



Management's Discussion and Analysis
For the three months and year ended December 31, 2025 and 2024

Dated: March 31, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months and years ended December 31, 2025 and 2024

The following management's discussion and analysis ("MD&A") of financial condition and results of operations for Prairie Provident Resources Inc. (the "Company", "Prairie Provident" or "PPR") is dated March 31, 2026 and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the years ended December 31, 2025 and 2024 (the "Financial Statements") as well as the Company's annual information form for the year ended December 31, 2025 (the "AIF") that is found on the Company's website at www.ppr.ca or on SEDAR+ at www.sedarplus.ca. The Financial Statements have been prepared in accordance with IFRS Accounting Standards, International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") are sometimes referred to in this MD&A as Generally Accepted Accounting Principles ("GAAP").

This MD&A includes references to certain financial and performance measures which do not have standardized meanings prescribed by IFRS ("Non-GAAP"). In addition, this MD&A includes references to certain Non-GAAP financial measures, Non-GAAP financial ratios, capital management measures and supplementary financial measures which are not specified, defined, or determined under IFRS and are therefore considered Non-GAAP and other financial measures. These Non-GAAP and other financial measures might not be comparable to similar financial measures presented by other issuers. For a full description of these Non-GAAP and other financial measures and a reconciliation of these measures to their most directly comparable GAAP measures, please refer to "Non-GAAP and Other Financial Measures" included in the "Advisories" section in this MD&A.

Readers are cautioned that the MD&A also contains forward-looking statements and should be read in conjunction with PPR's disclosure under "Forward-looking Information" included in this MD&A.

Unless otherwise noted, all financial information provided herein is reported in Canadian dollars. Production volumes are presented on a working-interest basis, before royalties. Certain comparative figures have been reclassified to conform with the presentation adopted in the current period.

Share Consolidation

On December 31, 2025, a share consolidation was effected on a 30-to-1 basis. The numbers of Common Shares, warrants, stock options, deferred share units and restricted share units have been adjusted on a retroactive basis.

DESCRIPTION OF BUSINESS

Prairie Provident is a Calgary-based company engaged in the exploration and development of crude oil and natural gas properties in Alberta. Additional information regarding PPR is available on SEDAR+ and the Company's website. PPR's Common Shares are listed for trading on the Toronto Stock Exchange under the symbol "PPR".

PPR was incorporated under the laws of the province of Alberta on July 29, 2016. Its principal office is located at #1000, 500 – 4th Ave SW, Calgary, Alberta. In this MD&A, unless otherwise indicated or the context otherwise requires, the terms "we", "us", "our", "PPR", "Prairie Provident" and "the Company" refers to Prairie Provident Resources Inc., as parent corporation, together with its wholly-owned subsidiaries, Prairie Provident Resources Canada Ltd., Lone Pine Resources Inc., Lone Pine Resources (Holdings) Inc., Arsenal Energy USA Inc. and Arsenal Energy Holding Ltd. On May 15, 2023, former Noteholder, PCEP Canadian Holdco, LLC ("PCEP"), acquired a majority interest in PPR following a recapitalization transaction, thereby obtaining control of PPR. PCEP is a subsidiary of Prudential Private Capital, a unit of PGIM, Inc. ("PGIM"), the ultimate parent of PPR.

ABBREVIATIONS

The following is a list of abbreviations that may be used in this MD&A:

bbi	barrel	E&E	exploration and evaluation
bbi/d	barrels per day	GAAP	Generally Accepted Accounting Principles
boe	barrels of oil equivalent	G&A	general and administrative
boe/d	barrels of oil equivalent per day	P&D	production and development
Mboe	thousands of barrels of oil equivalent	PSU	performance share unit
MMboe	millions of barrels of oil equivalent	DSU	deferred share unit
Mcf	thousand cubic feet	RSU	restricted share unit
Mcf/d	thousand cubic feet per day	WTI	West Texas Intermediate
MMbtu	million British Thermal Units	USD	U.S. dollars
GJ	gigajoule	CAD	Canadian dollars
AECO	AECO "C" hub price index for Alberta natural gas	US	United States
CGU	cash-generating unit	CDN	Canadian
D&D	depletion and depreciation		

FINANCIAL AND OPERATING SUMMARY

(\$000s, except per unit amounts or as indicated)	Q4 2025	Q3 2025	Q4 2024	YTD 2025	YTD 2024
FINANCIAL					
Revenue					
Petroleum and natural gas sales	8,786	9,394	11,111	41,807	43,246
Royalties	(1,116)	(1,040)	(567)	(4,920)	(5,578)
Revenue	7,670	8,354	10,544	36,887	37,668
Realized loss on derivatives	-	-	-	-	(485)
Unrealized gain on derivatives	-	-	-	-	416
Revenue, net of gains (losses) on derivatives	7,670	8,354	10,544	36,887	37,599
Net income (loss)	5,477	(6,897)	(10,123)	(14,058)	(16,964)
\$ per share – Basic	0.12	(0.15)	(0.26)	(0.31)	(0.61)
\$ per share – Diluted	0.10	(0.15)	(0.26)	(0.31)	(0.61)
Adjusted Funds Flow⁽¹⁾	(3,736)	(557)	(192)	606	(2,137)
\$ per share – Basic	(0.08)	(0.01)	-	0.01	(0.08)
\$ per share – Diluted	(0.08)	(0.01)	-	0.01	(0.08)
Capital expenditures⁽¹⁾	9,059	115	9,083	20,120	10,757
Net capital expenditures⁽¹⁾	9,017	103	9,023	20,142	(13,656)
Adjusted working capital (deficit)⁽¹⁾	6,058	(7,342)	(7,253)	6,058	(7,253)
Adjusted net debt⁽¹⁾	(67,168)	(77,821)	(72,154)	(67,168)	(72,154)
Common Shares outstanding (000s)					
End of period	46,719	46,719	39,913	46,719	39,913
Weighted average – Basic	46,719	46,719	39,010	45,669	27,686
Weighted average – Diluted	55,224	46,719	39,010	45,669	27,686
OPERATING					
Production Volumes					
Crude oil and condensate (bbl/d)	1,194	1,235	1,298	1,312	1,226
Natural gas liquids (bbl/d)	74	83	69	87	68
Natural gas (Mcf/d)	5,546	5,860	6,107	5,810	6,093
Total (boe/d) ⁽²⁾	2,193	2,295	2,385	2,367	2,310
% Liquids	58%	57%	57%	59%	56%
Realized Prices					
Crude oil and condensate (\$/bbl)	67.10	76.55	83.16	76.23	85.40
Natural gas liquids (\$/bbl)	42.91	43.52	53.93	46.88	59.92
Natural gas (\$/Mcf)	2.20	0.67	1.49	1.80	1.53
Total (\$/boe) ⁽²⁾	43.55	44.49	50.65	48.38	51.15
Operating Netback (\$/boe)					
Realized price	43.55	44.49	50.65	48.38	51.15
Royalties	(5.53)	(4.92)	(2.58)	(5.69)	(6.60)
Operating expenses	(35.75)	(30.39)	(30.02)	(30.01)	(32.98)
Operating netback ⁽¹⁾	2.27	9.18	18.05	12.68	11.57
Realized loss on derivatives	-	-	-	-	(0.57)
Operating netback, after realized loss on derivatives ⁽¹⁾	2.27	9.18	18.05	12.68	11.00

(1) This is a Non-GAAP and other financial measure. For further information, refer to "Advisories - Non-GAAP and other Financial Measures" below.

(2) The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. Per boe amounts have been calculated by using the conversion ratio of six thousand cubic feet (6 Mcf) of natural gas to one barrel (1 bbl) of crude oil. Refer to "Advisories - Barrels of Oil Equivalent" below.

2025 REVIEW AND UPDATE

Financial and operating highlights for the period include:

- Prairie Provident drilled six wells, five in Michichi and one in its Princess area. Four of the wells are on-stream and producing. Two wells in Michichi were abandoned as a result of production casing failures believed to be caused by an oblique slip in a system of critically stressed sub-seismic faults;
- At Princess, the Company installed and commissioned a water disposal facility at 10-23-018-11W4M, which included tie-in of the 102/10-23-018-11W4M Pekisko water disposal well. The Company expects annual area operating cost savings of approximately \$600,000 from the project, by eliminating produced water trucking and third-party water disposal charges;
- The Company met its Alberta Energy Regulator annual mandatory spending requirement of \$2.35 million;
- In March 2025, the Company completed a brokered equity financing, raising aggregate gross proceeds of \$8.7 million to facilitate further development in the Michichi Basal Quartz formation;
- On October 31, 2025, Prairie Provident completed a preferred share financing, raising \$26.5 million of gross proceeds, and completed amendments to its debt agreements to extend maturities by 24 months, defer cash interest obligations through 2026 and adjust financial covenants;
- The Company completed a 30-to-1 consolidation of its outstanding common shares, on the basis of one post-consolidation common share for every 30 pre-consolidation common shares, effective December 31, 2025;
- Production averaged 2,367 boe/d (59% liquids)¹ for the year ended December 31, 2025, and 2,193 boe/d (58% liquids)¹ for Q4 2025;
- Operating expenses were \$30.01/boe for the year ended December 31, 2025, a 9% decrease relative to the \$32.98/boe in 2024;
- Operating netback² for the year ended December 31, 2025 was \$11.0 million (\$12.68/boe), an 18% increase relative to 2024. This increase was as a result of higher production as well as lower operating expenses and royalties on a per boe basis, offset by lower realized commodity prices;
- Net loss was \$14.1 million for the year ended December 2025, a \$2.9 million reduction compared to 2024. Excluding the impact of non-cash items, this decrease was impacted by higher operating netbacks and lower G&A expenses in 2025; and
- During Q1 2026, Prairie Provident has focused capital spending on well and facility optimization, and liability management. The capital efficient optimization work has kept corporate production flat at approximately 2,200 boe/d (59% oil and natural gas liquids)³.

¹ Comprised of medium crude oil, natural gas liquids (NGLs) and conventional natural gas in the volumes indicated as crude oil and condensate, NGLs and natural gas in the "Financial and Operating Summary" table above.

² Operating netback is a Non-GAAP financial measure and defined below under "Non-GAAP and Other Financial Measures".

³ Comprised of approximately 1,235 bbl/d of medium crude oil, 65 bbl/d of NGLs and 5,400 Mcf/d of conventional natural gas.

FINANCIAL REVIEW

PRODUCTION

	Q4 2025	Q3 2025	Q4 2024	YTD 2025	YTD 2024
Crude oil and condensate (bbl/d)	1,194	1,235	1,298	1,312	1,226
Natural gas liquids (bbl/d)	74	83	69	87	68
Natural gas (Mcf/d)	5,546	5,860	6,107	5,810	6,093
Total (boe/d)	2,193	2,295	2,385	2,367	2,310
% Liquids	58%	57%	57%	59%	56%

Q4 2025 vs Q3 2025

- Q4 2025 production was 5% lower mainly due to natural production declines.

Q4 2025 vs Q4 2024

- Q4 2025 production was 8% lower than prior year mainly due to production and natural production declines as well as two successful Basal Quartz wells brought on production in Q4 2024.

YTD 2025 vs YTD 2024

- YTD 2025 production was 2% higher than prior year due to additional production from new Basal Quartz wells brought on production in Q2 2025 and Q4 2024 and a new Princess well in late Q4 2025 offset by the Q1 2024 Evi disposition and natural production declines.

PETROLEUM AND NATURAL GAS SALES

(\$000s, except per unit amounts)	Q4 2025	Q3 2025	Q4 2024	YTD 2025	YTD 2024
Petroleum and natural gas sales					
Crude oil and condensate	7,373	8,699	9,933	36,493	38,327
Natural gas liquids	293	333	339	1,497	1,498
Natural gas	1,120	362	839	3,817	3,421
Petroleum and natural gas sales	8,786	9,394	11,111	41,807	43,246
Realized Prices					
Crude oil and condensate (\$/bbl)	67.10	76.55	83.16	76.23	85.40
Natural gas liquids (\$/bbl)	42.91	43.52	53.93	46.88	59.92
Natural gas (\$/Mcf)	2.20	0.67	1.49	1.80	1.53
Total (\$/boe)	43.55	44.49	50.65	48.38	51.15
Benchmark Prices					
Crude oil - WTI (\$/bbl)	82.47	89.43	98.35	90.56	103.72
Crude oil - Canadian Light Sweet (\$/bbl)	76.53	85.03	92.70	85.61	98.15
Crude oil - WCS (\$/bbl)	66.85	74.98	81.32	75.23	83.91
Natural gas - AECO 5A (\$/Mcf)	1.99	0.57	1.32	1.50	1.37
Exchange rate - US\$/CDN\$	0.72	0.73	0.71	0.72	0.73

PPR currently sells its crude oil on a monthly index basis with reference to western Canadian benchmark prices and natural gas production based on AECO prices in Alberta.

Q4 2025 vs Q3 2025

- Q4 2025 petroleum and natural gas sales were 6% lower due to a 5% decrease in production as described above and lower crude oil and natural gas liquids commodity prices offset by higher natural gas commodity prices. PPR realized price in Q4 2025 was 2% lower compared to the prior quarter.

Q4 2025 vs Q4 2024

- Q4 2025 petroleum and natural gas sales were 21% lower due to an 8% decrease in production and a 14% decrease in total realized prices.

YTD 2025 vs YTD 2024

- YTD 2025 petroleum and natural gas sales were 3% lower due to a 5% decrease in total realized prices offset by a 2% increase in production as described above.

ROYALTIES

(\$000s, except per boe amounts)	Q4 2025	Q3 2025	Q4 2024	YTD 2025	YTD 2024
Royalties	1,116	1,040	567	4,920	5,578
Per boe (\$)	5.53	4.92	2.58	5.69	6.60
Percentage of petroleum and natural gas sales	12.7%	11.1%	5.1%	11.8%	12.9%

The Company pays royalties to respective provincial governments and mineral owners in accordance with established royalty regimes. A large portion of PPR's royalties are paid to the Alberta Crown, which are based on sliding scales that are dependent on incentives, production volumes, realized commodity prices and capital spending.

Q4 2025 vs Q3 2025

- Q4 2025 royalties were \$0.1 million or 7% higher mainly due to higher natural gas Crown royalties on increased natural gas sales in Q4 2025. Q4 2025 royalties as a percentage of sales were more in line with historical royalty rates.

