PRAIRIE PROVIDENT RESOURCES

# Management's Discussion and Analysis

**For the three months ended March 31, 2026 and 2025**

**Dated: May 14, 2026**

# MANAGEMENT’S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2026 and 2025

The following management’s discussion and analysis (“MD&A”) of financial condition and results of operations for Prairie Provident Resources Inc. (the “Company” or “PPR”) is dated May 14, 2026 and should be read in conjunction with the Company’s unaudited interim condensed consolidated financial statements and related notes for the three months ended March 31, 2026 and 2025 (the “Interim Financial Statements”), the audited consolidated financial statements and related notes for the years ended December 31, 2025 and 2024 (the “Annual 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 Interim Financial Statements have been prepared in accordance with IFRS Accounting Standards specifically International Accounting Standard 34, *Interim Financial Reporting*. 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”).

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:

| | | | |
|---|---|---|---|
| **bbl** | barrel | **E&E** | exploration and evaluation |
| **bbl/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) | **Q1 2026** | Q4 2025 | Q1 2025 |
|---|---|---|---|
| **FINANCIAL** | | | |
| **Revenue** | | | |
| Petroleum and natural gas sales | **10,554** | 8,786 | 11,073 |
| Royalties | **(1,173)** | (1,116) | (1,472) |
| Revenue | **9,381** | 7,670 | 9,601 |
| Realized loss on derivatives | **-** | - | - |
| Unrealized gain on derivatives | **-** | - | - |
| Revenue, net of gains (losses) on derivatives | **9,381** | 7,670 | 9,601 |
| **Net income (loss)** | **(3,014)** | 5,477 | (6,137) |
| $ per share – Basic | **(0.06)** | 0.12 | (0.14) |
| $ per share – Diluted | **(0.06)** | 0.10 | (0.14) |
| **Adjusted Funds Flow(1)** | **(1,422)** | (3,736) | 1,782 |
| $ per share – Basic | **(0.03)** | (0.08) | 0.04 |
| $ per share – Diluted | **(0.03)** | (0.08) | 0.04 |
| **Capital expenditures(1)** | **306** | 9,059 | 8,023 |
| **Net capital expenditures(1)** | **306** | 9,017 | 8,099 |
| **Adjusted working capital (deficit)(1)** | **4,279** | 6,058 | (6,246) |
| **Adjusted net debt(1)** | **(71,876)** | (67,168) | (72,751) |
| **Common Shares outstanding (000s)(3)** | | | |
| End of period(3) | **46,747** | 46,719 | 46,711 |
| Weighted average – Basic(3) | **46,738** | 46,719 | 42,463 |
| Weighted average – Diluted(3) | **46,738** | 55,224 | 42,463 |
| **OPERATING** | | | |
| **Production Volumes** | | | |
| Crude oil and condensate (bbl/d) | **1,261** | 1,194 | 1,201 |
| Natural gas liquids (bbl/d) | **75** | 74 | 91 |
| Natural gas (Mcf/d) | **5,195** | 5,546 | 5,574 |
| Total (boe/d)(2) | **2,202** | 2,193 | 2,221 |
| % Liquids | **61%** | 58% | 58% |
| **Realized Prices** | | | |
| Crude oil and condensate ($/bbl) | **79.92** | 67.10 | 86.88 |
| Natural gas liquids ($/bbl) | **49.54** | 42.91 | 56.53 |
| Natural gas ($/Mcf) | **2.46** | 2.20 | 2.43 |
| Total ($/boe)(2) | **53.26** | 43.55 | 55.39 |
| **Operating Netback ($/boe)** | | | |
| Realized price | **53.26** | 43.55 | 55.39 |
| Royalties | **(5.92)** | (5.53) | (7.37) |
| Operating expenses | **(29.86)** | (35.75) | (29.64) |
| Operating netback(1) | **17.48** | 2.27 | 18.38 |
| Realized loss on derivatives | **-** | - | - |
| Operating netback, after realized loss on derivatives(1) | **17.48** | 2.27 | 18.38 |

*(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.*

*(3) On December 31, 2025, a share consolidation was effected on a 30-to-1 basis. Per share numbers have been adjusted on a retroactive basis.*

## Q1 2026 REVIEW AND UPDATE

Financial and operating highlights for the period include:

