Interim Condensed Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2026 and 2025

Dated: May 14, 2026

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

As at ($000s)	Note	**March 31 2026**	December 31 2025
ASSETS			
Current assets			
Cash		**1,377**	7,378
Restricted deposit	16	**4,112**	4,112
Accounts receivable	16	**7,025**	5,670
Prepaid expenses and other assets		**3,715**	3,590
Total current assets		**16,229**	20,750
Non-current assets			
Exploration and evaluation assets	4	**3,340**	3,404
Property and equipment	5	**99,119**	102,165
Right-of-use assets		**161**	180
Other assets		**508**	508
Total non-current assets		**103,128**	106,257
Total assets		**119,357**	127,007
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**11,950**	14,692
Current portion of lease liabilities		**75**	74
Current portion of decommissioning liabilities	7	**3,676**	5,871
Current portion of other liabilities		**259**	252
Total current liabilities		**15,960**	20,889
Non-current liabilities			
Debt	6	**59,066**	55,621
Preferred share liability	8	**17,749**	17,143
Warrant liability	1,8	**4,422**	7,581
Lease liabilities		**142**	159
Decommissioning liabilities	7	**65,843**	66,749
Other liabilities		**11,749**	11,419
Total non-current liabilities		**158,971**	158,672
Total liabilities		**174,931**	179,561
Shareholders' deficit			
Share capital	1,8	**167,512**	167,463
Warrants	1,8	**1,020**	1,020
Contributed surplus		**41,238**	41,110
Accumulated deficit		**(265,104)**	(262,090)
Accumulated other comprehensive income (loss) ("AOCIL")		**(240)**	(57)
Total shareholders' deficit		**(55,574)**	(52,554)
Total liabilities and shareholders' deficit		**119,357**	127,007

Going concern	2
Subsequent events	10

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (UNAUDITED)

		Three Months Ended March 31	
($000s, except per share amounts)	Note	**2026**	2025
REVENUE AND OTHER INCOME			
Petroleum and natural gas sales	12	**10,554**	11,073
Royalties		**(1,173)**	(1,472)
Petroleum and natural gas revenue		**9,381**	9,601
Other income		**201**	-
Total revenue and other income		**9,582**	9,601
EXPENSES			
Operating	13	**5,916**	5,924
General and administrative	14	**1,891**	2,265
Depletion and depreciation of property and equipment	5	**2,191**	2,367
Exploration and evaluation	4	**64**	25
Depreciation on right-of-use assets		**19**	55
Gain on property dispositions		**-**	(125)
Gain on warrant liability revaluation	8	**(3,159)**	-
Impairment	4,5	**1,010**	1,236
Foreign exchange (gain) loss		**249**	(8)
Finance costs	15	**4,442**	4,274
Transaction, restructuring and other costs (recovery)		**(27)**	(29)
Gain on debt modification/extinguishment		**-**	(246)
Total expenses		**12,596**	15,738
Loss before income taxes		**(3,014)**	(6,137)
Total income taxes		**-**	-
Net loss		**(3,014)**	(6,137)
Other comprehensive income (loss)			
Items that may be reclassified to net loss:			
Currency translation adjustments		**(183)**	9
Total other comprehensive income (loss)		**(183)**	9
Comprehensive loss		**(3,197)**	(6,128)
Net loss per share ($)			
Basic	1,9	**$(0.06)**	$(0.14)
Diluted	1,9	**$(0.06)**	$(0.14)

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT) (UNAUDITED)

($000s)	Note	Share Capital	Warrants	Contributed Surplus	Accumulated Deficit	AOCIL	Total Equity (Deficit)
Balance, December 31, 2024		159,386	729	39,467	(248,032)	(591)	(49,041)
Issuance of Common Shares and Warrants		8,451	215	-	-	-	8,666
Share issuance costs		(400)	76	-	-	-	(324)
Share-based compensation	10	-	-	450	-	-	450
Settlement of share-based compensation, net of withholding tax		1	-	-	-	-	1
Currency translation adjustments		-	-	-	-	9	9
Net loss		-	-	-	(6,137)	-	(6,137)
Balance, March 31, 2025		167,438	1,020	39,917	(254,169)	(582)	(46,376)
Balance, December 31, 2025		**167,463**	**1,020**	**41,110**	**(262,090)**	**(57)**	**(52,554)**
Share-based compensation	10	**-**	**-**	**192**	**-**	**-**	**192**
Settlement of share-based compensation, net of withholding tax	8,10	**49**	**-**	**(64)**	**-**	**-**	**(15)**
Currency translation adjustments		**-**	**-**	**-**	**-**	**(183)**	**(183)**
Net loss		**-**	**-**	**-**	**(3,014)**	**-**	**(3,014)**
Balance, March 31, 2026		**167,512**	**1,020**	**41,238**	**(265,104)**	**(240)**	**(55,574)**