Q4 2025 vs Q4 2024

- Q4 2025 royalties were 97% higher than the prior year. Q4 2024 royalties includes an adjustment for higher gas cost allowance recovery than previously estimated. Q4 2025 royalties as a percentage of sales were more in line with historical royalty rates.

YTD 2025 vs YTD 2024

- YTD 2025 royalties were 12% lower than YTD 2024 due to lower royalty rates on the new Basal Quartz wells and the new Princess well brought on production as described above, including the impact of lower royalty rates or incentives received from the Alberta Crown, and the impact of selling the Evi property in Q1 2024 disposition.

GAIN (LOSS) ON DERIVATIVE INSTRUMENTS

(\$000s, except per unit amounts)	Q4 2025	Q3 2025	Q4 2024	YTD 2025	YTD 2024
Realized loss on derivative instruments	-	-	-	-	(485)
Per boe (\$)	-	-	-	-	(0.57)
Unrealized gain on derivative instruments	-	-	-	-	416
Per boe (\$)	-	-	-	-	0.49
Total gain (loss) on derivative instruments	-	-	-	-	(69)
Per boe (\$)	-	-	-	-	(0.08)

Realized gains (losses) on derivative instruments represent the cash settlements of outstanding derivative risk management contracts while unrealized gains (losses) on derivative instruments reflect changes in the mark-to-market positions of outstanding derivative risk management contracts in the period. Both realized and unrealized gains (losses) on derivative contracts vary based on fluctuations related to the specific terms of outstanding contracts in the related period including contract types, contract quantities and fluctuations in underlying commodity reference prices.

Q4 2025 vs Q3 2025 and Q4 2024

- The Company's derivative contracts closed out in Q1 2024. As such, the Company had no further derivative instrument gains or losses from Q2 2024 to date.

YTD 2025 vs YTD 2024

- The Q1 2024 realized loss and unrealized gain on derivative instruments was due to the Company's remaining derivative contracts settled in Q1 2024 and the unwinding of the Company's mark-to-market position as at December 31, 2023.

OPERATING EXPENSES

(\$000s, except per boe amounts)	Q4 2025	Q3 2025	Q4 2024	YTD 2025	YTD 2024
Lease operating expense	5,132	4,138	4,718	16,962	19,973
Transportation and processing	1,340	1,224	1,014	5,588	4,404
Production, property and carbon taxes	741	1,055	854	3,379	3,505
Total operating expenses	7,213	6,417	6,586	25,929	27,882
Per boe (\$)	35.75	30.39	30.02	30.01	32.98

Q4 2025 vs Q3 2025

- Q4 2025 operating expenses were 12% higher due to higher spending with respect to gas gathering and processing, regulatory and safety, repairs and maintenance, workovers, remediation costs and gas transportation, however offset by decreases in lease and road maintenance and government taxes and fees. Combined with a 5% decrease in production in the current quarter, operating expenses on a per boe basis increased by 18%.

Q4 2025 vs Q4 2024

- Q4 2025 operating expenses were 10% higher relative to the prior year with an 8% decrease in production. The higher spending was in respect to gas gathering and processing, labour and vehicle, workovers, major surface repairs and maintenance and remediation costs, however offset by decreases in lease and road maintenance and government taxes and fees. On a per boe basis, the higher operating expenses on lower production resulted in a 19% increase.

YTD 2025 vs YTD 2024

- YTD 2025 operating expenses were \$2.0 million or 7% lower relative to YTD 2024 even though there was a 2% increase in production. The higher spending was due to decreases in gas handling income, and increases in emulsion trucking and treating, gas gathering and processing, and oil pipeline costs, however offset by decreases in power costs, labour and vehicle, repairs and maintenance, lease rentals, insurance and remediation costs. On a per boe basis, this resulted in a 9% decrease.

OPERATING NETBACK⁽¹⁾ SUMMARY

(\$ per boe)	Q4 2025	Q3 2025	Q4 2024	YTD 2025	YTD 2024
Petroleum and natural gas sales	43.55	44.49	50.65	48.38	51.15
Royalties	(5.53)	(4.92)	(2.58)	(5.69)	(6.60)
Operating expenses	(35.75)	(30.39)	(30.02)	(30.01)	(32.98)
Operating netback ⁽¹⁾	2.27	9.18	18.05	12.68	11.57
Realized losses on derivatives	-	-	-	-	(0.57)
Operating netback, after realized losses on derivatives ⁽¹⁾⁽²⁾	2.27	9.18	18.05	12.68	11.00

(1) Operating netback is a Non-GAAP and other financial measure. Refer to "Non-GAAP and other Financial Measures" included in the "Advisories" section.

GENERAL AND ADMINISTRATIVE EXPENSES

(\$000s, except per boe amounts)	Q4 2025	Q3 2025	Q4 2024	YTD 2025	YTD 2024
G&A costs	1,771	1,911	2,697	7,567	8,870
Share-based compensation expense ⁽¹⁾	341	394	(61)	1,547	98
Gross G&A expense	2,112	2,305	2,636	9,114	8,968
G&A costs capitalized to property and equipment	(165)	(65)	(99)	(616)	(186)
Total G&A expenses	1,947	2,240	2,537	8,498	8,782
\$ per boe	9.65	10.61	11.56	9.83	10.39

(1) Refer the "Capital Resources and Liquidity – Shareholders' Equity (Deficit)" section for a breakdown of share-based compensation recognized from the Company's long-term incentive plans.

The Company's G&A expenses comprises G&A costs, share-based compensation expensed less G&A amounts capitalized to production and development assets and/or E&E assets.

Capitalized G&A expense varies with the composition and compensation levels of management, technical departments' time attributed to capital projects as well as levels of capital expenditures.

Q4 2025 vs Q3 2025

- Q4 2025 G&A costs were 13% lower than Q3 2025 due to lower office rent, IT expenses, bad debt expenses, higher capitalized G&A (resulting from increased capital expenditures in the current quarter) and higher overhead recoveries, however offset by higher professional services expenses. With the decrease in production in the current quarter, on a per boe basis, this resulted in a 9% decrease.

Q4 2025 vs Q4 2024

- Q4 2025 G&A costs were 23% lower than Q4 2024 due to lower legal expenses, office rent, IT and software costs, public ownership costs and lower bad debt expense in the current period providing for doubtful accounts, offset by higher payroll costs. On a per boe basis, this resulted in a 17% decrease;
- Q4 2025 includes higher stock-based compensation due to a larger grant of Options in late December 2024 to management, directors and employees of PPR; and
- Capitalized G&A expense increased in Q4 2025 as a result of the Company's 2025 increased capital activity.

YTD 2025 vs YTD 2024

- YTD 2025 G&A expenses were lower by 3% due to lower professional fees, legal fees, rent expense, public ownership costs, bad debt expense, however offset by increases in IT software licenses. On a per boe basis, this resulted in a 5% decrease;
- YTD 2025 includes higher stock-based compensation due to a larger grant of Options in late December 2024 to management, directors and employees of PPR; and
- Capitalized G&A expense increased YTD 2025 compared to YTD 2024 as a result of the Company's Basal Quartz and Princess drilling programs and capital activity.

DEPLETION AND DEPRECIATION

(\$000s, except per boe amounts)	Q4 2025	Q3 2025	Q4 2024	YTD 2025	YTD 2024
Depletion and depreciation of property and equipment	2,327	2,555	2,318	10,155	8,979
Depreciation on right-of-use assets	56	56	75	223	330
Total depletion and depreciation expense	2,383	2,611	2,393	10,378	9,309
\$ per boe	11.81	12.37	10.91	12.01	11.01

Depletion and depreciation rates are subject to change based on changes in the carrying amounts of the asset base, changes in future development costs, reserve updates and changes in production by area. Depletion expenses are calculated using depletion rates and production volumes applicable to each depletable asset.

Q4 2025 vs Q3 2025

- Q4 2025 D&D is lower by 9% mainly due to a 5% production decrease in Q4 2025 as well as the impact of Princess CGU reserve additions from the Company's December 31, 2025 reserve evaluation resulting in a lower depletion rate for that CGU.

Q4 2025 vs Q4 2024

- Q4 2025 D&D is similar to Q4 2024 as an 8% decrease in production in the current quarter is offset by a higher per boe depletion rate for the Michichi CGU in 2025. Revised reserves and additional future development costs from the December 31, 2025 reserve evaluation, together with YTD 2025 capital expenditures on the new Basal Quartz wells, resulted in higher depletion rates and per boe D&D for the Michichi CGU as compared to prior periods.

YTD 2025 vs YTD 2024

- YTD 2025 D&D is 11% higher due to a 2% production increase in 2025 and a higher per boe depletion rate for the Michichi CGU as described above.

EXPLORATION AND EVALUATION EXPENSE

(\$000s, except per boe amounts)	Q4 2025	Q3 2025	Q4 2024	YTD 2025	YTD 2024
Exploration and evaluation expense	1	2	19	28	19
\$ per boe	0.01	0.01	0.08	0.03	0.02

Exploration and evaluation expense is comprised of undeveloped land expiries, derecognized seismic and surrendered leases.

IMPAIRMENT EXPENSE (IMPAIRMENT REVERSAL)

(\$000s)	Q4 2025	Q3 2025	Q4 2024	YTD 2025	YTD 2024
E&E assets impairment (impairment reversal)	1,646	(23)	(2,333)	2,605	(2,388)
P&D assets impairment (impairment reversal)	109	(229)	7,249	2,718	7,905
Total impairment expense (impairment reversal)	1,755	(252)	4,916	5,323	5,517

YTD 2025 and Impairment Indicators as at December 31, 2025

- E&E assets: At December 31, 2025, the Company had not identified any indicators of impairment or reversal of impairment. In Q4 2025 and YTD 2025, PPR recognized non-cash E&E impairment expense (2024 - impairment reversal) for changes in estimates of decommissioning liabilities related to E&E properties that had \$nil carrying amount; and
- P&D assets: At December 31, 2025, the Company determined that impairment indicators existed in the Michichi and Princess CGUs due to a decline in forecasted commodity prices. The Company performed an impairment test as described in the Financial Statements that resulted in a recoverable amount supporting the Michichi and Princess CGUs' P&D assets carrying amounts of \$63.2 million and \$35.2 million, and no impairment was recognized. For Q4 2025 and YTD 2025, PPR recognized non-cash property and equipment impairment expense for changes in estimates of decommissioning liabilities related to P&D properties that had \$nil carrying amount. For Q4 2024 and YTD 2024, the Company recognized a \$9.7 million impairment expense with respect to its Wheatland CGU, triggered by declines in reserve values and metrics implied by market transactions. The remainder of impairment expense recognized in Q4 2024 and YTD 2024 relate to non-cash property and equipment impairment expense for changes in estimates of decommissioning liabilities related to P&D properties that had \$nil carrying amount.

FOREIGN EXCHANGE (GAIN) LOSS

(\$000s, except per boe amounts)	Q4 2025	Q3 2025	Q4 2024	YTD 2025	YTD 2024
Realized loss (gain) on foreign exchange (gain) loss	226	-	(3)	229	34
Unrealized foreign exchange (gain) loss	(146)	307	214	(542)	1,056
Foreign exchange (gain) loss	80	307	211	(313)	1,090
\$ per boe	0.40	1.22	0.96	(0.36)	1.29

Foreign exchange (gain) loss recognized relates mainly to the change in exchange rates on the translation of US dollar denominated borrowings to CAD (see "Capital Resources and Liquidity" section below).

FINANCE COSTS

(\$000s, except per boe amounts)	Q4 2025	Q3 2025	Q4 2024	YTD 2025	YTD 2024
Interest expense and finance costs - Debt	3,455	3,943	3,472	14,685	11,980
Interest expense – Preferred share liability	392	-	-	392	-
Interest expense - Lease liabilities	30	67	126	309	657
Interest expense - Other	87	11	7	95	84
Total interest expense	3,964	4,021	3,605	15,481	12,721
Interest income	(162)	(14)	(53)	(202)	(240)
Accretion expense – Decommissioning liabilities	601	601	592	2,404	2,597
Accretion expense – Other liabilities	16	15	69	61	69
Total finance costs	4,419	4,623	4,213	17,744	15,147
\$ per boe	21.90	21.90	19.20	20.54	17.92

The Company's finance costs include interest expense and accretion expense, net of interest income.

- Total Q4 2025 versus Q3 2025 interest expense remained similar as reduced amortized debt interest expense with the impact of revised effective interest amortization following the 2025 debt amendments (see “Debt” section) at the end of October 2025 was offset by the impact of new preferred share liability interest expense resulting from the Preferred Share Financing (see “Shareholders’ Equity (Deficit)” section). The increases in Q4 2025 versus Q4 2024 total interest expense are due to higher principal debt levels arising from following the 2024 debt amendments (see “Debt” section) and the Preferred Share Financing in 2025; and
- YTD 2025 accretion expense of decommissioning liabilities is lower due to lower decommissioning liabilities due to the Q1 2024 Evi and Provost dispositions.

OTHER EXPENSES (INCOME)

(\$000s, except per boe amounts)	Q4 2025	Q3 2025	Q4 2024	YTD 2025	YTD 2024
Other income	-	5	23	53	83
Gain on property dispositions	-	-	(138)	(125)	(2,440)
Gain on warrant liability revaluation	(1,895)	-	-	(1,895)	-
Transaction, restructuring and other costs (recovery)	(120)	(692)	(46)	(844)	195
Gain on debt modification/extinguishment	(13,590)	-	(1)	(13,725)	(10,855)

The gain on property dispositions is discussed in the “Capital Expenditures and Net Capital Expenditures” section.

Transaction, restructuring and other costs (recovery) pertain mainly to the Company’s business development and costs associated with dispositions. In Q4 2025 and YTD 2025, the transaction cost recovery is due to credits recognized with respect to past transaction costs reversed.

The gain on debt modification/extinguishment and the gain on warrant liability is discussed in the “Capital Resources and Liquidity” section.

INCOME TAX

As of December 31, 2025 and December 31, 2024, the Company did not recognize any deferred tax assets in excess of taxable temporary differences as there was insufficient evidence to indicate that it was probable that future taxable profits, in excess of profits arising from the reversal of existing temporary difference, would be generated to utilize the existing deferred tax assets.

