Accretion of decommissioning liability *(note 5)*		**156**		143
Accretion of debt transaction costs *(note 3)*		**290**		224
	$	**2,498**	$	2,747

12. 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. As at March 31, 2026, the maximum credit exposure is the carrying amount of the accounts receivable of $29,019 (December 31, 2025 – $31,748). The maximum exposure to credit risk for accounts receivable by type of customer was:

		March 31, 2026		*December 31, 2025*
Natural gas and liquids marketers	**$**	**12,356**	$	9,941
Partners on joint operations		**9,333**		13,275
Other		**7,330**		8,532
	$	**29,019**	$	31,748

The Company historically 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 April 2026. The Company's receivables are aged as follows:

As at		***March 31, 2026***		*December 31, 2025*
Under 30 days	**$**	**16,832**	$	14,856
30 to 60 days		**206**		4,322
60 to 90 days		–		277
Over 90 days		**11,981**		12,293
	$	**29,019**	$	31,748

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

12. Financial instruments and financial risk management (continued)

As at March 31, 2026, 99% (December 31, 2024 – 99%) of the over 90-day receivables are due from four (December 31, 2025 – 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.

b. Liquidity risk

As at March 31, 2026, 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	$ 24,814	$ 24,814	$ 24,814	$ –	$ –
Bank debt (note 3)	125,475	126,795	–	126,795	–
Lease obligations	2,776	3,039	945	857	1,237
Other liabilities	794	794	–	–	794
Commodity contracts	1,913	1,913	1,913	–	–
	$ 155,772	$ 157,355	$ 27,672	$ 127,652	$ 2,031

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 three months ended March 31, 2026, if interest rates had been 1% lower with all other variables held constant, net income would have been $284 (2025 – $292) 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 March 31, 2026.

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 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.

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

12. Financial instruments and financial risk management (continued)

As at March 31, 2026 the Company was committed to the following commodity price risk contracts:

Volume		Term	Reference	Type	Strike Price	Fair Value
Oil						
300	bbl/d	Apr 26	WTI	Collar	USD $57.50 - $68.50	$ (372)
300	bbl/d	Apr 26	WTI	Collar	USD $57.50 - $71.25	$ (338)
300	bbl/d	Apr 26 - Jun 26	WTI	Collar	USD $65.00 - $86.25	$ (404)
300	bbl/d	Apr 26 - Jun 26	WTI	Collar	USD $70.00 - $94.00	$ (255)
300	bbl/d	May 26	WTI	Collar	USD $57.50 - $70.00	$ (280)
300	bbl/d	Jul 26 - Sep 26	WTI	Collar	USD $60.00 - $81.25	$ (229)
300	bbl/d	Jul 26 - Sep 26	WTI	Collar	USD $70.00 - $102.00	$ 63
Natural Gas						
Q2 - Apr 26 - Jun 26						
1,000	GJ/d	Apr 26 - Jun 26	AECO - 7A	Swap	CAD $2.505	$ 92
1,000	GJ/d	Apr 26 - Jun 26	AECO - 7A	Swap	CAD $2.70	$ 110
7,500	GJ/d	Apr 26 - Jun 26	AECO - 7A	Swap	CAD $2.355	$ 571
7,500	GJ/d	Apr 26 - Jun 26	AECO - 7A	Collar	CAD $1.50 - $4.00	$ 69
2,000	GJ/d	Apr 26 - Jun 26	AECO - 7A	Collar	CAD $1.00 - $3.75	$ –
Q3 - Jul 26 - Sep 26						
5,000	GJ/d	Jul 26 - Sep 26	AECO - 7A	Swap	CAD $2.51	$ 498
2,500	GJ/d	Jul 26 - Sep 26	AECO - 7A	Swap	CAD $2.64	$ 279
1,000	GJ/d	Jul 26 - Sep 26	AECO - 7A	Swap	CAD $2.505	$ 92
1,000	GJ/d	Jul 26 - Sep 26	AECO - 7A	Swap	CAD $2.70	$ 110
2,500	mmbtu/d	Jul 26 - Sep 26	NYMEX	Swap	USD $3.84	$ 179
2,500	GJ/d	Jul 26 - Sep 26	AECO - 7A	Collar	CAD $1.50 - $3.00	$ 47
2,500	mmbtu/d	Jul 26 - Sep 26	NYMEX	Collar	USD $3.50 - $4.11	$ 117
2,000	mmbtu/d	Jul 26 - Sep 26	NYMEX	Collar	USD $3.50 - $4.25	$ 99