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

($000s, except per share amounts)	Note	Three Months Ended March 31 **2026**	2025
OPERATING ACTIVITIES			
Net loss		**(3,014)**	(6,137)
Adjustments for non-cash items:			
Impairment expense	4,5	**1,010**	1,236
Depletion and depreciation of property and equipment	5	**2,191**	2,367
Depreciation on right-of-use assets		**19**	55
Exploration and evaluation expense	4	**64**	25
Accretion expense - Decommissioning liabilities	7	**603**	602
Unrealized foreign exchange loss (gain)		**207**	(10)
Change in other liabilities		**197**	191
Gain on property dispositions		**-**	(125)
Gain on warrant liability revaluation	8	**(3,159)**	-
Gain on debt modification/extinguishment		**-**	(246)
Share-based compensation	10	**178**	418
Allowance for doubtful accounts and bad debts	16	**4**	100
Interest expense and finance costs – Debt	11,15	**3,238**	3,553
Interest expense – Preferred share liability	8,15	**606**	-
Settlements of decommissioning liabilities	7	**(3,539)**	(218)
Change in non-cash working capital	11	**(4,151)**	(6,005)
Cash used in operating activities		**(5,546)**	(4,194)
INVESTING ACTIVITIES			
Property and equipment expenditures	5	**(306)**	(8,023)
Proceeds from dispositions, net of acquisitions		**-**	(76)
Change in non-cash working capital	11	**(118)**	2,015
Cash used in investing activities		**(424)**	(6,084)
FINANCING ACTIVITIES			
Issuance of Common Shares and Warrants for cash		**-**	8,666
Issuance costs		**-**	(324)
Settlement of share-based compensation, including withholding tax and net of proceeds		**(15)**	1
Repayments of principal related to lease liabilities		**(16)**	(498)
Repayment of First Lien Loan debt		**-**	(446)
Change in non-cash working capital	11	**-**	446
Cash from (used in) financing activities		**(31)**	7,845
Change in cash		**(6,001)**	(2,433)
Cash, beginning of period		**7,378**	4,722
Cash, end of period		**1,377**	2,289

See accompanying notes to the interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2026 and 2025

1. REPORTING ENTITY

Prairie Provident Resources Inc. (“PPR” or the “Company”) was incorporated under the laws of the province of Alberta on July 29, 2016. Its principal office is located at #1000, 500 – 4th Avenue SW, Calgary, Alberta. The Company’s common shares ("Common Shares") are listed on the Toronto Stock Exchange under the symbol “PPR”.

PPR is an independent oil and natural gas exploration, development and production company. PPR’s reserves, producing properties and exploration prospects are located primarily in the province of Alberta. The Company conducts certain of its operating activities jointly with others through unincorporated joint arrangements and these consolidated financial statements reflect only the Company’s share of assets, liabilities, revenues and expenses under these arrangements. The Company conducts all of its principal business in one reportable segment.

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.

Share Consolidation

At the Company’s annual and special shareholders’ meeting held on May 22, 2025, shareholders of the Company approved a consolidation of the outstanding Common Shares of the Company, and authorizing the Company’s Board of Directors to determine a consolidation ratio between 20-to-1 and 30-to-1. 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.

2. BASIS OF PRESENTATION

Statement of Compliance

These unaudited interim condensed consolidated financial statements ("Interim Financial Statements") have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting,* as issued by the International Accounting Standards Board. They are condensed as they do not include all of the information required for full annual consolidated financial statements, and they should be read in conjunction with the audited annual consolidated financial statements of PPR as at and for the years ended December 31, 2025 and 2024 and the notes thereto (the “Annual Financial Statements”). The Interim Financial Statements have been prepared on a basis consistent with the accounting, estimation and valuation policies described in the Annual Financial Statements, other than described in Note 3 below.

