



# CANTIUM ENERGY LP

Consolidated Financial Statements  
As of September 30, 2025, and for the Period  
From August 1, 2025 through  
September 30, 2025

# Table of Contents

## Consolidated Financial Statements

Consolidated Statement of Financial Position .....	3
Consolidated Statement of Comprehensive Income .....	4
Consolidated Statement of Changes in Partners' Equity .....	5
Consolidated Statement of Cash Flows .....	6

## Notes to Financial Statements

1.	Organization and Nature of Business .....	7
2.	Summary of Material Accounting Policies .....	7
	Basis of Presentation and Principles of Consolidation .....	7
	Use of Estimates .....	7-8
	Receivables .....	8
	Oil and Gas Properties .....	8-9
	Furniture, Fixtures, and Other Equipment .....	9
	Asset Retirement Obligations .....	9
	Derivatives .....	10
	Limited Partnership Structure and Income Taxes .....	10
	Revenue Recognition .....	10
	Abandonment Escrow – Restricted Investments .....	10
	Royalties .....	11
3.	Business Combination .....	11-13
4.	Oil and Gas Properties .....	13
5.	Asset Retirement Obligations .....	13-14
6.	Debt .....	14
7.	Derivative Activities .....	15
8.	Fair Value Measurements .....	16
9.	Commitments and Contingencies .....	16
10.	Revenue Concentration .....	16
11.	Partners' Equity .....	16-17
12.	Employee Benefits .....	17
13.	Risks and Uncertainties .....	17
14.	Related-Party Transactions .....	18
15.	Subsequent Events .....	18



Shape the future  
with confidence

Kost Forer Gabbay & Kasierer  
144 Menachem Begin Road, Building A  
Tel-Aviv 6492102, Israel

Tel: +972-3-6232525  
ey.com

## **Auditors' review report to the partners of Cantium Energy – Limited Partnership**

### **Introduction**

We have reviewed the accompanying financial information of **Cantium Energy – Limited Partnership** and subsidiaries (the “**Partnership**”) which includes the Consolidated Interim Statement of Financial Position as of September 30, 2025 and the Consolidated Interim Statements of Comprehensive Income, Changes in the Partnership’s Equity and Cash Flows for the period from August 1, 2025, through September 30, 2025. The board of directors and management of the Partnership’s General Partner are responsible for the preparation and presentation of financial information for such interim period in accordance with IAS 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on the interim financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel – “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Generally Accepted Auditing Standards in Israel, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Tel Aviv, Israel

November 13, 2025

*Kost Forer Gabbay and Kasierer*  
Kost Forer Gabbay & Kasierer

Certified Public Accountants



	<b>September 30, 2025</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 18,025
Accounts receivable:	
Product sales	33,980
Joint interest billings	2,185
Other	757
Prepaid insurance and other expenses	9,960
Fair value of oil & gas derivatives, current	4,852
Current assets	69,759
Property, plant, and equipment	
Oil and gas properties, net	599,322
Furniture, fixtures, and other equipment, net	17,904
	617,226
Abandonment escrow– restricted investments	69,865
Fair value of oil and gas derivatives, noncurrent	1,851
lease asset	1,766
Deposits	1,216
Total assets	<u>\$ 761,683</u>
<b>Liabilities and partners' equity</b>	
Accounts payable and accrued liabilities	\$ 57,385
Royalties payable	6,573
Current portion of long-term debt	10,000
Asset retirement obligations, current	11,218
lease liabilities, current	155
Current liabilities	85,331
Asset retirement obligations	382,860
Long-term debt	81,747
lease liabilities, noncurrent	1,611
Total liabilities	551,549
Partners' equity	210,134
Total liabilities and partners' equity	<u>\$ 761,683</u>

*See accompanying notes.*

November 13, 2025

**Date of approval of the  
Financial Statements**

**Jeremy Blank, Director of  
Community SPV GP LP**

Cantium Energy LP  
Consolidated Statement of Comprehensive Income  
Unaudited  
(In Thousands of U.S. Dollars)