- Production averaged 2,202 boe/d (61% liquids)[1] for Q1 2026 as Prairie Provident has continued to focus disciplined capital spending on well and facility optimization, and liability management. Year to date, the capital efficient optimization work has flattened corporate decline at approximately 2,200 boe/d (57% oil and natural gas liquids)[2];

- Operating expenses were $29.86/boe for Q1 2026, a nominal increase relative to the $29.64/boe in Q1 2025, and a 16% decrease relative to the $35.75/boe in Q4 2025;

- Operating netback[3] for Q1 2026 was $3.5 million ($17.48/boe), a $0.2 million decrease from Q1 2025 and a $3.0 million increase from Q4 2025. The increase relative to Q4 2025 was as a result of higher realized commodity prices as well as lower operating expenses on a per boe basis;

- Net loss of $3.0 million for Q1 2026, a $3.1 million reduction compared to Q1 2025. This decrease was driven by a non-cash warrant liability revaluation in the current quarter; and

- During Q1 2026, Prairie Provident spent $3.5 million towards decommissioning liabilities, including legacy Northwest Territories abandonment obligations.

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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 *Comprised of approximately 1,185 bbl/d of medium crude oil, 75 bbl/d of NGLs and 5,650 Mcf/d of conventional natural gas.*

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

## FINANCIAL REVIEW

### PRODUCTION

| | **Q1 2026** | Q4 2025 | Q1 2025 |
|---|---|---|---|
| Crude oil and condensate (bbl/d) | **1,261** | 1,194 | 1,201 |
| Natural gas liquids (bbl/d) | **75** | 74 | 91 |
| Natural gas (Mcf/d) | **5,195** | 5,546 | 5,574 |
| Total (boe/d) | **2,202** | 2,193 | 2,221 |
| % Liquids | **61%** | 58% | 58% |

**Q1 2026 vs Q4 2025**

- Q1 2026 production was flat with additional production from a new Princess well brought on production in late Q4 2025 offset by natural production declines.

**Q1 2026 vs Q1 2025**

- Q1 2026 production was 1% lower than prior year mainly due to natural production declines offset by new wells brought on production in 2025.

### PETROLEUM AND NATURAL GAS SALES

| ($000s, except per unit amounts) | **Q1 2026** | Q4 2025 | Q1 2025 |
|---|---|---|---|
| **Petroleum and natural gas sales** | | | |
| Crude oil and condensate | **9,070** | 7,373 | 9,394 |
| Natural gas liquids | **334** | 293 | 462 |
| Natural gas | **1,150** | 1,120 | 1,217 |
| Petroleum and natural gas sales | **10,554** | 8,786 | 11,073 |
| **Realized Prices** | | | |
| Crude oil and condensate ($/bbl) | **79.92** | 67.10 | 86.88 |
| Natural gas liquids ($/bbl) | **49.54** | 42.91 | 56.53 |
| Natural gas ($/Mcf) | **2.46** | 2.20 | 2.43 |
| Total ($/boe) | **53.26** | 43.55 | 55.39 |
| **Benchmark Prices** | | | |
| Crude oil - WTI ($/bbl) | **99.00** | 82.47 | 102.46 |
| Crude oil - Canadian Light Sweet ($/bbl) | **94.76** | 76.53 | 95.03 |
| Crude oil - WCS ($/bbl) | **79.08** | 66.85 | 84.43 |
| Natural gas - AECO 5A ($/Mcf) | **1.82** | 1.99 | 1.95 |
| Exchange rate - US$/CDN$ | **0.73** | 0.72 | 0.70 |

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.

**Q1 2026 vs Q4 2025**

- Q1 2026 petroleum and natural gas sales were 20% higher due to higher realized commodity prices and a slight increase in production. PPR realized price in Q1 2026 was 22% higher compared to the prior quarter mainly due to the impact of geopolitical events in the Middle East increasing global supply uncertainty resulting in significantly higher crude oil prices for March 2026.

**Q1 2026 vs Q1 2025**

- Q1 2026 petroleum and natural gas sales were 5% lower due to an 1% decrease in production and a 4% decrease in total realized prices.