NET INCOME (LOSS)

(\$000s, except per share amounts)	Q4 2025	Q3 2025	Q4 2024	YTD 2025	YTD 2024
Net income (loss)	5,477	(6,897)	(10,123)	(14,058)	(16,964)
\$ per share – Basic	0.12	(0.15)	(0.26)	(0.31)	(0.61)
\$ per share – Diluted	0.10	(0.15)	(0.26)	(0.31)	(0.61)

Q4 2025 vs Q3 2025

The Q4 2025 net income was greater compared to the net loss in the previous quarter based on the impacts of:

- The \$13.5m gains on debt modification/extinguishment and the \$1.9 million gain on the warrant liability revaluation in Q4 2025;
- Lower G&A expenses, foreign exchange loss and finance costs in Q4 2025, and
- The offset of lower operating netbacks (revenue net of operating expenses) in the current quarter.

Q4 2025 vs Q4 2024

The Q4 2025 net income was higher compared to the net loss in the prior year based on the impacts of:

- The \$13.5m gains on debt modification/extinguishment and the \$1.9 million gain on the warrant liability revaluation in Q4 2025;
- Lower G&A and impairment expenses in Q4 2025; and
- The offset of lower operating netbacks (revenue net of operating expenses) in the current quarter.

YTD 2025 vs YTD 2024

The YTD 2025 net loss was lower based on the impacts of:

- A \$13.5 million gain on 2025 debt modification/extinguishment (compared to a \$10.9 million gain in 2024)
- \$1.9 million gain on the warrant liability revaluation in Q4 2025;
- Higher operating netbacks (revenue net of operating expenses) in 2025;
- Higher transaction, restructuring and other cost recovery in 2025;
- Lower G&A expenses in 2025; Higher foreign exchange gain in 2025; and
- The offset of higher D&D relating to increased production in 2025, higher gain on property dispositions from the Q1 2024 Evi and Provost dispositions and higher finance costs in 2025 due to higher average debt levels.

CAPITAL EXPENDITURES AND NET CAPITAL EXPENDITURES⁽¹⁾

(\$000s)	Q4 2025	Q3 2025	Q4 2024	YTD 2025	YTD 2024
Capital expenditures – By classification					
Exploration and evaluation	-	-	-	-	-
Production and development	9,059	115	9,083	20,120	10,757
Capital expenditures ⁽¹⁾	9,059	115	9,083	20,120	10,757
Capital expenditures – By category					
Drilling and completion	6,785	(100)	5,832	15,465	6,570
Equipment, facilities and pipelines	2,154	113	3,134	4,243	3,212
Land and seismic	59	39	120	162	860
Capitalized overhead and other	61	63	(3)	250	115
Capital expenditures ⁽¹⁾	9,059	115	9,083	20,120	10,757
Net capital expenditures					
Capital expenditures ⁽¹⁾	9,059	115	9,083	20,120	10,757
Asset dispositions, net of acquisitions	(42)	(12)	(60)	22	(24,413)
Net capital expenditures ⁽¹⁾	9,017	103	9,023	20,142	(13,656)

(1) Capital expenditures and Net capital expenditures are Non-GAAP and other financial measures. Refer to "Non-GAAP and other Financial Measures" included in the "Advisories" section.

- Q4 2025 and Q3 2025 and YTD 2025 capital expenditures were primarily associated with the Company's drilling activities. Three gross (3.0 net) new wells were added in the Basal Quartz zone, at Michichi and one gross (1.0 net) at Princess. Three gross (3.0 net) new wells in the Basal Quartz zone, at Michichi were completed, tied in and brought on production in April 2025 and one gross (1.0 net) new Princess well was completed, tied in and brought on production in December 2025. Two Basal Quartz wells at Michichi drilled in Q4 2025 were unsuccessful as described in the Company's news release of January 7, 2026.
- Q4 2024 and YTD 2024 capital expenditures were primarily focused on drilling two gross (2.0 net) in the Basal Quartz zone at Michichi, focusing on its continued recapitalization and restructuring activities, the disposition of Evi and Provost assets and managing its working capital in the process.

Dispositions and Acquisitions

- In 2025, PPR completed other property acquisitions acquiring \$0.03 million of property and equipment in exchange for \$0.03 million in cash consideration. In addition, PPR sold \$0.06 million of property and equipment in exchange for \$0.06 million in cash consideration.
- In Q1 2025, the Company adjusted the purchase price equation for the disposition of certain Provost assets completed in Q1 2024. The adjustments resulted in a \$0.06 million reduction in cash consideration, the derecognition of a further \$0.18 million in decommissioning liabilities and a further \$0.12 million gain on disposition.
- In Q1 2024, the Company completed its dispositions of the Evi CGU and certain Provost assets resulting in net cash proceeds of \$24.2 million, after closing adjustments. Of the proceeds received, \$20.0 million (US\$14.8 million) was used to reduce advances under the First Lien Loan. A gain of \$2.3 million was recorded in Q1 2024 related to these dispositions. In Q4 2024, a further gain of \$0.1 million was recognized due to further adjustments to the purchase price.

DECOMMISSIONING LIABILITIES

PPR's decommissioning liabilities at December 31, 2025 were \$72.6 million compared to \$71.8 million at December 31, 2024 to provide for future remediation, abandonment and reclamation of PPR's crude oil and natural gas properties. The increase of \$0.8 million was due to additions of \$0.6 million, accretion expense of \$2.4 million and a change in estimate increase of \$1.6 million, offset by dispositions of \$0.2 million and settlements of decommissioning obligations of \$3.6 million.

Changes in estimates result in a corresponding increase or decrease in the carrying amount of the related assets except for certain assets with zero carrying amount, in which case, the amount is immediately recognized in the income statement as an impairment.

At December 31, 2025, the Company estimated the undiscounted and uninflated total future liabilities to be approximately \$112.6 million (December 31, 2024 – \$111.4 million). Liability payments are estimated over the next 55 years with the majority of costs expected to be incurred over the next 35 years, of which \$5.9 million is estimated to be spent in the next year.

Decommissioning liabilities at December 31, 2025 were determined using risk-free rates of 2.67% - 3.57% (December 31, 2024 – 3.36% - 3.64%) and an inflation rate of 1.9% (December 31, 2024 – 1.9%).

CAPITAL RESOURCES AND LIQUIDITY

The Company considers its capital structure to include working capital (deficit), debt and shareholders' equity (deficit).

On December 31, 2025, a share consolidation was effected on a 30-to-1 basis. The numbers of Common Shares, warrants, stock options, deferred share units and restricted share units have been adjusted on a retroactive basis.

WORKING CAPITAL

At December 31, 2025, the Company had an adjusted working capital (as defined in "Advisories" below) of \$6.1 million (December 31, 2024 – \$7.3 million deficit). The increase in the adjusted working capital in 2025 resulted from the equity raise in Q1 2025 and the Preferred Share Financing in Q4 2025, as described below, offset by an increase in capital expenditures related to PPR's 2025 drilling program.

DEBT

At December 31, 2025, the Company's debt of \$55.6 million (December 31, 2024 - \$55.6 million) comprises the following:

(\$000s)	Principal Debt ⁽¹⁾		Carrying Amount of Debt	
	December 31 2025	December 31 2024	December 31 2025	December 31 2024
Revolving Facility - First Lien Loan				
USD Advance				
- US\$6.4 million principal (Dec 31, 2024 - US\$5.7 million) ⁽¹⁾	8,755	8,142	7,104	7,190
CAD Advance				
- C\$53.4 million principal (Dec 31, 2024 - C\$48.0 million)	53,368	48,022	43,300	42,010
Amendment Fee				
- C\$1.5 million principal (Dec 31, 2024 - C\$1.5 million)	1,500	1,500	919	1,101
Total First Lien Loan	63,623	57,664	51,323	50,301
Second Lien Notes⁽²⁾				
Tranche 1 (Mar-23)				
- US\$3.6 million principal (Dec 31, 2024 - US\$3.6 million) ⁽¹⁾⁽²⁾	4,990	5,238	3,620	5,155
Additional Notes				
- US\$0.1 million principal (Dec 31, 2024 - US\$0.1 million) ⁽¹⁾	202	212	81	116
Subsequent Additional Notes				
- US\$0.6 million principal (Dec 31, 2024 - US\$nil) ⁽¹⁾	822	-	597	-
Capitalized and accrued PIK interest ⁽²⁾	3,589	1,787	-	-
Total Second Lien Notes	9,603	7,237	4,298	5,271
Carrying amounts				
Current portion of debt	-	64,901	-	55,572
Non-current portion of debt	73,226	-	55,621	-
Total debt	73,226	64,901	55,621	55,572

(1) At December 31, 2025, USD-denominated principal debt converted at an exchange rate of US\$1.00 to C\$1.3706 (December 31, 2024 - US\$1.00 to C\$1.4389).

(2) The Second Lien Notes tranches' principal is subject to deferred interest in kind (whilst the principal remains outstanding) and an overall deferred compensation fee as described below, which are included in the 'Capitalized and accrued PIK interest' as presented. PPR estimates that the principal will be subject to a target multiple of x1.8 on settlement at the maturity date, which is not reflected in the principal debt in the table above.

Note 16 in the Financial Statements includes a reconciliation of the changes in liabilities arising from the financing activities of the Company's debt.

Revolving Facility - First Lien Loan

At December 31, 2025 and December 31, 2024, the Company has a senior secured credit facility ("First Lien Loan") with the Company's ultimate parent comprising US\$65 million of senior secured revolving notes.

Borrowings under the First Lien Loan are repayable at the Company's election at par plus accrued interest and any applicable breakage costs. Repayments generally will not affect the aggregate commitment or borrowing base under the First Lien Loan, except in certain extraordinary circumstances where a repayment will reduce the borrowing base. The First Lien Loan is denominated in USD, but accommodates CAD advances.

All notes were issued at par by Prairie Provident Resources Canada Ltd., a wholly-owned subsidiary of PPR, and are guaranteed by PPR and certain of its other subsidiaries and secured by a US\$200 million debenture.

The note purchase agreement governing the First Lien Facility also limits the amounts the Company can borrow to a borrowing base amount, determined by the secured noteholder at any time in their sole discretion based on their internal criteria and the estimated value of PPR's petroleum and natural gas properties in accordance with the lender's customary practices for oil and gas loans. Outstanding borrowings in excess of the borrowing base must be repaid with interest.

The lenders have sole discretion on the determination of the borrowing base, which is based predominantly on the amount of the Company's proved developed producing oil and natural gas reserves. If a borrowing base deficiency exists because of a re-determination, the lender is required to notify the Company of such shortfall. The Company may repay the shortfall amount by either making one

installment within 90 days or six equal consecutive monthly installments beginning within 30 days after the Company's receipt of the borrowing base deficiency notice. The Company's lenders have not re-determined the borrowing base following the Company's reserves evaluation as at December 31, 2025.

Amounts borrowed under the Revolving Facility bear interest based on reference bank lending rates in effect from time to time, plus an applicable margin. The USD advances bear interest at the Secured Overnight Financing Rate ("SOFR") plus 950 basis points and the CAD advances bear interest at the Canadian Overnight Repo Rate Average ("CORRA") (Canadian Dollar Offered Rate prior to the debt amendment below) plus 950 basis points. Standby fees on any undrawn borrowing capacity are 87.5 basis points per annum.

On September 13, 2024, the maturity date was extended to March 31, 2026 in addition to the following amendments to the First Lien Loan:

- Deferral of a portion of cash interest obligations on amounts owed under the First Lien Loan, through (i) 100% capitalized to outstanding principal as additional principal of all accrued interest amounts through December 31, 2024; and (ii) 25% capitalization of 2025 accrued interest through December 31, 2025 if PPR raises \$14.5 million to \$16.5 million of equity by March 31, 2025; or (iii) up to 50% of 2025 accrued interest through December 31, 2025 if PPR raises at least \$16.5 million of equity by March 31, 2025 as additional principal of all accrued interest amounts;
- In consideration of the debt amendments, a \$1.5 million debt amendment fee (the "Amendment Fee") payable to the noteholder at the earliest of (i) the March 31, 2026 maturity date; (ii) the date on which the other obligations of the First Lien Loan are settled; or (iii) the date on which an event of default occurs; and
- Adjustment of financial covenants, to replace existing covenants with new measures and thresholds that align with the Company's current expectations for the remaining term to maturity.

On February 19, 2025, in conjunction with the equity financings in February 2025 and March 2025 (as described in the "Shareholders' Equity (Deficit)" section below), further amendments were made to the First Lien Loan that includes:

- Further deferral of a portion of cash interest obligations on amounts owed under the First Lien Loan, through 75% capitalization of 2025 accrued interest through December 31, 2025 as PPR raised \$18.5 million of equity by March 31, 2025; and
- Replacing existing covenants with new measures and thresholds for the remaining term to maturity. The amended covenants are outlined below.

On October 31, 2025, the Company completed its Preferred Share Financing (as described in the "Shareholders' Equity (Deficit)" section below), raising \$26.5 million in gross proceeds, and concluded amendments to its debt agreements to extend maturities by 24 months, defer cash interest obligations through 2026, and adjust financial covenants (the "Debt Amendments"). The Debt Amendments provide for: (i) 24-month extensions to the maturity date of the First Lien Loan (to March 31, 2028); (ii) allowance for the Company to defer all cash interest obligations on the First Lien Loan through 2026 (with cash interest obligations to resume March 31, 2027 for the quarter then ended), and instead capitalize such amounts as additional principal; and (iii) adjustments to financial covenants to align with current expectations for the extended term to maturity.

As at December 31, 2025, the Company had \$nil (December 31, 2024 - \$nil) available borrowing capacity under the First Lien Loan. The First Lien Loan is considered fully drawn.

The lenders under the First Lien Loan are affiliates of PCEP (see "Related Party Transactions" section).

Second Lien Notes

On March 30, 2023, the Company completed a second lien financing as part of the 2023 PPR recapitalization and issued US\$3.6 million of notes (the "Second Lien Notes") with Prudential Capital Energy Partners, L.P., a subsidiary of PPR's ultimate parent.

The Second Lien Notes bear interest at the SOFR plus 1150 basis points. Interest on the Second Lien Notes must be paid in kind while the First Lien Loan remains outstanding. In addition to repayment of the principal balance on maturity, the Second Lien Note purchase agreement requires payment of a deferred compensation fee based on a target multiple of 1.8, capped by a 45% internal rate of return, on the later of maturity or prepayment and the date on which the Revolver is fully repaid.

On May 17, 2024, the Company issued an additional tranche of US\$2.3 million of Second Lien Notes with consistent interest, maturity and conditions.

On September 13, 2024, the maturity date of the Second Lien Notes was extended to September 30, 2026 in addition to other amendments to the Second Lien Notes including an adjustment of financial covenants, to replace existing covenants and align with the First Lien Note covenants.