	<b>Two Months Ended September 30, 2025</b>
<b>Revenues</b>	
Oil and natural gas sales	\$ 69,293
Royalties	(10,800)
Gain on oil and gas derivatives	6,300
Total revenues net of royalties	<u>64,793</u>
<b>Operating expenses</b>	
Lease operating expenses	17,336
Production taxes and transportation	1,751
Depreciation, depletion, and amortization	16,994
Exploration and seismic	351
General and administrative	5,951
Insurance and bonding	2,426
Total operating expenses	<u>44,809</u>
Operating income	<u>19,984</u>
Financial expenses, net	3,376
Net income	<u>\$ 16,608</u>

*See accompanying notes.*

Cantium Energy LP  
Consolidated Statement of Changes in Partners' Equity  
Unaudited  
(In Thousands of U.S. Dollars)



	Partners' Capital	Retained Earnings	Total Equity
	Two Months Ended September 30, 2025		
<b>Balance as at August 1, 2025</b>	-	-	-
Capital contribution	196,512	-	196,512
Net income	-	16,608	16,608
Distributions	(2,986)	-	(2,986)
<b>Balance as at September 30, 2025</b>	<b>193,526</b>	<b>16,608</b>	<b>210,134</b>

*See accompanying notes.*

Cantium Energy LP  
Consolidated Statement of Cash Flows  
Unaudited  
(In Thousands of U.S. Dollars)



	<b>Two Months Ended September 30, 2025</b>
<b>Operating activities</b>	
Net income	\$ 16,608
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation, depletion, and amortization	16,994
Financial expenses, net	2,892
Asset retirement costs	(4,700)
Unrealized gain on oil and gas derivative contracts	(5,116)
(Increase) decrease in working capital:	
Accounts receivable	4,019
Prepaid expenses	99
Accounts payable and accrued liabilities	(5,654)
Net cash provided by operating activities	25,142
<b>Investing activities</b>	
Development, and other capital expenditures	(18,372)
(Increase) decrease in abandonment escrow, net	1,411
Purchases of furniture, fixtures, and equipment	(989)
Cash acquired in acquisition of business	13,819
Acquisition of business	(246,731)
Net cash used in investing activities	(250,862)
<b>Financing activities</b>	
Proceeds from issuance of debt	65,000
Capital contributions	181,731
Equity distributions	(2,986)
Net cash provided by financing activities	243,745
Net increase in cash and cash equivalents	18,025
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	\$ 18,025
<b>Supplemental disclosures:</b>	
Development, and other capital expenditures included within accounts payable and accrued liabilities	\$ 24,986
Interest paid, net of capitalized amounts	\$ 373
<i>See accompanying notes.</i>	



## 1. Organization and Nature of Business

Cantium Energy LP ("The Partnership") is a limited partnership that commenced its operations at August 1, 2025, and was incorporated under the laws of the state of Delaware. On August 1, 2025, Cantium Energy LP acquired full ownership of Cantium Management LLC. Through the operations of its wholly owned subsidiaries, it engages in the exploration, development and production of oil and natural gas in the Gulf of America, operating production facilities in certain federal and state regulated lease blocks within the Main Pass and Bay Marchand areas. The Partnership, through its subsidiaries, also has the ability to perform asset abandonment services, pipeline maintenance and repair services operations for customers in the oil and natural gas industry.

### Definitions:

**The Limited Partnership** - Cantium Energy LP

**The General Partner** - Community SPV GP LP

**Management Company** - shall mean Community US Fund Management, Inc., a Delaware corporation, or such other Affiliate of the General Partner or Community US Fund Management, Inc. as may be designated by the General Partner to provide management services to the Partnership.

### wholly owned subsidiaries –

- A. Cantium Management, LLC
- B. Cantium, LLC
- C. Cantium Engineering, LLC
- D. Seahorse Well Services, LLC (collectively, "The Group"/"The Company")

## 2. Summary of Material Accounting Policies

### Basis of Presentation and Principles of Consolidation

These unaudited financial statements have been prepared in a condensed format as of September 30, 2025 and for the two months then ended ("interim consolidated financial statements").

The interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting".