**ROYALTIES**

| ($000s, except per boe amounts) | **Q1 2026** | Q4 2025 | Q1 2025 |
|---|---|---|---|
| Royalties | **1,173** | 1,116 | 1,472 |
| Per boe ($) | **5.92** | 5.53 | 7.37 |
| Percentage of petroleum and natural gas sales | **11.1%** | 12.7% | 13.3% |

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.

**Q1 2026 vs Q4 2025**

- Q1 2026 royalties were $0.1 million or 5% higher mainly due to higher commodity prices. Q1 2026 royalties as a percentage of sales were slightly lower than historical royalty rates due to royalty incentives.

**Q1 2026 vs Q1 2025**

- Q1 2026 royalties were 20% lower than the prior year due to the impact of lower royalty rates or incentives received from the Alberta Crown on more recent wells brought on production as described above.

**OPERATING EXPENSES**

| ($000s, except per boe amounts) | **Q1 2026** | Q4 2025 | Q1 2025 |
|---|---|---|---|
| Lease operating expense | **4,025** | 5,132 | 3,837 |
| Transportation and processing | **1,023** | 1,340 | 1,383 |
| Production, property and carbon taxes | **868** | 741 | 704 |
| Total operating expenses | **5,916** | 7,213 | 5,924 |
| Per boe ($) | **29.86** | 35.75 | 29.64 |

**Q1 2026 vs Q4 2025**

- Q1 2026 operating expenses were 18% lower due to lower spending with respect to gas gathering and processing, regulatory and safety and workover costs, however, offset by increases in government taxes and fees and clean oil trucking. Combined with a slight increase in production in the current quarter, operating expenses on a per boe basis decreased by 16%.

**Q1 2026 vs Q1 2025**

- Q1 2026 operating expenses were similar to the prior year with an 1% decrease in production in the current period. Decreases in saltwater trucking and disposal, gas gathering and processing costs and lease and road maintenance were offset by increases in repairs and maintenance, mineral and surface lease rentals and government taxes and fees. On a per boe basis, this resulted in an 1% increase.

**OPERATING NETBACK[1] SUMMARY**

| ($ per boe) | **Q1 2026** | Q4 2025 | Q1 2025 |
|---|---|---|---|
| Petroleum and natural gas sales | **53.26** | 43.55 | 55.39 |
| Royalties | **(5.92)** | (5.53) | (7.37) |
| Operating expenses | **(29.86)** | (35.75) | (29.64) |
| Operating netback[1] | **17.48** | 2.27 | 18.38 |
| Realized losses on derivatives | **-** | - | - |
| Operating netback, after realized losses on derivatives[1][2] | **17.48** | 2.27 | 18.38 |

*(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) | **Q1 2026** | Q4 2025 | Q1 2025 |
|---|---|---|---|
| G&A costs | **1,787** | 1,771 | 2,034 |
| Share-based compensation expense(1) | **178** | 341 | 418 |
| Gross G&A expense | **1,965** | 2,112 | 2,452 |
| G&A costs capitalized to property and equipment | **(74)** | (165) | (187) |
| Total G&A expenses | **1,891** | 1,947 | 2,265 |
| $ per boe | **9.54** | 9.65 | 11.33 |

*(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.

**Q1 2026 vs Q4 2025 vs Q1 2025**

- Q1 2026 G&A costs were 1% higher due to higher legal expenses and public ownership costs in Q1 2026 offset by lower IT and software expenses as Q4 2025 included higher maintenance of the Company's ageing IT infrastructure. Q1 2026 G&A costs were 12% lower than Q1 2025 mainly due to lower public ownership, payroll and IT-related costs.

- Q1 2026 includes lower stock-based compensation as the Company no longer incurs expense on vested 2024 grants of Options to management, directors and employees of PPR. PPR did not grant new Options or RSUs in 2025; and

- Capitalized G&A expense was higher in 2025 as a result of the Company's increased capital activity in 2025.

**DEPLETION AND DEPRECIATION**

| ($000s, except per boe amounts) | **Q1 2026** | Q4 2025 | Q1 2025 |
|---|---|---|---|
| Depletion and depreciation of property and equipment | **2,191** | 2,327 | 2,367 |
| Depreciation on right-of-use assets | **19** | 56 | 55 |
| Total depletion and depreciation expense | **2,210** | 2,383 | 2,422 |
| $ per boe | **11.15** | 11.81 | 12.12 |

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.