On September 27, 2024, the US\$2.3 million second tranche was settled and repaid through a C\$3.1 million offset against the proceeds received from a \$10 million PCEP Common Share subscription. The Company issued US\$0.15 million of additional notes representing accrued indebtedness on the second tranche note (the "Additional Notes") repayable on the extended September 30, 2026 maturity date. The Additional Notes are non-interest bearing, not subject to a target return and not subject to a deferred compensation fee.

On February 19, 2025, in conjunction with the First Lien Loan debt amendments as described above, the Second Lien Note covenants were further revised.

On June 9, 2025, the Company issued an additional tranche of US\$0.6 million of Second Lien Notes (the "Subsequent Additional Notes") with interest, maturity and conditions consistent with that of the March 2023 first tranche notes.

On October 31, 2025, the Company completed its Preferred Share Financing (as described in the "Shareholders' Equity (Deficit)" section below) and concluded Debt Amendments. The Debt Amendments provide for: (i) 24-month extensions to the maturity date of the Second Lien Notes (to September 30, 2028); and (ii) adjustments to financial covenants to align with current expectations for the extended term to maturity.

The holders of the Second Lien Notes are affiliates of PCEP (see "Related Party Transactions" section).

Gain on debt modifications, extinguishment and revaluation of financial liabilities

October 31, 2025 and September 13, 2024 2024 Debt Amendments

As described above, the First Lien Loan and Second Lien Notes were amended on September 13, 2024, and on October 31, 2025. Under IFRS 9, *Financial Instruments*, these amendments were recognized as substantial modifications of financial liabilities and accounted for as an extinguishment. As such, the previously recorded debt liabilities were derecognized in full and the amended debt liabilities were recognized at fair value (see Fair Value of Financial Instruments in Note 21). Subsequent to the fair value recognition of the amended debt, the Company recognizes the debt at amortized cost using the effective interest rate method on expected cash flows.

For the First Lien Loan, for the year ended December 31, 2025, the Company recognized a \$10.1 million gain (2024 - \$7.1 million gain) on extinguishment of financial liabilities in gain on debt modification/extinguishment in net loss in derecognizing the carrying amounts of the previous USD and CAD Advances, derecognizing the previous accrued interest payable on these advances now capitalized to the principal of the amended debt and in recognizing the amended USD Advance, CAD Advance and Amendment Fee Advanced at fair value.

For the Second Lien Notes, for year ended December 31, 2025, the Company recognized a \$3.8 million gain (2024 - \$4.3 million gain) on extinguishment of financial liabilities in gain on debt modification/extinguishment in net loss in derecognizing the carrying amounts of the previous first two tranches of Second Lien Notes USD and CAD Advances, derecognizing the previous Second Lien Notes and recognizing the amended Second Lien Notes at fair value.

February 19, 2025 First Lien Loan amendment

Following the First Lien Loan's revised capitalization of 2025 accrued interest through December 31, 2025 and the impact on the present value of discounted repayments on February 19, 2025, the Company recognized a \$0.2 million debt modification gain on the First Lien Loan.

June 9, 2025 Second Lien Notes Additional Notes issuance

On June 9, 2025, under IFRS 9, *Financial Instruments*, the Subsequent Additional Notes were recognized at fair value as part of a modification of the Second Lien Notes debt. As such, the net loss in 2025 includes a \$0.1 million fair value adjustment on initial recognition of the Additional Notes (Note 21).

September 27, 2024 settlement of Second Lien Note tranche 2

As described above, the second tranche of the Senior Loan Notes was settled on September 27, 2024 and Additional Notes were issued for the residual accrued interest payable on the second tranche notes. For the year ended December 31, 2024, the Company recognized a \$0.4 million loss included in the gain on extinguishment of financial liabilities in net loss in derecognizing the carrying amount of the previous second carrying amount and recognizing the Additional Notes for the residual indebtedness at fair value.

Debt issuance costs

The Company recognized \$0.3 million of debt issuance costs incurred in 2025, offsetting the gains on debt modification in net loss (2024 - \$0.1 million).

Covenants at December 31, 2025

The First Lien Loan and the Second Lien Notes agreements and related parent and subsidiary guarantees align the various financial and non-financial covenants on the part of the Company and its subsidiaries including covenants that place limitations on certain types of activities, including restrictions or requirements with respect to additional debt, liens, asset sales, capital expenditures, hedging activities, investments, dividends and mergers and acquisitions.

Following the Preferred Share Financing (as described in the "Shareholders' Equity (Deficit)" section below) and Debt Amendments on October 31, 2025 (as described above), the First Lien Loan and Second Lien Notes debt was amended to extend maturities by 24 months, defer cash interest obligations through 2026, and adjust financial covenants to align with expectations for the extended term to maturity. The amended financial covenants are as follows:

Financial Covenant	First Lien Loan Requirement	Second Lien Notes Requirement	As of December 31, 2025
Minimum EBITDAX ⁽¹⁾			Not applicable
For the period of four fiscal quarters most recently ended:			
Quarter ending Jun 30, 2026	Exceed \$11.0 million	Exceed \$9.0 million	
Quarter ending Sep 30, 2026	Exceed \$15.0 million	Exceed \$13.0 million	
Quarter ending Dec 31, 2026	Exceed \$21.0 million	Exceed \$18.0 million	
Quarter ending Mar 31, 2027	Exceed \$23.0 million	Exceed \$20.0 million	
Quarter ending Jun 30, 2027	Exceed \$25.0 million	Exceed \$21.0 million	
Quarter ending Sep 30, 2027	Exceed \$28.0 million	Exceed \$24.0 million	
Quarter ending Dec 31, 2027	Exceed \$31.0 million	Exceed \$27.0 million	
Total Leverage Ratio ⁽²⁾			Not applicable
For the period of four fiscal quarters most recently ended:			
Quarter ending Jun 30, 2026	Greater than 8.50	Greater than 9.00	
Quarter ending Sep 30, 2026	Greater than 6.00	Greater than 6.50	
Quarter ending Dec 31, 2026	Greater than 5.00	Greater than 5.50	
Quarter ending Mar 31, 2027	Greater than 4.00	Greater than 4.50	
Quarter ending Jun 30, 2027	Greater than 3.50	Greater than 4.00	
Quarter ending Sep 30, 2027	Greater than 3.00	Greater than 3.50	
Quarter ending Dec 31, 2027	Greater than 2.50	Greater than 3.00	
Minimum Liquidity			In compliance
Monthly from October 31, 2025 onwards	Minimum of C\$0.5 million in the form of unrestricted cash and/or unrestricted cash equivalents	Not applicable	
Minimum Production ⁽³⁾			Not applicable
For the months ended:			
Jun-2026	At least 2,750 boe/d	At least 2,475 boe/d	
Jul-2026 through Oct-2026	At least 3,000 boe/d	At least 2,700 boe/d	
Nov-2026 through Jun-2027	At least 3,500 boe/d	At least 3,150 boe/d	
Jul-2027 through Oct-2027	At least 4,000 boe/d	At least 3,600 boe/d	
Nov-2027 through Dec-2027	At least 4,500 boe/d	At least 4,050 boe/d	
Jan-2028 through Feb-2028	At least 5,000 boe/d	At least 4,500 boe/d	

Financial Covenant	First Lien Loan Requirement	Second Lien Notes Requirement	As of December 31, 2025
Maximum CAPEX⁽⁴⁾			Not applicable
For the period of four fiscal quarters most recently ended:			
Quarter ending Jun 30, 2026	Not exceed \$31.0 million	Not exceed \$33.0 million	
Quarter ending Sep 30, 2026	Not exceed \$39.0 million	Not exceed \$42.0 million	
Quarter ending Dec 31, 2026	Not exceed \$29.0 million	Not exceed \$31.0 million	
Quarter ending Mar 31, 2027	Not exceed \$27.0 million	Not exceed \$29.0 million	
Quarter ending Jun 30, 2027	Not exceed \$32.0 million	Not exceed \$35.0 million	
Quarter ending Sep 30, 2027	Not exceed \$31.0 million	Not exceed \$33.0 million	
Quarter ending Dec 31, 2027	Not exceed \$37.0 million	Not exceed \$43.0 million	

(1) Under the debt agreements, EBITDAX for any period means (a) consolidated net loss for such period plus (b) to the extent deducted in determining consolidated net loss, financing charges, exploration expenses, income taxes, depreciation, depletion, amortization and other non-cash items of expense for such period (including any provision for the reduction in the carrying amount of assets recorded in accordance with Generally Accepted Accounting Practice and including non-cash charges resulting from share-based compensation and write downs on assets and non-cash losses resulting from outstanding risk management derivative contracts for such period, losses attributable to extraordinary and non-recurring losses for such period) minus (c) all non-cash items of income which were included in determining such consolidated net loss (including non-cash gains resulting from the outstanding risk management derivative contracts and earnings attributable to extra-ordinary and non-recurring gains for such period; provided that such EBITDAX shall be subject to pro forma adjustments for material acquisitions and dispositions assuming that such transactions had occurred on the first day of the applicable calculation period.

(2) Under the debt agreements, the Total Leverage Ratio means the ratio as of the last day of any fiscal quarter of the Company, the ratio of (i) adjusted indebtedness at such time (including, for clarity, all First Lien Loans and Second Lien Notes), plus current liabilities at such time, less current assets at such time, to (ii) EBITDAX for the period of four fiscal quarters most recently ended. Under the agreements, current assets exclude derivative assets while current liabilities excludes the current portion of long-term debt, lease liabilities, decommissioning obligations, derivative liabilities and non-cash liabilities.

(3) Production means an average daily hydrocarbon production volume, measured in barrels of oil equivalent per day (boe/d) (with 6,000 cubic feet of natural gas deemed to be one barrel of oil equivalent).

(4) Under the debt agreements, CAPEX means the capital expenditures or acquisitions, whether in respect of the Company's oil and gas properties, acquisitions of oil and gas properties or shares or other assets of any kind or infrastructure projects of any kind (terms as defined under the debt agreements).

SHAREHOLDERS' EQUITY (DEFICIT)

Following the Company's 30-to-1 share consolidation and the 2024 Rights Offering (see below), PPR has the following outstanding instruments as at the date of this report, December 31, 2025, September 30, 2025 and December 31, 2024:

(000s)	March 31 2026	December 31 2025	September 30 2025	December 31 2024
Classified as equity				
Common Shares	46,747	46,719	46,719	39,913
Warrants				
2023 Purchase Warrants ⁽¹⁾	1,807	1,807	1,807	1,807
2023 Broker Warrants ⁽²⁾	145	145	145	145
2025 Purchase Warrants ⁽³⁾	2,875	2,875	2,875	-
2025 Broker Warrants ⁽⁴⁾	84	84	84	-
PPR Option Plan				
Options	2,091	2,095	2,128	2,163
PPR Incentive Security Plan				
DSUs	67	67	67	67
RSUs	133	186	208	223
Classified as liability				
Preferred share liability				
Prairie Provident Resources Canada Ltd. – Class A Preferred Shares ⁽⁵⁾	265	265	-	-
Warrant liability				
Preferred Share Financing Warrants ⁽⁶⁾	12,634	12,634	-	-

Following the share consolidation at December 31, 2025 and including the impact of the 2024 Rights Offering:

(1) Each 2023 Purchase Warrant is exercisable for one Common Share at a price of \$2.459/share until May 15, 2028.

- (2) Each 2023 Broker Warrant is exercisable for one unit at a price of \$2.213/unit until May 15, 2028 with each unit comprising one Common Share as well as a warrant entitling the holder to subscribe for another Common Share at a price of \$2.459/share until May 15, 2028.
- (3) Each 2025 Purchase Warrant is exercisable for one Common Share at a price of \$1.50/share until March 5, 2028.
- (4) Each 2025 Broker Warrant is exercisable for one unit at a price of \$1.275/unit until March 5, 2028 with each unit comprising one Common Share as well as a warrant entitling the holder to subscribe for another Common Share at a price of \$1.50/share until March 5, 2028.
- (5) Each \$100 PPRC Preferred Share carries an 8% annual yield and is payable upon the earlier of a redemption or retraction of the Preferred Shares, or upon a liquidity event. The Preferred Shares are redeemable by PPRC or retractable by the holder on or after March 31, 2031. If on a retraction, the Preferred Shares payout amount as determined in the agreements will only be repayable two years from such retraction date.
- (6) Each Preferred Share Financing Warrant, upon the earlier of a redemption or retraction of the PPRC Preferred Shares or a liquidity event, is exercisable for one Common Share of the Company for no consideration.

2025 Equity Financings

As part of a brokered private placement, PPR raised \$8.666 million in gross proceeds through the issuance of Common Shares and Warrants:

- On February 20, 2025, PPR closed the first tranche of an equity financing for \$4.8 million in gross proceeds from its principal and largest shareholder, PCEP, at a price of \$1.275 per Common Share and issued 3,764,705 Common Shares to PCEP; and
- On March 5, 2025, PPR closed the second and final tranche of the equity financing for additional \$3.87 million in gross proceeds through:
 - The issuance of 2,875,587 units at a price of \$1.275 per unit, for gross proceeds of \$3.67 million in an offering made pursuant to the 'listed issuer financing exemption' (LIFE) under applicable Canadian securities laws. Each unit comprises one Common Share and one Common Share purchase warrant, with each such purchase warrant exercisable for one Common Share at a price of \$1.50 per Common Share until March 5, 2028 (the "2025 Purchase Warrant"). As part of the LIFE offering, PCEP acquired 1,816,962 units in total for \$2.3 million in gross proceeds; and
 - A further \$0.2 million in gross proceeds from directors and officers at a price of \$1.275 per Common Share, issuing 156,864 Common Shares to directors and officers.

In connection with the 2025 Equity Financings, \$8.451 million of the gross proceeds was allocated to Common Share capital and the residual \$0.215 million was allocated to the 2025 Purchase Warrants, and included in Warrants.

In connection with the brokered private placement, the Company paid deal brokers total cash compensation of \$0.35 million and issued them a total of 83,623 non-transferable broker warrants (the "2025 Broker Warrants"). Each 2025 Broker Warrant entitles the holder thereof to acquire one unit at a price of \$1.275 per unit until March 5, 2028.

2024 Rights Offering, Committed Participation, Debt Amendments and Closing of initial \$10 million subscription

On September 13, 2024, the Company announced a \$13.2 million rights offering (the "Rights Offering") supported by participation commitments of \$12 million, comprised of \$11.6 million from its largest shareholder, PCEP, and \$400,000 from directors and management, as well as complementary amendments to its outstanding debt.