Investments in unincorporated legal entities represented by undivided interests in oil and gas joint ventures and partnerships engaged in oil and gas exploration, development, and production activities are proportionately consolidated whereby a proportional share of each joint venture's and partnership's assets, liabilities, revenues, and expenses is included in the accompanying financial statements in accordance with the Company's working and net revenue interests in each joint venture and partnership.





## **2. Summary of Material Accounting Policies (continued)**

### **Use of Estimates**

The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. In determining its accounting estimates, management relies on past experience, various underlying facts, external factors and reasonable assumptions, based on the relevant circumstances. Changes in accounting estimates are reported in the period of the change in estimate.

The key assumptions and significant estimates made in the financial statements include estimates related to purchase price allocations in connection with the Company's business combination (discussed further in Note 3 below), estimates of Proved and Probable oil and natural gas reserves and related future cash flows, depreciation of oil and gas assets, future asset retirement obligations (ARO), and fair value of derivative contracts.

### **Functional currency and presentation currency**

The functional and presentation currency of the Company is the U.S. Dollar and it represents the primary economic environment in which the Company operates.

### **Receivables**

The Company's receivables primarily result from sales of its production at prevailing prices to third-party purchasers and reimbursements from other oil and gas companies with working interests in jointly owned properties operated by the Company. In its capacity as operator of oil and gas production activities, the Company incurs drilling and other costs that are billed to the respective parties based on their working interests. These costs and, in some cases, billings in advance of incurring costs are recorded as receivables until reimbursed by non-operating working interest owners.

### **Oil and Gas Properties**

The Company follows the Successful Efforts method of accounting for oil and gas properties. Costs of all exploratory wells are capitalized as work-in-progress pending determination of economic proved reserves. There were no unsuccessful drilling costs recorded in the statements of operations for the period August 1, 2025 through September 30, 2025.

The costs of exploratory wells that have found oil and gas reserves that cannot be classified as proved when drilling is completed continue to be capitalized as long as the well has found a sufficient quantity of reserves to justify its completion as a producing well and sufficient progress is being made in assessing the proved reserves and the economic and operating viability of the project.

Acquisition costs of leases and development activities are capitalized and are included as a reduction of investing cash flows. Geological and geophysical costs (including the cost of purchased seismic data), costs of retaining unproved properties and undeveloped properties, and other exploration costs are charged to exploration expense. Repair and maintenance costs are expensed as incurred. Interest expense allocable to development projects is capitalized until assets are ready for their intended use.

## 2. Summary of Material Accounting Policies (continued)

### Oil and Gas Properties (continued)

Depreciation, depletion, and amortization expense is determined on an individual field basis using the units-of-production method based on proved and probable reserves ("2P"). In determining depletion expense based on 2P, the estimate of future investments (using non-discounted values) required to produce such reserves is added to the book value (only for the purpose of calculating the depreciation costs). These sums are multiplied by the amount of gas produced during the period proportionately to the 2P reserves estimate.

When events or circumstances indicate that the carrying value of developed oil and gas properties might not be recoverable from estimated future discounted cash flows from the properties, an impairment assessment is required. If the capitalized cost of field-level oil and gas property exceeds the related estimated future discounted cash flows, an impairment charge to reduce the capitalized costs to the property's estimated fair value is required. Measurement of the impairment loss is based on the estimated fair value of the asset, which is generally determined using estimated undiscounted future cash flows from the property, adjusted to present value using an interest rate considered appropriate for the asset. Future cash flow estimates for the Company's oil and gas properties are measured on an individual basis and include future estimates of oil and gas reserves, oil and gas prices, production rates, and operating and development costs. The Company noted no indicators of impairment as of September 30, 2025, and no impairment charges were recorded during the period from August 1, 2025 through September 30, 2025.

The determination of oil and natural gas reserve estimates is a subjective process, and the accuracy of any reserve estimate depends on the quality of available data and the application of engineering and geological interpretation and judgment. Estimates of economically recoverable reserves and future net cash flows depend on factors and assumptions that are difficult to predict and may vary considerably from actual results. Particularly, reserve estimates for wells with limited or no production history are less reliable than those based on actual production. Subsequent evaluation of the same reserves may result in variations, which may be substantial, in estimated reserves and related future cash flow estimates.