**Q1 2026 vs Q4 2025**

- Q1 2026 D&D is lower by 7% due to lower Michichi and Princess CGU depletion rates and flat production. Changes in decommissioning liability estimates in Q1 2026 decreased the CGU carrying amounts resulting in lower CGU depletion rates in Q1 2026.

**Q1 2026 vs Q1 2025**

- Q1 2026 D&D is lower by 9% mainly due to a lower Princess CGU depletion rate in the current quarter. Significant Princess CGU reserve additions from the Company's reserve evaluation at December 31, 2025 together with a lower Princess CGU carrying amount in Q1 as described above resulted in a 24% decrease in the Princess CGU depletion rate.

**EXPLORATION AND EVALUATION EXPENSE**

| ($000s, except per boe amounts) | **Q1 2026** | Q4 2025 | Q1 2025 |
|---|---|---|---|
| Exploration and evaluation expense | **64** | 1 | 25 |
| $ per boe | **0.32** | 0.01 | 0.13 |

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

**IMPAIRMENT EXPENSE (IMPAIRMENT REVERSAL)**

| ($000s) | **Q1 2026** | Q4 2025 | Q1 2025 |
|---|---|---|---|
| E&E assets impairment | **1,507** | 1,646 | 894 |
| P&D assets impairment (impairment reversal) | **(497)** | 109 | 342 |
| Total impairment expense (impairment reversal) | **1,010** | 1,755 | 1,236 |

**Q1 2026 and Impairment Indicators as at March 31, 2026**

- E&E assets: At March 31, 2026, the Company had not identified any indicators of impairment or reversal of impairment. In Q1 2026, PPR recognized a $1.5 million non-cash E&E impairment expense for changes in estimates of decommissioning liabilities related to E&E properties that had $nil carrying amount; and

- P&D assets: At March 31, 2026, the Company had not identified any indicators of impairment or reversal of impairment. For Q1 2026, the Company recognized a $0.5 million non-cash property and equipment impairment reversal 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) | **Q1 2026** | Q4 2025 | Q1 2025 |
|---|---|---|---|
| Realized loss (gain) on foreign exchange (gain) loss | **42** | 226 | (8) |
| Unrealized foreign exchange (gain) loss | **207** | (146) | - |
| Foreign exchange (gain) loss | **249** | 80 | (8) |
| $ per boe | **1.26** | 0.40 | (0.04) |

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) | **Q1 2026** | Q4 2025 | Q1 2025 |
|---|---|---|---|
| Interest expense and finance costs - Debt | **3,238** | 3,455 | 3,553 |
| Interest expense – Preferred share liability | **606** | 392 | - |
| Interest expense - Lease liabilities | **6** | 30 | 113 |
| Interest expense - Other | **4** | 87 | 7 |
| Total interest expense | **3,854** | 3,964 | 3,673 |
| Interest income | **(30)** | (162) | (16) |
| Accretion expense – Decommissioning liabilities | **603** | 601 | 602 |
| Accretion expense – Other liabilities | **15** | 16 | 15 |
| Total finance costs | **4,442** | 4,419 | 4,274 |
| $ per boe | **22.41** | 21.90 | 21.38 |

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

- Q1 2026 versus Q4 2025 interest expense was 3% lower due to lower effective interest amortization on debt following the 2025 debt amendments (see “Debt” section) offset by the impact of full quarter preferred share liability interest expense resulting from the Preferred Share Financing at the end of October 2025 (see “Shareholders’ Equity (Deficit)” section). Q1 2026 versus Q1 2025 interest expense was 5% higher due to preferred share liability interest expense in the current quarter offset by lower effective interest amortization on debt following the 2025 debt amendments as described.

- Q1 2026 interest income was lower than Q4 2025 on lower cash balances held in the current quarter, but slightly higher than Q1 2025 on higher cash balances than in the prior year.

- Q1 2026, Q4 2025 and Q1 2025 accretion expense of decommissioning liabilities remained consistent.

**OTHER EXPENSES (INCOME)**

| ($000s, except per boe amounts) | **Q1 2026** | Q4 2025 | Q1 2025 |
|---|---|---|---|
| Other income | **(201)** | - | - |
| Gain on property dispositions | **-** | - | (125) |
| Gain on warrant liability revaluation | **(3,159)** | (1,895) | - |
| Transaction, restructuring and other costs (recovery) | **(27)** | (120) | (29) |
| Gain on debt modification/extinguishment | **-** | (13,590) | (246) |

Other income in Q1 2026 includes minor sale of seismic.