The Interim Financial Statements were approved and authorized for issue by the Board of Directors of PPR on May 14, 2026.

Going Concern

These Interim 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 March 31, 2026, the Company's total principal First Lien Loan and Second Lien Notes debt was $76.2 million (December 31, 2025 - $73.2 million) with the First Lien Loan considered fully drawn (see Note 6). Following the completion of the Preferred Share Financing as of October 31, 2025 (see Note 8), Prairie Provident Resources Canada Ltd. (a subsidiary of the Company) has outstanding preferred shares with an outstanding principal amount of $27.4 million at March 31, 2026 (December 31, 2025 - $26.8 million). 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 and adjust financial covenants.

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 are 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. These Interim 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 accompanying Interim Financial Statements.

Functional and Presentation Currency

The Interim Financial Statements are presented in Canadian dollars (CAD, $ or C$), which is also the Company's functional currency. All references to US$ or USD are to United States dollars.

Use of Estimates and Judgements

The preparation of the Interim Financial Statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies are outlined in Note 2 of the Annual Financial Statements.

3. MATERIAL ACCOUNTING POLICIES

The following are the accounting policies that management considers material to the users of the Interim Financial Statements. 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 Interim Financial Statements.

The Company's material accounting policies under IFRS are presented in Note 3 of the Annual Financial Statements. Certain information and disclosures normally required to be included in the notes to the Annual Financial Statements prepared in accordance with IFRS have been condensed or omitted in the Interim Financial Statements.

Adoption of amendments to accounting standards

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. The amendments had no material impact on the Company's Interim 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 on the financial statements.

4. EXPLORATION AND EVALUATION ASSETS

($000s)	Total
Cost	
Balance, December 31, 2025	65,267
Change in estimates in decommissioning liabilities (Note 7)	1,507
Exploration and evaluation expense	(64)
Balance, March 31, 2026	**66,710**
Impairment	
Balance, December 31, 2025	(61,863)
Impairment expense	(1,507)
Balance, March 31, 2026	**(63,370)**
Carrying amounts	
December 31, 2025	3,404
March 31, 2026	**3,340**

Exploration and evaluation ("E&E") assets consist of the Company's undeveloped land and exploration and pilot projects which are pending the determination of proved or probable reserves.

During the three months ended March 31, 2026, PPR recognized E&E expense (related to surrendered and/or expired leases) in various areas of $0.06 million (2025 - $0.02 million). The Company did not capitalize any directly attributable general and administrative expenses or share-based compensation to E&E assets in the first quarter of 2026 (2025 - $nil).

At March 31, 2026, the Company had not identified any indicators of impairment or reversal of impairment. During the three months ended March 31, 2026, PPR recognized non-cash E&E impairment expense of $1.5 million (2025 - $0.9 million), for changes in estimates of decommissioning liabilities related to E&E properties that had $nil carrying amount.

5. PROPERTY AND EQUIPMENT

($000s)	Production and Development ("P&D")	Office Equipment	Total
Cost			
Balance, December 31, 2025	638,875	5,111	643,986
Additions	306	-	306
Capitalized share-based compensation (Note 10)	14	-	14
Decommissioning liabilities – Changes in estimates (Note 7)	(1,672)	-	(1,672)
Balance, March 31, 2026	**637,523**	**5,111**	**642,634**
Depletion, depreciation and impairment			
Balance, December 31, 2025	(536,965)	(4,856)	(541,821)
Depletion and depreciation	(2,170)	(21)	(2,191)
Impairment reversal	497	-	497
Balance, March 31, 2026	**(538,638)**	**(4,877)**	**(543,515)**
Carrying amounts			
December 31, 2025	101,910	255	102,165
March 31, 2026	**98,885**	**234**	**99,119**

As at March 31, 2026, an estimated $194.9 million in future development costs associated with proved plus probable undeveloped reserves were included in the calculation of depletion (December 31, 2025 - $195.1 million).

During the three months ended March 31, 2026, $0.1 million (2025 - $0.2 million) of directly attributable general and administrative expenses were capitalized to property and equipment and included in additions above.