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

12. Financial instruments and financial risk management (continued)

c. Market risk (continued)

Q4 - Oct 26 - Dec 26							
2,000	GJ/d	Oct 26	AECO - 7A	Swap	CAD $3.00	$	81
1,000	GJ/d	Oct 26	AECO - 7A	Swap	CAD $2.505	$	31
1,000	GJ/d	Oct 26	AECO - 7A	Swap	CAD $2.70	$	37
3,500	GJ/d	Oct 26	AECO - 7A	Swap	CAD $3.05	$	90
1,500	GJ/d	Oct 26 - Dec 26	AECO - 7A	Swap	CAD $3.05	$	102
1,500	GJ/d	Nov 26	AECO - 7A	Swap	CAD $2.92	$	20
1,500	GJ/d	Dec 26	AECO - 7A	Swap	CAD $3.05	$	23
2,000	GJ/d	Nov 26 - Dec 26	AECO - 7A	Swap	CAD $3.465	$	93
2,000	GJ/d	Nov 26 - Dec 26	AECO - 7A	Swap	CAD $3.55	$	104
2,000	GJ/d	Nov 26 - Dec 26	AECO - 7A	Swap	CAD $3.61	$	111
5,000	GJ/d	Oct 26 - Dec 26	AECO - 7A	Collar	CAD $2.00 - $4.40	$	75
2,000	GJ/d	Oct 26 - Dec 26	AECO - 7A	Collar	CAD $2.25 - $4.10	$	51
1,500	GJ/d	Oct 26 - Dec 26	AECO - 7A	Collar	CAD $2.00 - $3.85	$	19
500	GJ/d	Oct 26 - Dec 26	AECO - 7A	Collar	CAD $2.00 - $3.57	$	5
Q1 - Jan 27 - Mar 27							
2,000	GJ/d	Jan 27 - Mar 27	AECO - 7A	Swap	CAD $3.465	$	140
2,000	GJ/d	Jan 27 - Mar 27	AECO - 7A	Swap	CAD $3.55	$	155
2,000	GJ/d	Jan 27 - Mar 27	AECO - 7A	Swap	CAD $3.61	$	166
3,000	GJ/d	Jan 27 - Mar 27	AECO - 7A	Swap	CAD $3.00	$	75
3,000	GJ/d	Jan 27 - Mar 27	AECO - 7A	Collar	CAD $2.25 - $4.35	$	15
3,000	mmbtu/d	Jan 27 - Mar 27	NYMEX	Collar	USD $3.25 - $6.50	$	(35)
3,000	mmbtu/d	Jan 27 - Mar 27	NYMEX	Collar	USD $3.25 - $7.83	$	2
Total						**$**	**1,808**

As the Company had a limited valuation of derivatives in place as at March 31, 2026, 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)

12. Financial instruments and financial risk management (continued)

d. Fair value of financial instruments

The following table summarizes the carrying value and fair value of the Company's risk management assets and liabilities.

		March 31, 2026		*December 31, 2025*	
	Measurement Level	***Carrying Amount***	***Fair Value***	*Carrying Amount*	*Fair Value*
Financial Assets					
Financial assets at fair value through profit or loss:					
Commodity contracts	2	**$ 3,721**	**$ 3,721**	$572	$ 572
Financial Liabilities					
Financial liabilities at fair value through profit or loss:					
Commodity contracts	2	**$ 1,913**	**$ 1,913**	$997	$997

13. 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:

	March 31, 2026	*December 31, 2025*
Shareholders' equity	**$ 596,254**	$ 590,468
Bank debt	**$ 125,475**	$ 127,666

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.