Rights Offering

Pursuant to the Rights Offering, each holder of record of PPR Common Shares at the close of business on September 24, 2024 (the "Record Date") received one subscription right (a "Right") for each Common Share held. Each Right entitled the holder to subscribe for 22.18422 Common Shares, at a subscription price (the "Subscription Price") of \$0.75 per whole Common Share (the "Basic Subscription Privilege"). Rights were exercisable for whole Common Shares only, and holders therefore needed to exercise 40.56939 Rights to purchase one additional Common Share under the Basic Subscription Privilege. Up to 17,652,633 Common Shares were issuable under the Rights Offering for an aggregate Subscription Price, if fully subscribed, of \$13,239,475. The Rights Offering expired on October 28, 2024.

Committed Participation

The Company's largest shareholder, PCEP, agreed to subscribe for its pro rata share (approximately 75.5%) of the Rights Offering, amounting to 13,333,333 Common Shares for an aggregate Subscription Price of \$10.0 million (partially payable by way of a \$3.13 million setoff in respect of a US\$2.3 million advance under the Company's Second Lien Note facility received in May 2024), and directors and management agreed to subscribe for an aggregate of 533,333 Common Shares under the Rights Offering for an aggregate of Subscription

Price of \$400,000 (the “D&O Commitments”).

PCEP exercised its Rights with respect to the Basic Subscription Privilege and on September 27, 2024 acquired an additional 13,333,333 Common Shares for \$10.0 million subscription price. The subscription price was partially paid by way of a \$3.13 million setoff against the US\$2.3 million advance received in May 2024 under the Company’s Second Lien Note facility, fully extinguishing that indebtedness (Refer to the “Debt” section above), with the \$6.87 million balance paid to PPR in cash.

Directors and management of the Company delivered and funded an additional \$400,000 in subscriptions under the Rights Offering, for an aggregate of 533,333 Common Shares, which was closed on conclusion of the Rights Offering on October 30, 2024.

In addition, PCEP also provided a \$1.6 million standby commitment for the Rights Offering, to purchase up to 2,133,333 additional Common Shares, less the total number of Common Shares acquired under the Rights Offering on the exercise of Rights by holders other than PCEP and directors and management pursuant to the D&O Commitments (the “Standby Commitment”).

On October 28, 2024, the Company completed its previously announced Rights Offering and Standby Commitment and issued an additional 2,666,666 Common Shares of the Company at a price of \$0.75 per share for additional gross proceeds of \$2.0 million. PCEP acquired 514,496 Common Shares under the Standby Commitment at the same subscription price of \$0.75 per share for proceeds of \$0.4 million. Of the 2,152,169 Common Shares purchased under the Rights Offering by shareholders other than PCEP, 553,334 Common Shares were acquired by directors and management of the Company under the Rights Offering. No fees or commissions were paid by the Company in connection with the Rights Offering or the Standby Commitment.

2025 Preferred Share Financing

On October 31, 2025, the Company completed a preferred share financing (the “Preferred Share Financing”), raising \$26.5 million in gross proceeds, and concluded amendments to its debt agreements to extend maturities by 24 months, defer cash interest obligations through 2026, and adjust financial covenants (the “Debt Amendments” as per the “Debt” section above).

The Preferred Share Financing was completed through a sale of 264,848 Class A preferred shares (“Preferred Shares”) in the capital of the Company’s subsidiary, Prairie Provident Resources Canada Ltd. (“PPRC”), to PPR Canadian Pref Holdco, LLC (the “Purchaser” or “PCPH”), an affiliate of the Company’s largest shareholder, PCEP, at an issue price of C\$100 per share for total gross proceeds of C\$26,484,800.

The Preferred Shares are non-voting (except as required by applicable law), rank senior to all other classes of PPRC equity, and carry an 8% annual yield, accruing daily and compounded annually. The original issue price plus the accrued yield (the “Payout Amount”) is payable by PPRC upon redemption or retraction of the Preferred Shares, or upon a liquidation or a corporate sale, business combination or sale of all or substantially all of the assets of the Company or PPRC (a “Liquidity Event”).

The Preferred Shares are redeemable by PPRC or retractable by the Purchaser for the Payout Amount at any time on or after March 31, 2031. On a redemption by PPRC, the Payout Amount must be paid in cash. If on a retraction by the Purchaser the full Payout Amount is not immediately satisfied, then PPRC’s payment obligation in respect of the Payout Amount will constitute an unsecured, subordinated debt bearing interest at 8% per annum until paid, will not be repayable before two years from the retraction date, and will be guaranteed by the Company. In such event, the Company and PPRC will enter into such agreements as may be required by the Purchaser and under any applicable lending arrangements then in effect to evidence the debt, provide for the guarantee, and address intercreditor arrangements relative to the Company’s secured creditors at the time.

In the circumstances of a Liquidity Event, PPRC or the Company, as the case may be, has a call right to acquire the Preferred Shares for the Payout Amount (the “Call Right”), and the Purchaser has a put right to require that PPRC or the Company, as applicable, acquire the Preferred Shares for the Payout Amount (the “Put Right”), payable in either case at the Purchaser’s option in cash or in PPR Common Shares based on their market value at the time.

In consideration for arranging the Preferred Share Financing, the Purchaser was also issued warrants (the “Preferred Share Financing Warrants”) entitling the holder to acquire, for no additional consideration, an aggregate of 12,634,133 Common Shares. The Preferred Share Financing Warrants will be exercisable for the underlying Common Shares upon redemption or retraction of the Preferred Shares, or a Liquidity Event. Each Preferred Share Financing Warrants will be exercisable for one Common Share, subject to adjustment in certain events.

The Company will, if requested by the Purchaser and subject to receipt of necessary regulatory (including stock exchange) and shareholder approvals, accommodate a future exchange of the Preferred Shares for preferred shares of the Company having substantially equivalent rights and seek all such approvals to do so, failing which each Warrant will become exercisable for 1.5 shares instead of 1 share.

In connection with closing of the Preferred Share Financing, the existing Investor Rights Agreement between the Company and PPRC, on the one hand, and PCEP and certain of its affiliates, on the other, was amended to add the Purchaser as a party entitled to the benefits thereof, and to provide the investor parties with (i) incremental board observer rights, (ii) the right to require that the Company undertake a strategic alternatives review process, (iii) a consent right with respect to any future issue of shares or convertible securities, (iv) covenants substantially similar to those currently owed by the Company pursuant to the Second Lien Notes, to become operative if the First Lien Loan, Second Lien Notes and any other senior debt ceases to be outstanding, and (v) information rights substantially similar to those currently provided to the holders of the Second Lien Notes.

Based on the substance of the contractual arrangements of the Preferred Shares and Preferred Share Financing Warrants, the Company classified these instruments as liabilities. The Preferred Shares are classified as liabilities at amortized cost and measured at amortized cost using the effective interest method of amortization. The initial fair value measurement of the Preferred Shares are discussed in Note 21.

In connection with the Preferred Share Financing, \$9.476 million of the gross proceeds was allocated to the Preferred Share Financing Warrants and the residual \$16.751 million net of debt issuance costs, was allocated to the preferred share liability. As described in Note 21, the fair value measurement of the Preferred Share Financing Warrants is assessed as Level 2 and the fair value measurement of the preferred share liability was Level 3. Subsequently, the Company amortizes the preferred share liability through to March 31, 2033, the earliest repayment date.

Related Party holdings

Before giving effect to completion of the Preferred Share Financing, PCEP held 37.5 million Common Shares, representing approximately 80.2% of the total PPR Common Shares currently outstanding on an undiluted basis, plus warrants ("Existing Warrants") to purchase an additional 1.8 million Common Shares, which if exercised today would result in PCEP holding approximately 80.9% of the PPR Common Shares that would be outstanding immediately following such exercise.

On completion of the Preferred Share Financing, PCPH, an affiliate of PCEP, acquires new Warrants exercisable for 12,634,133 PPR Common Shares (subject to adjustment in certain events) as described above.

Additionally, the PPRC Preferred Shares acquired by PCPH under the Preferred Share Financing are subject to the Put Right, an exercise by PCPH of which could result in PPRC or the Company becoming obligated to acquire the Preferred Shares, for an amount equal to the Payout Amount at the time, payable (if so elected by PCPH) in Common Shares based on their market value at the time.

Long-term Incentive Plans and Share-Based Compensation

As part of its long-term incentive plans, PPR's equity compensation arrangements consist of its stock option plan ("Option Plan") and incentive security plan ("Incentive Security Plan").

The Option Plan provides for the grant from time to time to directors, officers, employees and consultants of the Company of stock options to purchase Common Shares at a specified exercise price determined at the time of grant ("Options"). The Incentive Security Plan provides for the grant from time to time to directors, officers and employees of the Company of "phantom" unit awards in the form of deferred share units ("DSUs"), restricted share units ("RSUs") and performance share units ("PSUs").

In Q4 2025, 22,000 RSUs and 33,000 Options were forfeited upon exit of employees.

In Q3 2025, 4,000 Options expired.

In Q2 2025, 15,440 RSUs were released and settled for 240,936 Common Shares issued, net of withholding tax.

In Q1 2025, 619 Options were exercised for Common Shares of PPR and 30,294 Options were forfeited or expired upon exit of employees, officers and/or directors.

The Company's long-term incentive plans resulted in the following recognized share-based compensation:

(\$000s, except per boe amounts)	Q4 2025	Q3 2025	Q4 2024	YTD 2025	YTD 2024
Share-based compensation					
Options	354	387	(34)	1,530	27
RSUs	19	39	(38)	145	71
Total share-based compensation	373	426	(72)	1,675	98
Capitalized to Property and equipment	(32)	(32)	-	(128)	-
Share-based compensation expensed as G&A	341	394	(72)	1,547	98

CAPITAL MANAGEMENT, LIQUIDITY AND GOING CONCERN

Capital Management

PPR's objective when managing capital is to maintain a flexible capital structure and sufficient liquidity to meet its financial obligations and execute its business plans. The Company considers its capital structure to include shareholders' equity, borrowings under its credit facilities and working capital.

PPR monitors its capital structure using the Total Leverage Ratio to trailing twelve months' EBITDAX, terms as defined in the "Debt" section above. The Total Leverage Ratio provides a measure of the Company's ability to manage its debt levels under current operating conditions. The Total Leverage Ratio provides a measure of the Company's ability to manage its debt levels under current operating conditions. The Company's goal is to manage this ratio within the financial covenants imposed on it under its outstanding debt agreements. As at December 31, 2025, the Company was not in breach of its financial covenants.

Liquidity

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. As outlined in the "Debt" section above, at December 31, 2025, the Company had \$nil borrowing capacity under the Second Lien Loan. This, and the information provided in the "Going Concern" section below, results in material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

As at December 31, 2025, PPR had outstanding letters of credit of \$4.0 million (December 31, 2024 – \$4.0 million). The letters of credit are issued by a financial institution at which PPR posted a cash deposit to cover letters of credit. The related deposit is classified as restricted deposit on the statement of financial position and the balance is invested in short-term market instruments with maturity dates of one year or less when purchased (see Cash, Restricted Cash and Restricted Deposit above).

The following table details the cash flows and contractual maturities of the Company's financial liabilities at December 31, 2025:

(\$000s)	Total	<1 Year	1-3 Years	4-5 Years	>5 Years
Accounts payable and accrued liabilities	14,692	14,692	-	-	-
Lease liabilities	283	94	144	12	33
Debt ⁽¹⁾	92,903	-	92,903	-	-
Preferred share liability	46,902	-	-	-	46,902
Total	154,780	14,786	93,047	12	46,935

(1) Includes interest payments and the principal and deferred amounts payable on maturity on the Company's Revolving Facility and Second Lien Notes. Interest payments are estimated for the Revolving Facility using period-end outstanding borrowing and period-end prime interest rate plus applicable margins for the related borrowing periods.

Going Concern

The Financial Statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that PPR will be able to realize its assets and discharge its liabilities in the normal course of business.

At December 31, 2025, the Company's total principal First Lien Loan and Second Lien Notes debt was \$73.2 million (December 31, 2024 - \$64.9 million) with the First Lien Loan considered fully drawn (see the "Debt" section above). Following the completion of the Preferred Share Financing as of October 31, 2025 (see the "Shareholders' Equity (Deficit)" section above), Prairie Provident Resources Canada Ltd.

(a subsidiary of the Company) has outstanding preferred shares with an outstanding principal amount of \$26.8 million at December 31, 2025. In conjunction with the Preferred Share Financing, the Company concluded amendments to its First Lien Loan and Second Lien Notes debt agreements to extend maturities by 24 months, defer cash interest obligations through 2026, adjust financial covenants and waive certain financial debt covenant breaches prior to the financing. As of October 31, 2025, these defaults have been waived, and the lenders no longer have the right to accelerate the maturities of the facilities, subject to the Company's compliance with the terms of the agreements in future periods.

As more particularly outlined in the Company's news release of October 21, 2025 announcing term sheets for the Preferred Share Financing and Debt Amendments, the Company had applied to the Toronto Stock Exchange pursuant to the 'financial hardship' provisions of the TSX Company Manual for an exemption from any shareholder approval requirement that would otherwise apply in respect of the Preferred Share Financing and the Debt Amendments, on the basis that, as determined by the Company's board of directors, the Company was in serious financial difficulty, the transactions are designed to improve its financial situation, and the transaction terms were reasonable in the circumstances. The Toronto Stock Exchange accepted the Company's application to rely on this exemption.

As outlined in the Company's news release of January 7, 2026, both Basal Quartz horizontal wells spud in the fourth quarter of 2025 encountered production casing failures during the primary cementing operations at both wells. The Company believes both these wells unlikely to be salvageable in their current configuration. These drilling results will impact the Company's ability to comply with its financial debt covenants coming into effect for the second quarter of 2026.

Despite these efforts by the Company and with the Company committed to further development in the Basal Quartz formation, PPR remains in a challenging position with respect to its development plans and current financial obligations while managing its decommissioning liabilities, debt obligations, and debt-related financial covenants. In the event of default under both the First Lien Loan and the Second Lien Notes, the lenders have the right to demand immediate repayment of all amounts owed under both facilities.

There remains a risk that the Company will not be in compliance with its covenants beginning June 30, 2026. The ability to meet its covenants will be determined by commodity prices and the performance of the Company's wells and its ability to negotiate further waivers with its lenders. If covenants are not met, an event of default will occur. In the event of default under both the First Lien Loan and the Second Lien Notes, the lenders have the right to demand immediate repayment of all amounts owed under both facilities. The Company continues to actively assess a variety of strategies and options to effectively manage its capital, however, there is no guarantee that the Company will be successful in these efforts.