At March 31, 2026, the Company did not identify any indicators of impairment or potential impairment reversals on its CGUs, thus no impairment test was required. During the three months ended March 31, 2026, PPR recognized non-cash property and equipment impairment reversal of $0.5 million (2025 - $0.3 million impairment expense) for changes in estimates of decommissioning liabilities related to P&D properties that had $nil carrying amount.

6. DEBT

At March 31, 2026, the Company's debt of $59.1 million (December 31, 2025 - $55.6 million) comprises the following:

($000s)	Principal Debt(1) March 31 2026	Principal Debt(1) December 31 2025	Carrying Amount of Debt March 31 2026	Carrying Amount of Debt December 31 2025
Revolving Facility - First Lien Loan				
USD Advance				
- US$6.6 million principal (Dec 31, 2025 - US$6.4 million)(1)	**9,200**	8,755	**7,652**	7,104
CAD Advance				
- C$54.9 million principal (Dec 31, 2025 - C$53.4 million)	**54,941**	53,368	**45,696**	43,300
Amendment Fee (Sep-24)				
- C$1.5 million principal (Dec 31, 2025 - C$1.5 million)	**1,500**	1,500	**970**	919
Total First Lien Loan	**65,641**	63,623	**54,318**	51,323
Second Lien Notes(2)				
Tranche 1 (Mar-23)				
- US$3.6 million principal (Dec 31, 2025 - US$3.6 million)(1)(2)	**5,075**	4,990	**3,999**	3,620
Additional Notes (Sep-24)				
- US$0.1 million principal (Dec 31, 2025 - US$0.1 million)(1)	**205**	202	**90**	81
Subsequent Additional Notes (Jun-25)				
- US$0.6 million principal (Dec 31, 2025 - US$0.6 million)(1)	**836**	822	**659**	597
Capitalized and accrued PIK interest(2)	**4,398**	3,589	**-**	-
Total Second Lien Notes	**10,514**	9,603	**4,748**	4,298
Carrying amounts				
Current portion of debt	**-**	-	**-**	-
Non-current portion of debt	**76,155**	73,226	**59,066**	55,621
Total debt	**76,155**	73,226	**59,066**	55,621

(1) At March 31, 2026, USD-denominated principal debt converted at an exchange rate of US$1.00 to C$1.3939 (December 31, 2025 - US$1.00 to C$1.3706).

(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 11 includes a reconciliation of the changes arising from the Company's debt.

Revolving Facility - First Lien Loan

At March 31, 2026 and December 31, 2025, 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 October 31, 2025, the Company completed its Preferred Share Financing (Note 8), 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 update financial covenants as described below.

As at March 31, 2026, the Company had $nil (December 31, 2025 - $nil) available borrowing capacity under the First Lien Loan. The First Lien Loan is considered fully drawn.

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 September 27, 2024, the Company issued US$0.15 million of additional notes (the "Additional Notes") representing accrued indebtedness on a second tranche note. The Additional Notes are non-interest bearing, not subject to a target return and not subject to a deferred compensation fee.

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 first tranche notes.

The Debt Amendments on October 31, 2025 as described above provide for: (i) 24-month extensions to the maturity date of the Second Lien Notes (to September 30, 2028); and (ii) adjustments to update financial covenants as described below.

Covenants at March 31, 2026

Following the October 31, 2025 Debt Amendments, other than the Minimum Liquidity covenant, each of the covenants begin measurement in June 2026:

Financial Covenant	First Lien Loan Requirement	Second Lien Notes Requirement	As of March 31, 2026
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	
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).

7. DECOMMISSIONING LIABILITIES

($000s)	**Total**
Balance, December 31, 2025	72,620
Change in estimates	(165)
Liabilities settled	(3,539)
Accretion expense	603
Balance, March 31, 2026	**69,519**

	March 31 2026	December 31 2025
Consisting of:		
Current portion of decommissioning liabilities	**3,676**	5,871
Non-current portion of decommissioning liabilities	**65,843**	66,749

At March 31, 2026, the Company estimated the undiscounted and uninflated total future liabilities to be approximately $112.1 million (December 31, 2025 – $112.6 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 $3.7 million is estimated to be spent in the next year.

Decommissioning liabilities at March 31, 2026 were determined using risk-free rates of 2.67% to 3.70% (December 31, 2025 – 2.67% to 3.57%) and an inflation rate of 1.9% (December 31, 2025 – 1.9%).