The Q1 2025 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. The Q1 2026 recovery is mainly due to overhead recoveries relating to the Company’s abandonment and reclamation program and the 2025 cost recoveries are mainly to credits recognized with respect to past transaction costs reversed.

The gain on warrant liability revaluation pertains to the Preferred Share Financing warrants (see “Shareholders’ Equity (Deficit)” section) that are measured on recognition and subsequently at each reporting date at the Company’s closing price on the Toronto Stock Exchange.

Q4 2025 includes the gain on debt modification/extinguishment resulting from the debt amendments following the Preferred Share Financing at the end of October 2025.

**INCOME TAX**

As of March 31, 2026 and December 31, 2025, 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) | **Q1 2026** | Q4 2025 | Q1 2025 |
|---|---|---|---|
| Net income (loss) | **(3,014)** | 5,477 | (6,137) |
| $ per share – Basic | **(0.06)** | 0.12 | (0.14) |
| $ per share – Diluted | **(0.06)** | 0.10 | (0.14) |

**Q1 2026 vs Q4 2025**

The Q1 2026 net loss was greater compared to the net income in the previous quarter based on the impacts of:
- The $13.5m gain on debt modification/extinguishment in Q4 2025 arising from the debt amendments in conjunction with the Preferred Share Financing on October 31, 2025; and
- The offset of significantly higher operating netbacks (revenue net of operating expenses) and a larger Preferred Share Financing warrant liability revaluation gain in the current quarter.

**Q1 2026 vs Q1 2025**

The Q1 2026 net loss was lower compared to the net loss in the prior year based primarily on the impact of:
- The $3.2m Preferred Share Financing warrant liability revaluation gain in the current quarter.

**CAPITAL EXPENDITURES AND NET CAPITAL EXPENDITURES(1)**

| ($000s) | **Q1 2026** | Q4 2025 | Q1 2025 |
|---|---|---|---|
| **Capital expenditures – By classification** | | | |
| Exploration and evaluation | **-** | - | - |
| Production and development | **306** | 9,059 | 8,023 |
| Capital expenditures(1) | **306** | 9,059 | 8,023 |
| **Capital expenditures – By category** | | | |
| Drilling and completion | **31** | 6,785 | 7,216 |
| Equipment, facilities and pipelines | **163** | 2,154 | 694 |
| Land and seismic | **52** | 59 | 46 |
| Capitalized overhead and other | **60** | 61 | 67 |
| Capital expenditures(1) | **306** | 9,059 | 8,023 |
| **Net capital expenditures** | | | |
| Capital expenditures(1) | **306** | 9,059 | 8,023 |
| Asset dispositions, net of acquisitions | **-** | (42) | 76 |
| Net capital expenditures(1) | **306** | 9,017 | 8,099 |

*(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.*

- Q1 2026 capital expenditures were primarily related to completing the Company's 2025 capital activities.
- Q4 2025 capital expenditures were primarily associated with the Company's drilling activities. 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; and
- Q1 2025 capital expenditures were primarily focused with the Company's drilling activities with respect to an additional three gross (3.0 net) new wells in the Basal Quartz zone, at Michichi. These wells were completed, tied in and brought on production in Q2 2025.

**Dispositions and Acquisitions**

- In Q4 2025, the Company sold minor equipment to a third party for a cash consideration of $0.04 million; and
- 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.

**DECOMMISSIONING LIABILITIES**

PPR's decommissioning liabilities at March 31, 2026 were $69.5 million compared to $72.6 million at December 31, 2025 to provide for future remediation, abandonment and reclamation of PPR's crude oil and natural gas properties. The decrease of $3.1 million was due to, a change in estimates decrease of $0.2 million and settlements of decommissioning obligations of $3.5 million, primarily related to abandonment operations of a legacy well near Fort Laird, Northwest Territories offset by accretion expense of $0.6 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 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% - 3.70% (December 31, 2025 – 2.67% - 3.57%) and an inflation rate of 1.9% (December 31, 2025 – 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 March 31, 2026, the Company had adjusted working capital (a Non-GAAP and other financial measures as defined in "Advisories" below) of $4.3 million (December 31, 2025 – $6.1 million). The decrease in the adjusted working capital in 2026 resulted primarily from working capital utilized to settle decommissioning liabilities.