The Company's lenders have not re-determined the borrowing base following the Company's reserves evaluation as at December 31, 2025. The lenders have sole discretion on the determination of the borrowing base, which is based predominantly on the amount of the Company's proved developed producing oil and natural gas reserves. If a borrowing base deficiency exists because of a re-determination, the lender is required to notify the Company of such shortfall. The Company may repay the shortfall amount by either making one installment within 90 days or six equal consecutive monthly installments beginning within 30 days after the Company's receipt of the borrowing base deficiency notice. In the event of such a shortfall, the Company may not have the funds available to repay the amount due.

Due to the above factors, there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Financial Statements do not include adjustments to the recoverability and classification of recorded assets and liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material should the Company therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business at amounts different from those in the Financial Statements.

SUMMARY OF QUARTERLY RESULTS

(\$000s, except per unit amounts
and as otherwise indicated)

	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
						(Restated) ⁽¹⁾	(Restated) ⁽¹⁾	(Restated) ⁽¹⁾
FINANCIAL								
Revenue								
Petroleum and natural gas sales	8,786	9,394	12,554	11,073	11,111	9,651	9,488	12,996
Royalties	(1,116)	(1,040)	(1,292)	(1,472)	(567)	(1,623)	(1,517)	(1,871)
Revenue	7,670	8,354	11,262	9,601	10,544	8,028	7,971	11,125
Realized loss on derivatives	-	-	-	-	-	-	-	(485)
Unrealized gain on derivatives	-	-	-	-	-	-	-	416
Revenue, net of gains (losses) on derivatives	7,670	8,354	11,262	9,601	10,544	8,028	7,971	11,056
Net income (loss)⁽¹⁾	5,477	(6,897)	(6,501)	(6,137)	(10,123)	5,039	(6,935)	(4,945)
\$ per share – Basic	0.12	(0.15)	(0.14)	(0.14)	(0.26)	0.21	(0.29)	(0.21)
\$ per share – Diluted	0.10	(0.15)	(0.14)	(0.14)	(0.26)	0.21	(0.29)	(0.21)
Adjusted Funds Flow⁽²⁾	(3,736)	(557)	3,117	1,782	(192)	264	(1,577)	27
\$ per share – Basic	(0.08)	(0.01)	0.07	0.04	-	0.01	(0.07)	-
\$ per share – Diluted	(0.08)	(0.01)	0.07	0.04	-	0.01	(0.07)	-
Capital expenditures⁽²⁾	9,059	115	2,923	8,023	9,083	656	440	578
Net capital expenditures⁽²⁾	9,017	103	2,923	8,099	9,023	26	895	(23,600)
Working capital (deficit)⁽¹⁾⁽²⁾	(139)	(80,044)	(76,226)	(73,047)	(71,702)	(6,050)	(73,547)	(67,892)
Adjusted working capital (deficit)⁽¹⁾⁽²⁾	6,058	(7,342)	(6,182)	(6,246)	(7,253)	1,709	(9,078)	(7,301)
Net debt⁽¹⁾⁽²⁾	(55,760)	(80,044)	(76,226)	(73,047)	(71,702)	(57,453)	(73,547)	(67,892)
Adjusted net debt⁽¹⁾⁽²⁾	(67,168)	(77,821)	(74,312)	(72,751)	(72,154)	(58,728)	(66,706)	(61,220)
Common Shares outstanding (000s)								
End of period	46,719	46,719	46,719	46,711	39,913	37,205	23,872	23,870
Weighted average – Basic	46,719	46,719	46,715	42,463	39,010	24,307	23,871	23,862
Weighted average – Diluted	55,224	46,719	46,715	42,463	39,010	24,307	23,871	23,862
OPERATING								
Production Volumes								
Crude oil and condensate (bbl/d)	1,194	1,235	1,616	1,201	1,298	1,118	993	1,495
Natural gas liquids (bbl/d)	74	83	102	91	69	81	65	58
Natural gas (Mcf/d)	5,546	5,860	6,260	5,574	6,107	5,846	5,923	6,498
Total (boe/d)	2,193	2,295	2,762	2,221	2,385	2,173	2,045	2,636
% Liquids	58%	57%	62%	58%	57%	55%	52%	59%
Realized Prices								
Crude oil and condensate (\$/bbl)	67.10	76.55	74.97	86.88	83.16	86.44	94.21	80.75
Natural gas liquids (\$/bbl)	42.91	43.52	44.07	56.53	53.93	51.56	54.61	85.21
Natural gas (\$/Mcf)	2.20	0.67	1.96	2.43	1.49	0.69	1.21	2.64
Total (\$/boe)	43.55	44.49	49.96	55.39	50.65	48.25	50.98	54.17
Operating Netback (\$/boe)								
Realized price	43.55	44.49	49.96	55.39	50.65	48.25	50.98	54.17
Royalties	(5.53)	(4.92)	(5.14)	(7.37)	(2.58)	(8.12)	(8.15)	(7.80)
Operating expenses ⁽¹⁾	(35.75)	(30.39)	(25.37)	(29.64)	(30.02)	(26.93)	(39.36)	(35.79)
Operating netback ⁽²⁾	2.27	9.18	19.45	18.38	18.05	13.20	3.47	10.58
Realized loss on derivatives	-	-	-	-	-	-	-	(2.02)
Operating netback, after realized loss on derivatives ⁽¹⁾⁽²⁾	2.27	9.18	19.45	18.38	18.05	13.20	3.47	8.56

(1) Restated. Refer the "Restatements" section.

(2) This is a Non-GAAP and other financial measure. Refer to "Non-GAAP and other Financial Measures" included in the "Advisories" section.

SUMMARY OF ANNUAL RESULTS

(\$000s, except per unit amounts
and as otherwise indicated)

	2025	2024	2023
			(Restated) ⁽¹⁾
FINANCIAL			
Revenue			
Petroleum and natural gas sales	41,807	43,246	79,802
Royalties	(4,920)	(5,578)	(11,868)
Revenue	36,887	37,668	67,934
Realized loss on derivatives	-	(485)	(931)
Unrealized gain on derivatives	-	416	1,606
Revenue, net of gains (losses) on derivatives	36,887	37,599	68,609
Net income (loss)⁽¹⁾	(14,058)	(16,964)	(21,439)
\$ per share – Basic	(0.31)	(0.61)	(1.29)
\$ per share – Diluted	(0.31)	(0.61)	(1.29)
Adjusted Funds Flow⁽²⁾	606	(2,137)	(3,178)
\$ per share – Basic	0.01	(0.08)	(0.19)
\$ per share – Diluted	0.01	(0.08)	(0.19)
Capital expenditures⁽²⁾	20,120	10,757	726
Net capital expenditures⁽²⁾	20,142	(13,656)	57
Working capital (deficit)⁽¹⁾⁽²⁾	(139)	(71,702)	(66,250)
Adjusted working capital (deficit)⁽¹⁾⁽²⁾	6,058	(7,253)	(7,956)
Net debt⁽¹⁾⁽²⁾	(55,760)	(71,702)	(66,250)
Adjusted net debt⁽¹⁾⁽²⁾	(67,168)	(72,154)	(80,587)
Total assets	127,007	117,867	168,046
Total liabilities	179,561	166,908	211,352
Common Shares outstanding (000s)			
End of period	46,719	39,913	23,853
Weighted average – Basic	45,669	27,686	16,576
Weighted average – Diluted	45,669	27,686	16,576
OPERATING			
Production Volumes			
Crude oil and condensate (bbl/d)	1,312	1,226	2,190
Natural gas liquids (bbl/d)	87	68	105
Natural gas (Mcf/d)	5,810	6,093	7,579
Total (boe/d)	2,367	2,310	3,558
% Liquids	59%	56%	64%
Realized Prices			
Crude oil and condensate (\$/bbl)	76.23	85.40	88.50
Natural gas liquids (\$/bbl)	46.88	59.92	53.05
Natural gas (\$/Mcf)	1.80	1.53	2.55
Total (\$/boe)	48.38	51.15	61.46
Operating Netback (\$/boe)			
Realized price	48.38	51.15	61.46
Royalties	(5.69)	(6.60)	(9.14)
Operating expenses ⁽¹⁾	(30.01)	(32.98)	(34.14)
Operating netback ⁽²⁾	12.68	11.57	18.18
Realized loss on derivatives	-	(0.57)	(0.72)
Operating netback, after realized loss on derivatives ⁽¹⁾⁽²⁾	12.68	11.00	17.46

(1) Restated. Refer the "Restatements" section.

(2) This is a Non-GAAP and other financial measure. Refer to "Non-GAAP and other Financial Measures" included in the "Advisories" section.

CONTRACTUAL OBLIGATIONS, COMMITMENTS AND CONTINGENCIES

PPR has contractual obligations in the normal course of operations including operating agreements, transportation commitments, royalty obligations, lease rental obligations, physical commodity sales contracts and employee agreements. These obligations are of a recurring, consistent nature and impact PPR's cash flows in an ongoing manner.

The Company operates in a regulatory and commercial environment that exposes it to regulatory, contractual and litigation risks. As a result, PPR is involved in certain disputes and legal proceedings, including litigation, claims, arbitration and regulatory investigations. Such cases are subject to many uncertainties, and the outcomes are often difficult to predict, including the impact on operations or on the financial statements, particularly in the earlier stages of a case. The Company makes provisions for cases brought against it when, in the opinion of management after seeking legal advice, it is probable that a liability exists, and the amount can be reliably estimated. Such claims are not expected to have a material impact on the Company's results of operations or cash flows.

At December 31, 2025, in addition to the Company's lease liabilities, preferred share liability, warrant liability and debt and other financial liabilities, the Company has non-cancellable contractual obligations summarized as follows:

(\$000s)	<1 Year	1-3 Years	4-5 Years	>5 Years	Total
Leases - variable	182	242	-	-	424
Firm transportation agreements	200	100	-	-	300
Other agreements	164	99	59	122	444
Total	546	441	59	122	1,168

The table above excludes contractual obligations for lease payments which are recorded as lease liabilities on the consolidated statement of financial position.

OFF BALANCE SHEET ARRANGEMENTS

PPR does not have any off-balance sheet arrangements that would result in a material change to its financial position, performance or funds flow from operations during the reporting periods.

ACCOUNTING STANDARDS, CHANGE IN ACCOUNTING POLICIES AND PRONOUNCEMENTS

PPR's Financial Statements have been prepared in accordance with IFRS Accounting Standards as issued by the IASB.

Accounting policy information is considered to be material if its disclosure is needed for users to understand information provided about material transactions or other events or conditions in the Financial Statements. The Company's material accounting policies under IFRS are presented in Note 3 of the Financial Statements.

NEW ACCOUNTING STANDARDS AND AMENDMENTS NOT YET ADOPTED

On April 9, 2024, the IASB issued a new standard, International Financial Reporting Standard 18 *Presentation and Disclosure in Financial Statements*, which introduced new requirements for improved comparability in the statement of profit or loss, enhanced transparency of management-defined performance measures and more useful grouping of information in the financial statements. The standard is effective for annual reporting periods beginning on or after January 1, 2027. The Company is currently evaluating its impact to financial statements.

On May 30, 2024, the IASB issued amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* that clarify the recognition and derecognition of certain financial assets and liabilities, including an exception for those settled via electronic cash transfer systems. New disclosure requirements are introduced for instruments with terms that can change cash flows and for equity instruments designated at fair value through other comprehensive income. The amendments are effective for reporting periods beginning on or after January 1, 2026. PPR does not anticipate any material impact from these amendments to the financial statements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect reported assets, liabilities, revenues and expenses, gains and losses, and disclosures of any possible contingencies. These estimates and assumptions are developed based on the best available information which management believed to be reasonable at the time such estimates and assumptions were made. As such, these assumptions are uncertain at the time estimates are made and could change, resulting in a material impact on PPR's consolidated financial statements. Actual results may differ from these estimates.

Estimates are reviewed by management on an ongoing basis and as a result may change from period to period due to the availability of new information or changes in circumstances.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements are as follows:

- PPR's oil and gas assets are grouped into cash generating units ("CGUs"). A CGU is the lowest level of integrated assets that generate identifiable cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The allocation of assets into CGUs requires significant judgment and interpretations with respect to the integration between assets, geological formation, geographical proximity, the existence of common sales points and shared infrastructures and the way in which management monitors its operations. The recoverability of PPR's oil and gas assets is assessed at the CGU level, and therefore, the determination of a costs could have a significant impact on impairment losses or impairment reversals;
- Reserves engineering is an inherently complex and subjective process of estimating underground accumulations of petroleum and natural gas. The process relies on interpretations of available geological, geophysical, engineering, economic and production data. The accuracy of a reserves estimate is a function of the quality and quantity of available data, the interpretation of that data, the accuracy of various economic assumptions and the judgment of those preparing the estimate. Because these estimates depend on many assumptions, all of which may differ from actual results, reserves estimates and estimates of future net revenue may be different from the sales volumes ultimately recovered and net revenues actually realized. Changes in market conditions, regulatory matters and the results of subsequent drilling, testing and production may require revisions to the original estimates. Estimates of reserves impact: (i) the assessment of whether or not a new well has found economically recoverable reserves; (ii) depletion rates; (iii) the determination of net recoverable amount of oil and gas properties for impairment assessment and measurement, and (iv) the determination of reserve lives which affect the timing of decommissioning activities, all of which could have a material impact on net loss and financial positions;
- Recoverable amounts calculated for impairment testing are based on estimates of future commodity prices, expected volumes, quantity of reserves and discount rates as well as future development costs, royalties, operating costs and transactional contracts with third parties. These calculations require the use of estimates and assumptions, which by their nature, are subject to measurement uncertainty. In addition, judgment is exercised by management as to whether there have been indicators of impairment or of impairment reversal. Indicators of impairment or impairment reversal may include, but are not limited to a change in: the market value of assets, asset performance, the estimate of future prices, royalties and costs, the estimated quantity of reserves and appropriate discount rates;
- Amounts recorded for decommissioning liabilities and the related accretion expense require the use of estimates with respect to the amount and timing of decommissioning expenditures, inflation rates and discount rates. Actual costs and cash outflows can differ from estimates because of changes in law and regulations, public expectations, market conditions, discovery and analysis of site conditions and changes in technology. Decommissioning liabilities are recognized in the period when it becomes probable that there will be a future cash outflow;
- Management applies judgment in reviewing modifications of financial liabilities to determine if the modifications are considered substantial, including the consideration of qualitative and quantitative factors. The classification of a modification as non-substantial or substantial impacts the accounting treatment for the financial liability as to the implementation of modification accounting or extinguishment accounting and as such, may have material implications on the Financial Statements;
- Management applies judgment in determining appropriate discount rates used in the fair value measurement of amended debt as the discount rates used can significantly impact the fair value determination of these instruments. The Company's fair value determination of amended debt is further discussed in Note 21 of the Financial Statements; and
- The Financial Statements have been prepared on a going concern basis, which assumes the realization of assets and discharge of liabilities and commitments in the normal course of business within the foreseeable future. Management uses judgment to assess

the Company's ability to continue as a going concern and the conditions that cast doubt upon the use of the going concern assumption.