8. SHARE CAPITAL AND WARRANTS, PREFERRED SHARE LIABILITY AND WARRANT LIABILITY

Authorized shares

The Company has:

- Unlimited number of Common Shares.
- Unlimited number of non-voting Common Shares.

Prairie Provident Resources Canada Ltd. has:

- Unlimited number of Class A preferred shares ("Preferred Shares").

Issued and outstanding Common Shares

	Number (000s)	**Amount** ($000s)
Balance, December 31, 2025	46,719	167,463
Issued for RSU settlements	28	49
Balance, March 31, 2026	**46,747**	**167,512**

Issued and outstanding Warrants

	Number (000s)	Amount ($000s)
Balance, March 31, 2026 and December 31, 2025	**4,911**	**1,020**

	March 31, 2026		December 31, 2025	
	Number (000s)	**Amount** ($000s)	**Number** (000s)	**Amount** ($000s)
Consisting of:				
2023 Purchase Warrants(1)	**1,807**	**445**	1,807	445
2023 Broker Warrants(2)	**145**	**284**	145	284
2025 Purchase Warrants(3)	**2,875**	**215**	2,875	215
2025 Broker Warrants(4)	**84**	**76**	84	76
Total Warrants	**4,911**	**1,020**	4,911	1,020

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.

The above issued and outstanding warrants, classified as equity, excludes the Preferred Share Financing Warrants classified as liability as described below.

Preferred share liability - Issued and outstanding Prairie Provident Resources Canada Ltd. Preferred Shares

	Number (000s)	Amount ($000s)
Balance, December 31, 2025	265	17,143
Amortized interest	-	606
Balance, March 31, 2026	**265**	**17,749**

At March 31, 2026, the Company's preferred share liability of $17.7 million (December 31, 2025 - $17.1 million) comprises the following:

	Principal(1)		Carrying Amount of Liability	
($000s)	**March 31 2026**	December 31 2025	**March 31 2026**	December 31 2025
PPRC Preferred Shares				
264,848 PPRC Preferred Shares ($100/share at 8% interest per annum) $26.5 million initial principal (Issued October 31, 2025)	**27,361**	**26,839**	**17,749**	**17,143**
Total Preferred Share liability	**27,361**	**26,839**	**17,749**	**17,143**

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) 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.

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. $9.5 million of the gross proceeds was allocated to the Preferred Share Financing Warrants and the residual $16.8 million net of debt issuance costs, was allocated to the preferred share liability. The Company amortizes the preferred share liability through to March 31, 2033, the earliest repayment date.

Warrant liability - Issued and outstanding Preferred Share Financing Warrants

	Number (000s)	**Amount** ($000s)
Balance, December 31, 2025	12,634	7,581
Gain on warrant liability revaluation	-	(3,159)
Balance, March 31, 2026	**12,634**	**4,422**

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.

The Preferred Share Financing Warrants are classified as liabilities at fair value through profit or loss with subsequent changes recognized through net loss. The warrant liability is measured on recognition and subsequently at each reporting date at the Company's closing price on the Toronto Stock Exchange.

9. LOSS PER SHARE

	Three Months Ended March 31	
($000s, except Common Shares and per share amounts)	**2026**	2025
Net loss for the period ($000)	**(3,014)**	(6,137)
Weighted average number of Common Shares (000s)		
Basic	**46,738**	42,463
Diluted	**46,738**	42,463
Net loss per Common Share ($)		
Basic	**$(0.06)**	$(0.14)
Diluted	**$(0.06)**	$(0.14)

The weighted average diluted Common Shares outstanding for the three months ended March 31, 2026 and 2025, exclude the impact of all outstanding equity-settled awards issued under the Company's long-term incentive plans and warrants as they were anti-dilutive.

10. 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").

Option 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"). Under the Company's Option Plan, Options granted typically vest evenly over a three-year period and expire 5 years after the grant date.