**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 of the Interim Financial Statements 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 (as described in the “Shareholders’ Equity (Deficit)” section below), 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).*

**SHAREHOLDERS' EQUITY (DEFICIT)**

PPR has the following outstanding instruments as at the date of this report, March 31, 2026 and December 31, 2025:

| (000s) | **May 14 2026** | **March 31 2026** | December 31 2025 |
|---|---|---|---|
| **Classified as equity** | | | |
| Common Shares | **46,754** | **46,747** | 46,719 |
| Warrants | | | |
| 2023 Purchase Warrants(1) | **1,807** | **1,807** | 1,807 |
| 2023 Broker Warrants(2) | **145** | **145** | 145 |
| 2025 Purchase Warrants(3) | **2,875** | **2,875** | 2,875 |
| 2025 Broker Warrants(4) | **84** | **84** | 84 |
| PPR Option Plan | | | |
| Options | **3,814** | **2,091** | 2,095 |
| PPR Incentive Security Plan | | | |
| DSUs | **67** | **67** | 67 |
| RSUs | **114** | **133** | 186 |
| **Classified as liability** | | | |
| Preferred share liability | | | |
| Prairie Provident Resources Canada Ltd. – Class A Preferred Shares (5) | **265** | **265** | 265 |
| Warrant liability | | | |
| Preferred Share Financing Warrants(6) | **12,634** | **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.*

**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.

**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 Q1 2026, 3,999 Options were forfeited or expired upon exit of employees and 52,890 RSUs were released and settled for 27,502 Common Shares issued, net of withholding tax.

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

| ($000s, except per boe amounts) | **Q1 2026** | Q4 2025 | Q1 2025 |
|---|---|---|---|
| Share-based compensation | | | |
| Options | **173** | 354 | 403 |
| RSUs | **19** | 19 | 47 |
| Total share-based compensation | **192** | 373 | 450 |
| Capitalized to Property and equipment | **(14)** | (32) | (32) |
| Share-based compensation expensed as G&A | **178** | 341 | 418 |

## 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 March 31, 2026, 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 March 31, 2026, 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 March 31, 2026, PPR had outstanding letters of credit of $4.0 million (December 31, 2025 – $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.*

**Going Concern**

The 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 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 $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. The 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 Interim Financial Statements.