RELATED PARTY TRANSACTIONS

Key Management Compensation

The aggregate compensation of executive management and directors is summarized as follows:

(\$000s)	Year Ended December 31	
	2025	2024
Salary, bonus and fees	844	833
Termination payments	85	20
Share-based compensation	1,390	91
Total remuneration	2,319	944

Related Party Transactions

On May 15, 2023, former Noteholder, PCEP Canadian Holdco, LLC ("PCEP"), acquired a majority interest in PPR following a recapitalization transaction, thereby obtaining control of PPR. PCEP is a subsidiary of Prudential Private Capital, a unit of PGIM, Inc. ("PGIM"), the ultimate parent of PPR.

PCEP Canadian Holdco, LLC is the immediate holding and parent company of PPR. Please see the "Shareholders' Equity (Deficit)" section with regards to PCEP's participation in the equity offerings in February 2025 and March 2025.

The First Lien Loan is held with PGIM, Inc., the ultimate parent of PPR. The First Lien Loan and related transactions are described in the "Debt" section.

The Second Lien Notes are held by Prudential Capital Energy Partners, L.P., a subsidiary of PPR's ultimate parent, PGIM. The Second Lien Notes and related transactions are described in the "Debt" section.

The First Lien Loan debt is held by PGIM, Inc.'s general account (the "Senior Debt") and the Senior Debt is separately managed from the Second Lien Notes and equity held by the PGIM Capital Partners mezzanine fund (held by PCEP). There is a wall separating the management of the Senior Debt and PCEP, and all negotiations with the management of the Senior Debt are conducted at arm's-length, consistent with negotiations with other third parties.

Following the Preferred Share Financing and 2025 Debt Amendments on October 31, 2025, PPR Canadian Pref Holdco, LLC (and an affiliate of PCEP) holds (i) 264,848 Class A preferred shares in the capital of the Company's subsidiary, Prairie Provident Resources Canada Ltd.; and (ii) Preferred Share Financing Warrants exercisable for 12,634,133 PPR Common Shares (as described in "Shareholders' Equity (Deficit)" section).

RESTATEMENTS

At December 31, 2024 and in the fourth quarter of 2024, the Company made certain corrections to the prior period financial statements as outlined in Note 24 of the annual financial statements for the year ended December 31, 2024 and 2023. Prior period comparative information has been restated to reflect those adjustments. Note 24 of the annual financial statements for the year ended December 31, 2024 and 2023 also details the impact to affected prior period financial statements, including December 31, 2023 financial statement line items (audited) and 2024 quarterly interim period results financial statement line items (unaudited) of those restatements.

RISK FACTORS, RISK MANAGEMENT AND UNCERTAINTIES

PPR is exposed to various market and operational risks. PPR's operations are conducted in the same business environment as most other Canadian oil and gas operators and the business risks are very similar. Significant risks are summarized below. Additional risks are provided in the "Risk Factors" section of the 2025 Annual Information Form filed on SEDAR+ at www.sedarplus.ca or on PPR's website at www.ppr.ca and in the "Forward-Looking Information" in the "Advisories" section of this MD&A.

Risks Associated with Commodity Prices

- PPR's operational results and financial condition, and therefore the amount of capital expenditures, are dependent on the prices received for crude oil and natural gas production. Decreasing crude oil and natural gas prices and/or widening of oil price differentials will affect the Company's cash flows, impact its level of capital expenditures and may result in the shut-in of certain producing properties. Longer-term adverse forward pricing outlook could also result in write-down of the Company's carrying values of its oil and gas assets.
- The Revolving Facility has a reserves-based borrowing capacity. Decreases in future commodity prices may negatively impact the borrowing capacity and restrict PPR's liquidity and impact the Company's ability to meet the associated covenants.
- PPR may manage the risk associated with changes in commodity prices by entering into crude oil or natural gas price derivative contracts. If PPR engages in activities to manage its commodity price exposure, it may forego the benefits it would otherwise experience if commodity prices were to increase. In addition, activities related to commodity derivative contracts could expose the Company to losses. To the extent that PPR engages in risk management activities related to commodity prices, it would be subject to the credit risks associated with the counterparties with which it contracts.

Risks Associated with Operations

- The markets for crude oil and natural gas produced in Western Canada are dependent upon available capacity to refine crude oil and process natural gas as well as pipeline or other methods to transport the products to consumers. Pipeline capacity and natural gas liquids fractionation capacity in Alberta have not kept pace with the drilling of liquids-rich gas properties in some areas of the province which may limit production periodically.
- Exploration and development activities may not yield anticipated production, and the associated cost outlay may not be recovered. In addition, the costs and expenses of drilling, completing and operating wells are often uncertain.
- Continuing production from a property is largely dependent upon the ability of the operator of that property. A portion of PPR's production is either operated by third parties or dependent on third-party infrastructure and PPR has limited ability to influence costs on partner-operated properties. To the extent the operator fails to perform their duties properly, PPR's operating income from such properties may be reduced.
- Exploration and development activities are dependent on the availability of drilling, completion and related equipment in the particular areas where the activities are conducted. Demand for limited equipment or access restrictions may negatively impact the availability of such equipment to PPR and delay exploration and development activities.
- The operations of oil and gas properties involves a number of operating and natural hazards which may result in health and safety incidents, environmental damage and other unexpected and/or dangerous conditions.
- The operations of oil and gas properties are subject to environmental regulation pursuant to local, provincial and federal legislation. Changes in these regulations could have a material adverse effect on operating and capital costs. A breach of such legislation may result in the imposition of fines as well as higher operating standards that may increase costs. Public support for climate change action has grown in recent years. Governments in Canada and globally have responded to these shifting societal attitudes by adopting ambitious emissions reduction targets and supporting legislation. Existing and future laws and regulations may impose significant compliance costs or liabilities on failure to comply with requirements. Additionally, the impact of climate change results in physical risks as extreme variability of weather patterns could result in the damage of physical assets, significant downtime or other operational disruptions.
- PPR's corporate environment, health and safety program has a number of specific policies and practices to minimize the risk of safety hazards and environmental incidents. It also includes an emergency response program should an incident occur. If areas of higher risk are identified, PPR will undertake to analyze and recommend changes to reduce the risk including replacement of specific infrastructure. In addition to the above, PPR maintains business interruption insurance, commercial general liability insurance as well as specific environmental liability insurance, in amounts consistent with industry standards. Although PPR carries industry standard property and liability insurance on its properties, losses associated with potential incidents could potentially exceed insurance coverage limits.

Risks Associated with Reserve Estimates

- The reservoir and recovery information in reserve reports prepared by independent reserve evaluators are estimates and actual

production and recovery rates may vary from the estimates and the variations may be significant. The reserves estimation process is inherently complex and subjective. The process relies on interpretations of available geological, geophysical, engineering, economic and production data. The accuracy of a reserves estimate is a function of the quality and quantity of available data, the interpretation of that data, the accuracy of various economic assumptions and the judgement of those preparing the estimate. Reserves data impacts not only PPR's financial statements, but also business decisions such as those pertaining to merger and acquisitions, and the assessment of capital projects for development and budgeting. Uncertainties around reserves estimates could have a profound impact on PPR's financial position, operating performance and strategic plans.

Risks Associated with Capital Resources

- Absent capital reinvestment or acquisition, PPR's reserves and production levels from petroleum and natural gas properties will decline over time as a result of natural declines. As a result, cash generated from operating these properties may decline. A decrease in reserves levels will also negatively impact the borrowing base under outstanding credit facilities.
- PPR is required to comply with covenants under outstanding debt agreements. In the event the Company does not comply with the covenants, its access to capital may be restricted. Any additional indebtedness brings the Company closer to its financial covenant limits, which increases the possibility of adverse changes in revenues, expenses, assets or liabilities resulting in non-compliance with financial covenants. Any such future non-compliance could result in adverse action by the lenders, including the imposition of limits on further borrowing.
- There have been high levels of price and volume volatility of publicly-traded securities in the last couple of years, particularly in the oil and natural gas exploration and development industry. Fluctuations in prices have not necessarily been related to the operating performance, underlying asset values or prospect of such companies. Market fluctuations may hinder the Company's ability to raise equity.
- To the extent that external sources of capital become limited or unavailable or available on unfavourable terms, PPR's ability to make capital investments, meet its capital commitments, and maintain or expand existing assets and reserves may be impaired and PPR's assets, liabilities, business, financial condition, and results of operations may be materially or adversely affected as a result.
- Fluctuations in interest rates could result in increases in the amount PPR pays to service future debt. World oil prices are quoted in US dollars and the price received by Canadian producers is therefore affected by the Canadian/US dollar exchange rate. A material increase in the value of the Canadian dollar may negatively impact PPR's net production revenue.
- PPR is exposed to exchange rate risk from its US dollar denominated long-term debt. Material adverse changes to the Canadian dollar and US dollar exchange rate could negatively impact PPR's cash flow related to interest and principal payments.
- Although the Company monitors the credit worthiness of third parties with which it contracts, there can be no assurance that the Company will not experience a loss for non-performance by any counterparty with whom it has a commercial relationship. Such events may result in material adverse consequences to the business of the Company.

Risks Associated with Acquisitions

- Acquisitions of oil and gas properties or companies are based in large part on engineering, environmental and economic assessments made by the acquirer, independent engineers and consultants. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and natural gas, environmental restrictions and prohibitions regarding releases and emissions of various substances, future prices of oil and natural gas and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the Company's control. All such assessments involve a measure of geological, engineering, environmental and regulatory uncertainty that could result in lower production and reserves or higher operating or capital expenditures than anticipated.
- Although select title and environmental reviews are conducted prior to any purchase of resource assets, such reviews cannot guarantee that any unforeseen defects in the chain of title will not arise to defeat the Company's title to certain assets or that environmental defects, liabilities or deficiencies do not exist or are greater than anticipated. Such deficiencies or defects could adversely affect the value of the assets and the Company's securities.
- There may be liabilities that the Company failed to discover or was unable to quantify in its due diligence review conducted prior to the execution of an acquisition, and which could have a material adverse effect on the Company's business, financial condition or future prospects.

- Achieving the benefits of an acquisition depends in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as the Company's ability to realize the anticipated growth opportunities and synergies from integrating the assets into its existing portfolio of properties. The integration of the assets requires the dedication of substantial management effort, time and resources, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the disruption of ongoing business, customer and employee relationships that may adversely affect its ability to achieve the anticipated benefits of the acquisition.

General Business Risks

- The operations of PPR are conducted under permits issued by the federal and provincial governments and these permits must be renewed periodically. The federal and provincial governments may make operating requirements more stringent, which may require additional spending.
- Provincial programs, including royalty regimes and environmental regulations, related to the oil and gas industry may change in a manner that adversely impacts the Company. Future amendments to any of these programs could result in reduced cash flow and operating results.
- The use of fracture stimulations has been ongoing safely in an environmentally responsible manner in Western Canada for decades. With the increase in the use of fracture stimulations in horizontal wells, there is increased communication between the oil and natural gas industry and a wider variety of stakeholders regarding the responsible use of this technology. This increased attention to fracture stimulations may result in increased regulation or changes of law, which may make the conduct of PPR's business more expensive or prevent the Company from conducting its business as it currently does.
- The operation of oil and gas properties requires physical access for people and equipment on a regular basis, which could be affected by weather, accidents, government regulations or third-party actions.
- Skilled labor is necessary to run operations (both those employed directly by PPR and by the Company's contractors) and there is a risk that it may have difficulty sourcing skilled labor which could lead to increased operating and capital costs.
- The loss of a member of PPR's senior management team and/or key technical operations employee could result in a disruption to the Company's operations.
- Income tax laws, other laws or government incentive programs relating to the oil and gas industry, may in the future be changed or interpreted in a manner that affects PPR or its stakeholders.
- The Company has become increasingly dependent on the availability, capacity, reliability and security of its information technology (IT) systems and infrastructure. Should access to these systems be significantly interrupted, the operations of the Company could be disrupted.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures ("DC&P") seek to ensure that information to be disclosed by Prairie Provident is accumulated and communicated to management, as appropriate, to allow timely decisions regarding required disclosures. The Executive Chairman and Interim Chief Financial Officer have maintained, designed, or caused to be designed under their supervision, disclosure controls and procedures, as defined by National Instrument 52-109 Certification, to provide reasonable assurance that (i) material information relating to the Company is made known to the Company's Executive Chairman by others, particularly during the period in which the annual and interim filings are prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation. As at December 31, 2025, the Executive Chairman and Interim Chief Financial Officer evaluated the effectiveness of the design and operation of the Company's DC&P. Based on their evaluation, the Executive Chairman and Interim Chief Financial Officer concluded that the Company's DC&P were effective as at December 31, 2025. All control systems by their nature can only provide reasonable, but not absolute, assurance that the objectives of the control system are met.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND OFFICER CERTIFICATIONS

Internal control over financial reporting ("ICFR") is a process designed to provide reasonable assurance that all of the Company's assets are safeguarded and transactions are appropriately authorized, and to facilitate the preparation of relevant, reliable and timely

information. Due to inherent limitations, ICFR may not prevent or detect all misstatements due to fraud or error.