The following table summarizes the number of Options under the Option Plan:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2025	2,095,493	$1.15
Forfeited or expired	(3,999)	$3.79
Balance, March 31, 2026	**2,091,494**	**$1.15**
Exercisable, March 31, 2026	**703,613**	**$1.21**

The following table summarizes the Company's outstanding Options at March 31, 2026:

	Options Outstanding			Options Exercisable		
Grant	**Number**	**Remaining contractual life (years)**	**Weighted Average Exercise Price**	**Number**	**Remaining contractual life (years)**	**Weighted Average Exercise Price**
April 2022	9,663	1.0	$8.40	9,663	1.0	$8.40
April 2024	60,500	3.0	$2.25	20,169	3.0	$2.25
December 2024	2,021,331	3.8	$1.08	673,781	3.8	$1.08
Total	**2,091,494**	**3.7**	**$1.15**	**703,613**	**3.7**	**$1.21**

In April 2026, pursuant to the Company's Option Plan, 1,730,000 Options were granted to directors, officers and employees of the Company. These Options are exercisable at a price of $0.44 per Common Share, with a term of five years to expiry. One third of the Options vest immediately on grant and the remaining two thirds vest evenly over a two-year period after the grant date.

Incentive Security Plan

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").

DSUs may be granted to non-management directors of the Company. DSUs vest immediately upon granting but no payment in respect of DSUs is made until the participant ceases to be a director. DSUs may be settled in Common Shares (by issuance from treasury or through the delivery of Common Shares purchased through the open market) or cash at the discretion of the Company.

RSUs may be granted to employees and management. RSUs vest evenly over a three-year period and will be settled in Common Shares or cash at the discretion of the Company.

As it is PPR's intention to settle these unit awards in Common Shares, this plan is accounted for as equity-settled.

The following table summarizes the number of awards under the Incentive Security Plan:

	DSUs	RSUs
Balance, December 31, 2025	66,664	185,555
Settled/Released	-	(52,890)
Balance, March 31, 2026	**66,664**	**132,665**

Share-based compensation

($000s)	Three Months Ended March 31 2026	2025
Stock Options	**173**	403
RSUs	**19**	47
Total shared-based compensation	**192**	450
Capitalized to property and equipment (Notes 5)	**(14)**	(32)
Expensed in general and administrative expenses (Note 14)	**178**	418

11. SUPPLEMENTAL INFORMATION

Cash Flow

The following table details the components of non-cash working capital:

($000s)	Three Months Ended March 31 2026	2025
Provided by (used in):		
Accounts receivable	**(1,359)**	458
Prepaid expenses	**(125)**	(55)
Accounts payable and accrued liabilities	**(2,760)**	(3,947)
Other liabilities	**(25)**	-
	(4,269)	(3,544)
Provided by (used in):		
Operating activities	**(4,151)**	(6,005)
Investing activities	**(118)**	2,015
Financing activities	**-**	446
	(4,269)	(3,544)
Cash interest paid – excludes debt payments	**10**	119
Debt payments	**-**	446

Financial Liabilities Reconciliation

Changes in liabilities arising from financing activities:

($000s)	First Lien Loan Debt	Second Lien Note Debt
Balance, December 31, 2025	**51,323**	**4,298**
Non-cash changes		
Interest expense and finance costs – Debt	2,868	370
Unrealized foreign exchange loss	127	80
Balance, March 31, 2026	**54,318**	**4,748**

Changes in the preferred share liability and the warrant liability are outlined in Note 8.

12. REVENUE

($000s)	Three Months Ended March 31 2026	2025
Crude oil and condensate	**9,070**	9,394
Natural gas liquids	**334**	462
Natural gas	**1,150**	1,217
Petroleum and natural gas sales	**10,554**	11,073

Included in accounts receivable at March 31, 2026 was $4.3 million of accrued petroleum and natural gas sales related to March 2026 production (December 31, 2025 – $3.2 million related to December 2025 production).

13. OPERATING EXPENSES

($000s)	Three Months Ended March 31 2026	2025
Lease operating expense	**4,025**	3,837
Transportation and processing expenses	**1,023**	1,383
Production, property and carbon taxes	**868**	704
Operating expense	**5,916**	5,924

14. GENERAL AND ADMINISTRATIVE (“G&A”) EXPENSES

($000s)	Three Months Ended March 31 2026	2025
G&A costs	**1,787**	2,034
Share-based compensation expense (Note 10)	**178**	418
Gross G&A expense	**1,965**	2,452
G&A costs capitalized to property and equipment (Note 5)	**(74)**	(187)
G&A expenses	**1,891**	2,265

15. FINANCE COSTS

($000s)	Three Months Ended March 31 2026	2025
Interest expense and finance costs – Debt	**3,238**	3,553
Interest expense – Preferred share liability (Note 8)	**606**	-
Interest expense - Lease liabilities	**6**	113
Interest expense - Other	**4**	7
Interest income	**(30)**	(16)
Accretion expense – Decommissioning liabilities (Note 7)	**603**	602
Accretion expense – Other liabilities	**15**	15
Finance costs	**4,442**	4,274

16. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

Fair Value of Financial Instruments

During the three months ended March 31, 2026 and 2025, there were no transfers among Levels 1, 2 and 3 of the fair value hierarchy (Note 3 of the Annual Financial Statements).