## SUMMARY OF QUARTERLY RESULTS

| ($000s, except per unit amounts and as otherwise indicated) | **Q1 2026** | Q4 2025 | Q3 2025 | Q2 2025 | Q1 2025 | Q4 2024 | Q3 2024 | Q2 2024 |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | (Restated)[(1)] | (Restated)[(1)] |
| **FINANCIAL** | | | | | | | | |
| **Revenue** | | | | | | | | |
| Petroleum and natural gas sales | **10,554** | 8,786 | 9,394 | 12,554 | 11,073 | 11,111 | 9,651 | 9,488 |
| Royalties | **(1,173)** | (1,116) | (1,040) | (1,292) | (1,472) | (567) | (1,623) | (1,517) |
| Revenue | **9,381** | 7,670 | 8,354 | 11,262 | 9,601 | 10,544 | 8,028 | 7,971 |
| Realized loss on derivatives | **-** | - | - | - | - | - | - | - |
| Unrealized gain on derivatives | **-** | - | - | - | - | - | - | - |
| Revenue, net of gains (losses) on derivatives | **9,381** | 7,670 | 8,354 | 11,262 | 9,601 | 10,544 | 8,028 | 7,971 |
| **Net income (loss)[(1)]** | **(3,014)** | 5,477 | (6,897) | (6,501) | (6,137) | (10,123) | 5,039 | (6,935) |
| $ per share – Basic | **(0.06)** | 0.12 | (0.15) | (0.14) | (0.14) | (0.26) | 0.21 | (0.29) |
| $ per share – Diluted | **(0.06)** | 0.10 | (0.15) | (0.14) | (0.14) | (0.26) | 0.21 | (0.29) |
| **Adjusted Funds Flow[(2)]** | **(1,422)** | (3,736) | (557) | 3,117 | 1,782 | (192) | 264 | (1,577) |
| $ per share – Basic | **(0.03)** | (0.08) | (0.01) | 0.07 | 0.04 | - | 0.01 | (0.07) |
| $ per share – Diluted | **(0.03)** | (0.08) | (0.01) | 0.07 | 0.04 | - | 0.01 | (0.07) |
| **Capital expenditures[(2)]** | **306** | 9,059 | 115 | 2,923 | 8,023 | 9,083 | 656 | 440 |
| **Net capital expenditures[(2)]** | **306** | 9,017 | 103 | 2,923 | 8,099 | 9,023 | 26 | 895 |
| **Working capital (deficit)[(1)(2)]** | **269** | (139) | (80,044) | (76,226) | (73,047) | (71,702) | (6,050) | (73,547) |
| **Adjusted working capital (deficit)[(1)(2)]** | **4,279** | 6,058 | (7,342) | (6,182) | (6,246) | (7,253) | 1,709 | (9,078) |
| **Net debt[(1)(2)]** | **(58,797)** | (55,760) | (80,044) | (76,226) | (73,047) | (71,702) | (57,453) | (73,547) |
| **Adjusted net debt[(1)(2)]** | **(71,876)** | (67,168) | (77,821) | (74,312) | (72,751) | (72,154) | (58,728) | (66,706) |
| **Common Shares outstanding (000s)** | | | | | | | | |
| End of period | **46,747** | 46,719 | 46,719 | 46,719 | 46,711 | 39,913 | 37,205 | 23,872 |
| Weighted average – Basic | **46,738** | 46,719 | 46,719 | 46,715 | 42,463 | 39,010 | 24,307 | 23,871 |
| Weighted average – Diluted | **46,738** | 55,224 | 46,719 | 46,715 | 42,463 | 39,010 | 24,307 | 23,871 |
| **OPERATING** | | | | | | | | |
| **Production Volumes** | | | | | | | | |
| Crude oil and condensate (bbl/d) | **1,261** | 1,194 | 1,235 | 1,616 | 1,201 | 1,298 | 1,118 | 993 |
| Natural gas liquids (bbl/d) | **75** | 74 | 83 | 102 | 91 | 69 | 81 | 65 |
| Natural gas (Mcf/d) | **5,195** | 5,546 | 5,860 | 6,260 | 5,574 | 6,107 | 5,846 | 5,923 |
| Total (boe/d) | **2,202** | 2,193 | 2,295 | 2,762 | 2,221 | 2,385 | 2,173 | 2,045 |
| % Liquids | **61%** | 58% | 57% | 62% | 58% | 57% | 55% | 52% |
| **Realized Prices** | | | | | | | | |
| Crude oil and condensate ($/bbl) | **79.92** | 67.10 | 76.55 | 74.97 | 86.88 | 83.16 | 86.44 | 94.21 |
| Natural gas liquids ($/bbl) | **49.54** | 42.91 | 43.52 | 44.07 | 56.53 | 53.93 | 51.56 | 54.61 |
| Natural gas ($/Mcf) | **2.46** | 2.20 | 0.67 | 1.96 | 2.43 | 1.49 | 0.69 | 1.21 |
| Total ($/boe) | **53.26** | 43.55 | 44.49 | 49.96 | 55.39 | 50.65 | 48.25 | 50.98 |

| ($000s, except per unit amounts and as otherwise indicated) | Q1 2026 | Q4 2025 | Q3 2025 | Q2 2025 | Q1 2025 | Q4 2024 | Q3 2024 | Q2 2024 |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | (Restated)(1) | (Restated)(1) |
| **Operating Netback ($/boe)** | | | | | | | | |
| Realized price | **53.26** | 43.55 | 44.49 | 49.96 | 55.39 | 50.65 | 48.25 | 50.98 |
| Royalties | **(5.92)** | (5.53) | (4.92) | (5.14) | (7.37) | (2.58) | (8.12) | (8.15) |
| Operating expenses(1) | **(29.86)** | (35.75) | (30.39) | (25.37) | (29.64) | (30.02) | (26.93) | (39.36) |
| Operating netback(2) | **17.48** | 2.27 | 9.18 | 19.45 | 18.38 | 18.05 | 13.20 | 3.47 |
| Realized loss on derivatives | **-** | - | - | - | - | - | - | - |
| Operating netback, after realized loss on derivatives(1)(2) | **17.48** | 2.27 | 9.18 | 19.45 | 18.38 | 18.05 | 13.20 | 3.47 |

*(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 March 31, 2026, 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 | 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 "Capital Management, Liquidity and Going Concern" section.