The Company's Executive Chairman and/or Chief Executive Officer has maintained, designed, or caused to be designed under their supervision, internal control over financial reporting as defined in National Instrument 52-109. The control framework used by PPR's officer to design and evaluate the Company's ICFR is the Internal Control – Integrated Framework (2013) published by The Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on their evaluation, the Company's Executive Chairman has concluded that the Company's ICFR was effective as of December 31, 2025. There have been no changes in the Company's ICFR during the period from January 1, 2025 to December 31, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

ADVISORIES

NON-GAAP AND OTHER FINANCIAL MEASURES

The Company uses terms within the MD&A that do not have a standardized prescribed meaning under IFRS and these measurements may not be comparable with the calculation of similar measurements used by other companies. Non-GAAP and other financial measures are provided as supplementary information by which readers may wish to consider the Company's performance but should not be relied upon for comparative or investment purposes. Readers must not consider Non-GAAP and other financial measures in isolation or as a substitute for analysis of the Company's financial results as reported under IFRS. Non-GAAP and other financial measures may include Non-GAAP measures, Non-GAAP ratios, capital management measures, supplementary measures and total of segment measures. The Non-GAAP and other financial measures used in this report are summarized as follows:

Operating Netback

Operating netback is a Non-GAAP financial measure commonly used in the oil and gas industry, which the Company believes is a useful measure to assist management and investors to evaluate operating performance. Operating netback included in this report were determined by taking oil and gas revenues less royalties and operating expenses. Operating netback, after realized gains (losses) on derivatives, adjusts the operating netback for only the realized portion of gains and losses on derivatives. Operating netback may be expressed in absolute dollar terms or on a per boe basis. Per boe amounts are determined by dividing the absolute value by working interest production. Operating netback per boe and operating netback, after realized gains (losses) on derivatives per boe are Non-GAAP financial ratios.

The following table provides a calculation of operating netback:

(\$000s)	Q4 2025	Q3 2025	Q4 2024	YTD 2025	YTD 2024
Petroleum and natural gas sales	8,786	9,394	11,111	41,807	43,246
Royalties	(1,116)	(1,040)	(567)	(4,920)	(5,578)
Operating expenses	(7,213)	(6,417)	(6,586)	(25,929)	(27,882)
Operating netback	457	1,937	3,958	10,958	9,786
Realized loss on derivatives	-	-	-	-	(485)
Operating netback, after realized loss on derivatives	457	1,937	3,958	10,958	9,301

Adjusted Funds Flow ("AFF")

AFF is a Non-GAAP financial measure calculated based on net cash from operating activities before changes in non-cash working capital, transaction costs, restructuring costs and other non-recurring items. The Company believes that AFF provides a useful measure of the Company's operational performance on a continuing basis by eliminating certain non-cash charges and charges that are non-recurring or discretionary. Management utilizes the measure to assess the Company's ability to finance capital expenditures and debt repayments. AFF as presented is not intended to represent cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS. AFF per share is calculated based on the weighted average number of common shares outstanding consistent with the calculation of earnings per share. AFF per share is a Non-GAAP ratio.

The following table reconciles cash flow from operating activities to AFF and AFF excluding decommissioning settlements:

(\$000s)	Q4 2025	Q3 2025	Q4 2024	YTD 2025	YTD 2024
Net cash from (used in) operating activities	(10,235)	(508)	2,802	(8,752)	18
Changes in non-cash working capital	6,619	(108)	(3,607)	9,451	(2,350)
Transaction, restructuring and other costs	(120)	59	(46)	(93)	195
AFF	(3,736)	(557)	(192)	606	(2,137)
Decommissioning liability settlements	2,213	827	1,691	3,587	3,627
AFF excluding decommissioning liability settlements	(1,523)	270	1,499	4,193	1,490

Bank Adjusted EBITDAX

The Company monitors its capital structure and liquidity based on the ratio of Debt to Bank Adjusted EBITDAX, which is a capital management measure, as defined below. The ratio provides a measure of the Company's ability to manage its debt levels under current operating conditions. "Debt" refers to the Company's borrowings under its First Lien Loan and Second Lien Notes. "Bank Adjusted EBITDAX" corresponds to defined terms in the Company's debt agreements and means net income (loss) before financing charges, foreign exchange gain (loss), E&E expense, income taxes, depreciation, depletion, amortization, other non-cash items of expense and non-recurring items, adjusted for major acquisitions and material dispositions assuming that such transactions had occurred on the first day of the applicable calculation period. As transaction costs related to business combinations are non-recurring costs, Bank Adjusted EBITDAX is calculated excluding transaction costs, as a meaningful measure of continuing net income. For purposes of calculating covenants under long-term debt, Bank Adjusted EBITDAX is determined using financial information from the most recent four consecutive fiscal quarters.

The following is a reconciliation of Bank Adjusted EBITDAX to the nearest IFRS measure, income (loss) before income tax:

(\$000s)	Q4 2025	Q3 2025	Q4 2024	YTD 2025	YTD 2024
Income (Loss) before income tax	5,477	(6,897)	(10,123)	(14,058)	(16,964)
Add (deduct):					
Finance costs	4,419	4,623	4,213	17,744	15,147
Depletion and depreciation of property and equipment	2,327	2,555	2,318	10,155	8,979
Depreciation on right-of-use assets	56	56	75	223	330
Exploration and evaluation expense	1	2	19	28	19
Unrealized gain on derivatives	-	-	-	-	(416)
Impairment expense (reversal)	1,755	(252)	4,916	5,323	5,517
Foreign exchange (gain) loss	80	307	211	(313)	1,090
Change in other liabilities	216	154	268	751	821
Share-based compensation expense	341	394	(72)	1,547	98
Gain on property dispositions	-	-	(138)	(125)	(2,440)
Gain on warrant liability	(1,895)	-	-	(1,895)	-
Transaction and restructuring costs	(120)	(692)	(46)	(844)	195
Loss (gain) on debt modification	(13,590)	-	(1)	(13,725)	(10,855)
Bank Adjusted EBITDAX	(933)	250	1,640	4,811	1,521

Capital Expenditures and Net Capital Expenditures

Capital expenditures and net capital expenditures are Non-GAAP financial measure commonly used in the petroleum and natural gas industry, which the Company believes are useful measures to assist management and investors to assess the Company's investment in its existing asset base. Capital expenditures is calculated as the sum of property and equipment expenditures and exploration and evaluation expenditures from the consolidated statements of cash flows that is most directly comparable to cash flows used in investing activities. Net capital expenditures is calculated as capital expenditures, plus acquisitions from business combinations, which is the outflow cash consideration paid to acquire oil and gas properties, less asset dispositions (net of acquisitions), which is the cash proceeds from the disposition of producing properties and undeveloped lands.

The following table provides a calculation of capital expenditures and net capital expenditures:

(\$000s)	Q4 2025	Q3 2025	Q4 2024	YTD 2025	YTD 2024
Exploration and evaluation asset expenditures	-	-	-	-	-
Property and equipment expenditures	9,059	115	9,083	20,120	10,757
Capital expenditures	9,059	115	9,083	20,120	10,757
Asset dispositions, net of acquisitions	(42)	(12)	(60)	22	(24,413)
Net capital expenditures	9,017	103	9,023	20,142	(13,656)

Working Capital (Deficit) and Adjusted Working Capital (Deficit)

Working capital (deficit), also known as net current assets (liabilities), is a Non-GAAP financial measure, calculated as current assets less current liabilities.

Adjusted working capital (deficit) used in conjunction with debt and the calculation of "Adjusted Net Debt" below for the purpose of determining Total Leverage Ratio covenant and certain defined terms under the Company's debt agreements (see "Capital Resources and Liquidity - Debt" section above), is a Non-GAAP financial measure. Adjusted working capital (deficit) is calculated as current assets excluding derivative assets and assets-held-for-sale and current liabilities, excluding the current portions of long-term debt, lease liabilities, decommissioning obligations, derivative liabilities, other non-cash liabilities and liabilities held for sale. In addition to measuring covenant compliance, this measure is used to assist management and investors in understanding liquidity at a specific point in time.

The following table provides a calculation of working capital (deficit) and adjusted working capital (deficit):

(\$000s)	December 31 2025	September 30 2025	December 31 2024
Working capital (deficit)			
Current assets	20,750	13,578	18,261
Current liabilities	(20,889)	(93,622)	(89,963)
Working capital (deficit)	(139)	(80,044)	(71,702)
Adjusted working capital (deficit)			
Current assets	20,750	13,578	18,261
Current liabilities	(20,889)	(93,622)	(89,963)
Excluding:			
Derivative liabilities	-	-	-
Current portion of debt	-	65,745	55,572
Current portion of lease liabilities	74	759	2,350
Current portion of decommissioning liabilities	5,871	5,931	6,260
Current portion of other liabilities	252	267	267
Adjusted working capital (deficit)	6,058	(7,342)	(7,253)

Net Debt and Adjusted Net Debt

Net debt is a Non-GAAP measure, defined as debt, plus working capital (deficit). Net debt is a measure commonly used in the oil and gas industry for assessing the liquidity of a company.

Adjusted net debt is a Non-GAAP measure and used in conjunction with adjusted working capital (deficit) for the purpose of determining Total Leverage Ratio covenant and certain defined terms under the Company's debt agreements (see "Capital Resources and Liquidity - Debt" section above). Adjusted net debt is calculated as the principal debt amount from lenders, plus adjusted working capital (deficit) determined in accordance with the Company's debt agreements. The principal debt amount from lenders differs from the carrying amount of the debt in the financial statements as reported under IFRS as outlined in the "Debt" section.

The following table provides a calculation of net debt and adjusted net debt:

(\$000s)	December 31 2025	September 30 2025	December 31 2024
Net debt			
Working capital (deficit) ⁽¹⁾	(139)	(80,044)	(71,702)
Debt (non-current portion)	(55,621)	-	-
Net debt	(55,760)	(80,044)	(71,702)
Adjusted net debt			
Adjusted working capital (deficit) ⁽¹⁾	6,058	(7,342)	(7,253)
Principal debt	(73,226)	(70,479)	(64,901)
Adjusted net debt	(67,168)	(77,821)	(72,154)

(1) Working capital (deficit) and Adjusted working capital (deficit) are Non-GAAP and other financial measures and is determined as defined above.

BARRELS OF OIL EQUIVALENT

The petroleum and natural gas industry commonly expresses production volumes and reserves on a “barrel of oil equivalent” basis (“boe”) whereby natural gas volumes are converted at the ratio of six thousand cubic feet (6 Mcf) to one barrel (1 bbl) of crude oil. The intention is to sum oil and natural gas measurement units into one basis for improved analysis of results and comparisons with other industry participants.

Throughout the MD&A, the Company has used the 6:1 boe measure, which is the approximate energy equivalency of the two commodities at the burner tip. Boe does not represent a value equivalency at the wellhead nor at the plant gate, which is where the Company sells its production volumes and therefore may be a misleading measure, particularly if used in isolation. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a 6:1 conversion may be misleading as an indication of value.

FORWARD-LOOKING INFORMATION

Certain statements and information in this MD&A may constitute forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond the Company’s control. All statements regarding the Company’s strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. The words “could,” “believe,” “anticipate,” “intend,” “plan,” “estimate,” “expect,” “may,” “continue,” “predict,” “potential,” “project” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words.

Forward-looking statements may include statements with respect to, among other things:

- estimates of the Company’s oil and natural gas reserves;
- estimates of the Company’s future oil, natural gas and NGL production, including estimates of any increases or decreases in the Company’s production;
- estimates of future capital expenditures;
- estimates and judgements related to common share and warrants valuations;
- the Company’s future financial condition and results of operations;
- the source of funding for the Company’s activities, including development costs;
- the Company’s future revenues, cash flows and expenses;
- the Company’s access to capital and expectations with respect to liquidity and capital resources;
- the Company’s future business strategy and other plans and objectives for future operations;
- the Company’s future development opportunities and production mix;
- the Company’s outlook on oil, natural gas and NGL prices;
- the anticipated benefits of merger and acquisitions, including prospective operating synergies, G&A cost savings, improved economies of scale, risk of drilling opportunities and marketplace liquidity;
- the anticipated timeframe for the closing of mergers and acquisitions;
- the amount, nature and timing of future capital expenditures, including future development costs;
- the Company’s ability to access the capital markets to fund capital and other expenditures;
- the Company’s expectations regarding its ability to raise capital and to add reserves and grow production through acquisitions, exploration and development;

- the Company's assessment of the its counterparty risk and the ability of the Company's counterparties to perform their future obligations;
- the impact of federal, provincial, territorial and local political, legislative, regulatory and environmental developments in Canada; and
- the impact of US administration and Canadian government foreign policies, including the impact of tariffs or threat of tariffs or potential export restrictions in Canada.

The Company believes the expectations and forecasts reflected in the Company's forward-looking statements are reasonable, but the Company can give no assurance that they will prove to be correct. Readers are cautioned that these forward-looking statements can be affected by inaccurate assumptions and are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond the Company's control, incident to the exploration for and development, production and sale of oil and natural gas. When considering forward-looking statements, you should keep in mind the assumptions, risk factors and other cautionary statements that include, among other things:

- the volatility of oil, natural gas and NGL prices, and the related differentials between realized prices and benchmark prices;
- a continuation of depressed natural gas prices;
- the availability of capital on economic terms to fund the Company's capital expenditures and potential acquisitions;
- the Company's ability to obtain adequate financing to pursue other business opportunities;
- the Company's ability to reach an agreement with counterparties to new financing arrangements on terms and conditions that are acceptable to the Company or at least as favorable to the Company than those of the existing credit facilities, or will improve the Company's liquidity profile;
- the Company's ability to generate sufficient cash flow from operations or obtain adequate financing to fund the Company's capital expenditures and meet working capital needs;
- the Company's ability to replace and sustain production;
- a lack of available drilling and production equipment, and related services and labor;
- increases in costs of drilling, completion and production equipment and related services and labor;
- unsuccessful exploration and development drilling activities;
- regulatory and environmental risks associated with exploration, drilling and production activities;
- declines in the value of the Company's oil and natural gas properties, resulting in impairments;
- the adverse effects of changes in applicable tax, new or additional tariffs, environmental and other regulatory legislation;
- a deterioration in the demand for the Company's products;
- the risks and uncertainties inherent in estimating proved oil and natural gas reserves and in projecting future rates of production and the timing of expenditures;
- intense competition with companies with greater access to capital and staffing resources;
- the risks of conducting operations in Canada and the impact of pricing differentials, fluctuations in foreign currency exchange rates and political developments on the financial results of the Company's operations; and
- the uncertainty related to pending litigation against the Company.

Should one or more of the risks or uncertainties described above or elsewhere in this MD&A occur, or should underlying assumptions prove incorrect, the Company's actual results and plans could differ materially from those expressed in any forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A, and the Company undertakes no obligation to update this information to reflect events or circumstances after the delivery of this MD&A. All forward-looking statements, expressed or implied, included in this MD&A are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that the Company may make or persons acting on the Company's behalf may issue.