Risk Management

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development production and financing activities such as:

- Credit risk;
- Liquidity risk; and
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented, and monitors compliance with, risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts receivables from joint operators and petroleum and natural gas marketers.

Cash, Restricted Cash and Restricted Deposits

The Company limits its exposure to credit risk related to cash, restricted cash and restricted deposits by depositing its excess cash at March 31, 2026 of $1.4 million (December 31, 2025 - $7.5 million) and restricted deposits of $4.1 million (December 31, 2025 – $4.1 million) only with financial institutions that have investment grade credit ratings. The restricted deposits includes guaranteed investment certificates with maturity dates of one year or less.

Accounts Receivable

All of the Company's operations are conducted in Canada. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. All of the Company's petroleum and natural gas production is marketed under standard industry terms. Accounts receivable from petroleum and natural gas marketers are normally collected on the 25th day of the month following production. The Company's policy to mitigate credit risk associated with these balances is to establish marketing relationships with a number of large purchasers and by entering into sales contracts with only established, credit-worthy counterparties. The Company historically has not experienced any collection issues with its petroleum and natural gas marketers.

PPR executes its derivative contracts with credit-worthy counterparties believed to have low credit risk. The Company historically has not experienced any collection issues with its derivative instruments counterparties.

Receivables from joint operators are typically collected within one to three months of the joint venture bill being issued. The Company attempts to mitigate the risk from joint venture receivables by obtaining the partners' pre- approval of significant capital expenditures. However, the receivables are from participants in the petroleum and natural gas sector, and collection of the balances is dependent on industry factors such as commodity price fluctuations, escalating costs and the risk of unsuccessful drilling. In addition, further risks exist with joint operators as disagreements occasionally arise that may increase the potential for non-collection. The Company does not typically obtain collateral from its marketers or joint operators; however, the Company can withhold production from joint operators in the event of non-payment or may be able to register security on the assets of joint operators.

For the three months ended March 31, 2026, PPR received approximately 80% of its revenue from three purchasers (2025 – 75% of its revenue from two purchasers).

The maximum exposure to credit risk for loans and receivables at the reporting date by type of customer was:

($000s)	**March 31 2026**	December 31 2025
Petroleum and natural gas marketing companies	**4,543**	3,356
Joint venture partners	**1,229**	1,020
Government agencies	**885**	840
Other	**368**	454
Total accounts receivable	**7,025**	5,670

The Company's accounts receivable are aged as follows:

Current (less than 90 days)	**5,164**	4,368
Past due (more than 90 days)	**1,861**	1,302
Total accounts receivable	**7,025**	5,670

PPR recognized an allowance for doubtful accounts of $0.1 million as at March 31, 2026 (December 31, 2025 - $0.2 million). When determining whether amounts that are past due are collectible, management assesses the creditworthiness and past payment history of the counterparty, as well as the nature of the past due amount.

Liquidity Risk and Capital Management

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. As outlined in Note 6, at March 31, 2026, the Company had $nil borrowing capacity under the Second Lien Loan. This, and the information provided in Note 2 (Going Concern), results in material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

As at March 31, 2026, 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 March 31, 2026:

($000s)	**Total**	**<1 Year**	**1-3 Years**	**4-5 Years**	**>5 Years**
Accounts payable and accrued liabilities	11,950	11,950	-	-	-
Lease liabilities	262	93	126	12	31
Debt(1)	93,282	2,133	91,149	-	-
Preferred share liability	46,902	-	-	-	46,902
Total	**152,396**	**14,176**	**91,275**	**12**	**46,933**

(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 (Note 6).

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 (term as are defined in Note 6). 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 March 31, 2026, the Company was not in breach of its financial covenants. Refer to Note 6 for additional details.