### Furniture, Fixtures, and Other Equipment

Furniture, fixtures, and other equipment are stated at cost. Additions and improvements are capitalized, and repair and maintenance costs are expensed as incurred. Depreciation of furniture, fixtures, and other equipment is calculated using the straight-line method for financial reporting purposes over the estimated useful lives of assets placed in service.

### Asset Retirement Obligations

The Company records a liability based on the asset retirement obligation at the end of the period of use thereof. The liability is initially recorded at its present value and capitalized to the oil and gas asset. The amount recognized is the estimated cost of decommissioning, discounted to its net present value at a risk-free discount rate, and is reassessed each period in accordance with relevant conditions and requirements. Changes in estimates deriving from end of the period timing, discount rates and the amount of financial resources required to retire the obligation, are recognized as an adjustment to the carrying amount of the asset (if not fully amortized) in the same period as the corresponding change in the liability. The expenses as a result of the lapse of time ("accretion") are carried to profit or loss.

## **2. Summary of Material Accounting Policies (continued)**

### **Asset Retirement Obligations (continued)**

Changes in estimates of ARO can materially impact the carrying value of oil and gas property and related recognition of depreciation, depletion, and amortization as well as future discount accretion through estimated settlement dates.

### **Derivatives**

The Company uses derivative financial instruments to manage its oil and gas price risk on a significant portion of its future production and does not execute derivative contracts for trading purposes. All derivative instruments are recorded and accounted for at fair value on the balance sheet. None of the Company's derivative instruments have been designated as hedges for accounting purposes, therefore, changes in fair value over time are recognized immediately through operations as gains or losses on oil and gas derivative contracts within revenues.

The Company enters into agreements for its oil and gas derivatives with well-established financial counterparties. The Company manages its credit risk by carefully selecting the counterparties for its trading agreements. As of September 30, 2025, the Company's derivative contracts were held by three counterparties.

### **Limited Partnership Structure and Income Taxes**

The corporate structure of the Company is that of a limited partnership, taxed as a partnership whereby the income tax attributes and obligations that result from its operations are passed through to, and accounted for by, its partners. As such, no current or deferred income taxes or related disclosures are presented in the Company's financial statements.

### **Revenue Recognition**

The Company recognizes revenue from the sale of crude oil, natural gas liquids ("NGLs"), and natural gas when its performance obligations are satisfied. Contracts with customers are primarily short-term (less than 12 months). The Company's responsibilities to deliver a unit of crude oil, NGL, and natural gas under these contracts represent separate, distinct performance obligations. These performance obligations are satisfied at the point in time control of each unit is transferred to the customer. Pricing is primarily determined utilizing a particular pricing or market index, plus or minus adjustments reflecting quality or location differentials.

### **Abandonment Escrow – Restricted Investments**

Concurrent with the acquisition (discussed further in Note 3 below), the Company acquired an established abandonment escrow account and all legal and contractual obligations for continued funding. Deposits into this account are funded from a portion of the Company's production revenues, subject to certain limitations, with annual contributions limited to \$15 million. Such deposits are restricted for payment of future abandonment costs. The escrow is limited to a maximum required balance of \$150 million. The Company may access escrow balances in excess of \$45 million to fund abandonment activities.

## 2. Summary of Material Accounting Policies (continued)

### Abandonment Escrow – Restricted Investments (continued)

The abandonment escrow account is presented as *Abandonment Escrow – Restricted Investments* on the accompanying balance sheets, reflected at cost plus accrued interest and carried as a long-term asset. The associated funds flow activity is included within investing activities cash flows in the Company's financial statements because of its intended correlation with the Company's abandonment activities.

### Royalties

The Company pays royalties to mineral rights owners, private landowners, and governmental entities under oil and gas lease agreements. Royalty rates typically range from 14% to 15% of oil and gas revenue and vary by lease terms and jurisdiction. Royalty expenses are recognized in the period in which the related hydrocarbons are produced and sold, and are included under "Net of royalties" in the statement of Comprehensive Income. Royalty obligations are calculated based on actual sales volumes and prices, net of applicable post-production costs where provided under lease terms, and are accrued monthly as production is sold.

## 3. Business Combination

Effective August 1, 2025 the Partnership acquired 100% of the equity interest in Cantium Management LLC and its operational subsidiaries (collectively "Cantium") from Cantium Holdco LLC, establishing the Company's operations with producing oil and gas properties, reserves, and infrastructure in the shallow-water Gulf of Mexico Main Pass and Bay Marchand areas. The transaction was accounted for as a business combination in accordance with IFRS 3. The cost of the acquisition is measured at the fair value of the consideration transferred on the acquisition date.

### 3. Business Combination (continued)

The total purchase consideration of \$260.9 million was comprised of:

	<i>(in thousands)</i>
Base purchase price	\$ 285,000
Additional consideration	2,986
Assumed debt	(30,000)
Working capital and other adjustments, net	2,881
Adjusted purchase price	<u>\$ 260,867</u>
 Total consideration:	
Cash paid at closing	\$ 246,731
Additional consideration	2,986
Rollover equity from pre-acquisition owners	11,150
	<u>\$ 260,867</u>

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed (derived from Level 3 fair value inputs) at the date of the acquisition:

	<i>(in thousands)</i>
Oil and gas properties	\$ 510,075
Other equipment	18,145
Abandonment escrow – restricted investments	71,276
Working capital	(3,478)
Other assets	6,540
Asset retirement obligations	(309,889)
Assumed debt	(30,000)
Other liabilities	(1,802)
Adjusted purchase price	<u>\$ 260,867</u>

The acquisition was funded through a combination of new debt financing and equity contributions. Rollover equity represents partnership interests issued to pre-acquisition owners who retained an ownership stake in Cantium.

The fair value of oil and gas properties is determined using a discounted cash flow analysis based on estimated proven and probable reserves, projected production profiles, forward commodity price curves, estimated operating and development costs, and a market-based discount rate. The fair value of asset retirement obligations is based on estimated future retirement costs, discounted using a credit-adjusted, risk-free rate.

Acquisition-related costs were expensed as incurred and are included in general and administrative expenses in the accompanying statement of operations.

### 3. Business Combination (continued)

The Company is in the process of finalizing the purchase price allocation for assets acquired and liabilities assumed in the business combination. The amounts reflected in the estimated fair value table above represent preliminary estimates based on information currently available and are subject to adjustment as the valuation is completed. Specifically, the Company has not yet finalized the valuation of oil and gas properties, including reserve classifications and estimates, and certain inputs and assumptions used in the discounted cash flow analysis.

### 4. Oil and Gas Properties

Oil and gas properties consisted of the following as of September 30, 2025 (in thousands):

Proved properties	\$ 613,395
Unproved properties	2,898
Total oil and gas properties	<u>616,293</u>
Less accumulated depreciation, depletion, and amortization	<u>(16,971)</u>
Oil and gas properties, net	\$ 599,322

The components of the Company's depreciation, depletion, and amortization expense are as follows for the period from August 1, 2025 through September 30, 2025 (in thousands):

Depreciation and depletion expense – oil and gas properties	\$ 16,971
Depreciation expense – furniture, fixtures, and equipment	23
	<u>\$ 16,994</u>

### 5. Asset Retirement Obligations

The change in the Company's asset retirement obligations is as follows:

August 1, 2025	\$ 390,358
Liabilities assumed	502
Liabilities settled	(4,700)
Accretion expense	2,741
Revision of estimates	<u>5,177</u>
September 30, 2025	394,078
Less current portion	<u>(11,218)</u>
Long-term portion	<u>\$ 382,860</u>

## 5. Asset Retirement Obligations (continued)

The Company is required under an escrow agreement to deposit certain amounts into a restricted account to partially collateralize its asset retirement obligations. As of September 30, 2025, the Company had \$69.9 million in this restricted account, which is classified as long term on the accompanying balance sheet as such funds are restricted for payment of future long-term abandonment obligations. The book value of these restricted investments approximates the fair value.

## 6. Debt

On April 29, 2022, Cantium LLC (the Borrower), a wholly owned subsidiary, executed an amended and restated reserve-based revolving credit facility (the "Credit Facility"), with a syndicate of financial institutions.