Market Risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates will affect the Company's income or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing returns.

The Company may use financial derivative contracts to manage market risks as disclosed below. All such transactions are conducted within risk management tolerances that are reviewed by the Board of Directors.

Currency Risk

Currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. Substantially all of the Company's petroleum and natural gas sales are conducted in Canada and are denominated in Canadian dollars. Canadian commodity prices are influenced by fluctuations in the Canada to United States dollar exchange rate. Prices for oil are determined in global markets and generally denominated in United States dollars. The Company is exposed to currency risk in relation to its US dollar denominated long-term debt. The exposure to fluctuations of the US dollar and Canadian dollar exchange rate, serves as natural hedges to the US dollar denominated debt.

The following table demonstrates the effect of a 10% strengthening or weakening of the Canadian/US exchange rate on the Company's loss before taxes due to changes in the unrealized gain or loss on revaluation of outstanding US dollar denominated long-term debt at March 31, 2026:

	Increase in CAD/USD Rate		**Decrease in CAD/USD Rate**	
($000s)	**March 31 2026**	December 31 2025	**March 31 2026**	December 31 2025
US dollar-denominated debt	**1,240**	556	**(1,240)**	**(556)**
Income(loss) before taxes	**1,240**	556	**(1,240)**	**(556)**

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The interest charged on the debt fluctuates with changes in interest rates. The Company is exposed to interest rate risk related to borrowings that are drawn under the First Lien Loan and the Second Lien Notes.

A change in interest rates by 100 basis points would have changed net loss by approximately $0.6 million in the three months ended March 31, 2026 (2025 – $0.6 million), assuming all other variables remain constant.

Commodity Price Risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for oil and natural gas are impacted not only by the relationship between the Canadian and United States dollars but also worldwide economic events that influence supply and demand.

PPR may enter into derivative instruments to manage its exposure to commodity price risk caused by fluctuations in commodity prices, which have served to protect and provide certainty on a portion of the Company's cash flows.

As at March 31, 2026 and December 31, 2025, PPR had no outstanding derivative contracts.

17. RELATED PARTY TRANSACTIONS

PCEP Canadian Holdco, LLC is the immediate holding and parent company of PPR. At March 31, 2026, PCEP holds 37.5 million Common Shares of PPR, representing approximately 80.1% of the outstanding Common Shares on an undiluted basis.

The First Lien Loan is held with PGIM, Inc., the ultimate parent of PPR. The First Lien Loan and related transactions are described in Note 6.

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 Note 6.

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.

The Prairie Provident Resources Canada Ltd. Class A preferred shares and the Preferred Share Financing Warrants are held by PPR Canadian Pref Holdco, LLC, an affiliate of the Company's largest shareholder, PCEP, and described in Note 8.

18. COMMITMENTS AND CONTINGENCIES

At March 31, 2026, in addition to the Company's lease liabilities, preferred share liability (Note 8), warrant liability (Note 8) and debt and other financial liabilities (Notes 6 and 16), 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	197	-	-	379
Firm transportation agreements	191	42	-	-	233
Other agreements	165	74	82	117	438
Total	**538**	**313**	**82**	**117**	**1,050**

The table above excludes contractual obligations for lease payments which are recorded as lease liabilities on the consolidated statement of financial position. The lease liability cash flows and contractual maturities at March 31, 2026 are detailed in the Liquidity Risk section in Note 16.

Contingencies

PPR is involved in litigation and claims arising in the normal course of operations.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dale Miller
Executive Chairman

Glenn Hamilton
Independent Director

Kathy Turgeon
Independent Director

Matthew Shyba
Independent Director

OFFICERS

Dale Miller
Executive Chairman

Richard Greenough
Interim Chief Financial Officer

Amber Wright
Vice President, Operations & Engineering

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Calgary, Alberta

BANKERS

ATB Financial
Calgary, Alberta

LEGAL COUNSEL

Bennett Jones LLP
Calgary, Alberta

EVALUATION ENGINEERS

Trimble Engineering Associates Ltd.
Calgary, Alberta

REGISTRAR & TRANSFER AGENT

Alliance Trust Company
Calgary, Alberta

STOCK TRADING

Toronto Stock Exchange (“TSX”)
Trading Symbol: **PPR**