On August 1, 2025, Cantium, LLC, ("Borrower"), a wholly owned subsidiary, entered into Amendment No. 3 of the April 29, 2022 Amended and Restated Credit Agreement. Regions Bank serves as Administrative Agent and Issuing Lender.

The Third Amendment renews and extends the outstanding loans and extensions of credit under the Existing Credit Agreement and makes a new term loan available to the Borrower. The Credit Facility and Term Loan had an initial Borrowing Base set at \$130.0 million. Initial borrowings under the term loan were \$30 million, with quarterly principal payments of \$2.5 million over a three-year term. The Borrowing Base is reduced each quarter by the amounts of the principal payments under the Term Loan.

The Credit Facility bear interest based on the borrowing base usage, at the Secured Overnight Financing Rate ("SOFR") or an alternate base rate, based on the issuing lender's reference rate, plus applicable margins. The Term Loan bears interest at the SOFR rate, plus an applicable margin.

In addition, the Borrower is obligated to pay a commitment fee on the unfunded portion of its commitments under the Credit Facility. The Credit Facility is secured by substantially all oil and natural gas assets of the Borrower and is fully and unconditionally guaranteed by Cantium, LLC and its parent company, Cantium Management, LLC. The Credit Facility provides for determination of the borrowing base based on the Borrower's proved reserves. The borrowing base is redetermined by the lenders at least semi-annually on or about April 1 and October 1 of each year.

The Credit Facility includes various restrictions, as well as affirmative and negative compliance covenants, including, but not limited to, requirements to secure commodity hedging arrangements for a percentage of the Borrower's expected production, limitations on distributions to members, and requirement to provide quarterly and annual financial statements, and semiannual reserve engineering reports. In addition, the Credit Facility includes the following quarterly financial covenants: The Borrower must maintain a total leverage ratio (a ratio of Net Funded Debt to EBITDAX as defined in the Credit Facility) of no greater than 3.00 to 1.00 based on Cantium, LLC quarterly and annual financials, in accordance with US GAAP. The Company must also maintain a current ratio (as defined in the Credit Facility) of no less than 1.00 to 1.00.

The Borrower was in compliance with all financial covenants at September 30, 2025.

Outstanding borrowings against the Credit facility as of September 30, 2025 were \$95 million.

## 7. Derivative Activities

As required under the Credit Facility, the Company has executed certain commodity derivative swaps and costless collar contracts for the purpose of creating a fixed-price economic hedge covering portions of the Company's forecasted production from its proved developed producing (PDP) oil and gas reserves. As of September 30, 2025, the Company had entered into hedging arrangements such that total derivative contracts cover volumes ranging from 40% to 51% of monthly PDP values through September 30, 2027, as required under its Credit Facility agreement. The underlying commodity was West Texas Intermediate (WTI) crude oil for all outstanding derivative contracts as of September 30, 2025.

All derivative instruments are recorded at fair value on the balance sheets. None of the Company's derivative instruments were designated as hedges for accounting purposes; accordingly, changes in fair value are recognized immediately in the statement of comprehensive income as gains (losses) on oil and gas derivative contracts within revenues.

The components of the Company's realized and unrealized gains (losses) on oil and gas derivative contracts for the period from August 1, 2025 through September 30, 2025 are as follows:

	<i>(in thousands)</i>
Crude oil - Realized	\$ 1,184
Crude oil - Unrealized	5,116
Gain (loss) on oil and gas derivatives	<u>\$ 6,300</u>





## 8. Fair Value Measurements

As of September 30, 2025, the Company held certain financial assets and liabilities that are required to be measured at fair value on a recurring basis, including the Company's oil and gas derivatives.

The Company engages an independent third party to assist with the valuation of its oil and gas derivatives and applies the income approach in determining fair value utilizing a proprietary pricing model.

The model includes a consideration of the Company's credit risk and the credit risk of its counterparties in arriving at the discount rate applied to estimated future cash inflows and outflows. Oil and gas derivatives are included within the Level 2 fair value hierarchy.

The following table summarizes the valuation of the Company's assets and liabilities measured at fair value on a recurring basis at September 30, 2025:

	Fair Value at Reporting Date Used		
	Quoted Prices in		
	Active Markets	Significant Other	Significant
	for Identical	Observable	Unobservable
	Items	Inputs	Inputs
	(Level 1)	(Level 2)	(Level 3)
	(In Thousands)		
Oil and gas derivatives asset	\$ —	\$ 6,703	\$ —

## 9. Commitments and Contingencies

The Company operates in federal and state waters under leases issued by the Bureau of Ocean Energy Management and the state of Louisiana. As of September 30, 2025, the Company has posted surety bonds totaling \$264.0 million as financial security for certain of its abandonment obligations.

## 10. Revenue Concentration

The Company derived 60% of its oil and gas sales revenue from a single customer and 98% from its top three customers combined. Based on the availability of other customers and the nature of its produced commodities, the Company does not believe the loss of any of these customers would have a significant effect on its ability to market future production.

## 11. Partners' Equity

Cantium Energy LP owns 100% of Cantium Management, LLC, which in turn holds 100% of the membership interests in the operating subsidiaries: Cantium, LLC, Cantium Engineering, LLC, and Seahorse Well Services, LLC. Cantium, LLC directly owns the Company's oil and gas producing properties.



## 11. Partners' Equity (continued)

During the two months ended September 30, 2025, the Company made distributions to partners totaling \$3.0 million to fund additional purchase consideration to the sellers under the Membership Interest Purchase Agreement.

The capital contribution at August 1, 2025, is as follows:

	<i>(in thousands)</i>
Capital contribution	181,731
Rollover equity from pre-acquisition owners	11,150
Additional consideration	2,986
Other	645
Capital contribution August 1, 2025	<u>\$ 196,512</u>

## 12. Employee Benefits

The Company's member, Cantium Management, LLC, is party to an arrangement with a Professional Employer Organization (PEO) whereby all personnel who conduct the Company's business activities are co-employees of Cantium Management, LLC and the PEO. As such, substantially all payroll and related employee benefit management activities for the Company and its members are conducted through the PEO. Through this affiliation, employees may participate in a defined contribution (401(k)) retirement savings plan sponsored by the PEO. Under this plan, the Company provides 100% matching contributions of up to 6% of employee compensation. For the period from August 1, 2025 through September 30, 2025, the Company contributed \$0.4 million in matching contributions under this plan.

## 13. Risks and Uncertainties

The Company's primary sources of liquidity are its available cash and the future cash flows that can be generated from the Company's operations.

Additionally, the Company's reserve-based revolving credit facility is available to fund operations as needed subject to the borrowing base, except as it relates to certain restrictions discussed in Note 6.

The Company's cash flow from operations is subject to changes in oil and natural gas prices, which can be volatile, and over which the Company has no control. However, as discussed in Note 7, the Company has executed certain commodities derivative contracts to provide fixed pricing for a significant portion of its anticipated production on a rolling two-year forward basis. With respect to unhedged future production, significant declines in commodity prices may negatively impact on the Company's revenue, net income, and cash flow from operations. This could have corresponding effects on capital spending and liquidity.

The Company's ability to generate sufficient levels of operating cash flow is also dependent on its ability to replace reserves produced and control operational costs. The Company's ability to maintain and grow production is highly dependent on its success in executing its planned well workover program and other drilling activities related to the exploration and development of its oil and gas properties.



### **13. Risks and Uncertainties (continued)**

These operational activities, along with the costs to perform necessary abandonment activities, require significant capital investment and sources of liquidity. Additionally, the Company's ability to maintain compliance with its covenants under the Credit Facility discussed in Note 6 is highly dependent upon the

Company's ability to successfully execute its planned business strategy discussed above and may be negatively impacted by significant declines in commodity prices.

### **14. Related-Party Transactions**

The Management Company is entitled to an annual management fee and under certain conditions is also entitled to a success fee.

There were no additional material transactions with related parties during the report period.

### **15. Subsequent Events**

The Company has evaluated subsequent events through the signing date and determined there were no events requiring disclosure or adjustment to these financial statements.