## 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 Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with IFRS as issued by the IASB. These financial statements are condensed as they do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's Annual 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.

## 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 are outlined in Note 2 of the Annual 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

There have been no material changes to our critical accounting estimates used in applying accounting policies for the three months ended March 31, 2026 and 2025.

## 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. 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 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.

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 the "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.

## SUBSEQUENT EVENTS

**Options Granted**

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.

## 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. For a discussion of these risks, please see "Forward-Looking Information" in the "Advisories" section of MD&A and PPR's MD&A and AIF, each for the year ended December 31, 2025 available on SEDAR+ at www.sedarplus.ca or on PPR's website at www.ppr.ca.

## CONTROL ENVIRONMENT

PPR is required to comply with National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"). The certification of interim filings for the interim period ended March 31, 2026 requires that PPR disclose in the interim MD&A any changes in PPR's internal control over financial reporting ("ICFR") that occurred during the period that have materially affected, or are reasonably likely to materially affect, PPR's ICFR. PPR confirms that no such changes were made to its ICFR during the three months ended March 31, 2026.

## 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) | **Q1 2026** | Q4 2025 | Q1 2025 |
|---|---|---|---|
| Petroleum and natural gas sales | **10,554** | 8,786 | 11,073 |
| Royalties | **(1,173)** | (1,116) | (1,472) |
| Operating expenses | **(5,916)** | (7,213) | (5,924) |
| Operating netback | **3,465** | 457 | 3,677 |
| Realized loss on derivatives | **-** | - | - |
| Operating netback, after realized loss on derivatives | **3,465** | 457 | 3,677 |

**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) | **Q1 2026** | Q4 2025 | Q1 2025 |
|---|---|---|---|
| Net cash from (used in) operating activities | **(5,546)** | (11,755) | (4,194) |
| Changes in non-cash working capital | **4,151** | 8,139 | 6,005 |
| Transaction, restructuring and other costs | **(27)** | (120) | (29) |
| AFF | **(1,422)** | (3,736) | 1,782 |
| Decommissioning liability settlements | **3,539** | 2,213 | 218 |
| AFF excluding decommissioning liability settlements | **2,117** | (1,523) | 2,000 |

**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) | **Q1 2026** | Q4 2025 | Q1 2025 |
|---|---|---|---|
| Income (Loss) before income tax | **(3,014)** | 5,477 | (6,137) |
| Add (deduct): | | | |
| Finance costs | **4,442** | 4,419 | 4,274 |
| Depletion and depreciation of property and equipment | **2,191** | 2,327 | 2,367 |
| Depreciation on right-of-use assets | **19** | 56 | 55 |
| Exploration and evaluation expense | **64** | 1 | 25 |
| Unrealized gain on derivatives | **-** | - | - |
| Impairment expense (reversal) | **1,010** | 1,755 | 1,236 |
| Foreign exchange (gain) loss | **249** | 80 | (8) |
| Change in other liabilities | **182** | 216 | 191 |
| Share–based compensation expense | **178** | 341 | 418 |
| Gain on property dispositions | **-** | - | (125) |
| Gain on warrant liability | **(3,159)** | (1,895) | - |
| Transaction and restructuring costs | **(27)** | (120) | (29) |
| Loss (gain) on debt modification/extinguishment | - | (13,590) | (246) |
| Bank Adjusted EBITDAX | **2,135** | (933) | 2,021 |

**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) | **Q1 2026** | Q4 2025 | Q1 2025 |
|---|---|---|---|
| Exploration and evaluation asset expenditures | **-** | - | - |
| Property and equipment expenditures | **306** | 9,059 | 8,023 |
| Capital expenditures | **306** | 9,059 | 8,023 |
| Asset dispositions, net of acquisitions | **-** | (42) | 76 |
| Net capital expenditures | **306** | 9,017 | 8,099 |

**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) | **March 31 2026** | December 31 2025 |
|---|---|---|
| **Working capital (deficit)** | | |
| Current assets | **16,229** | 20,750 |
| Current liabilities | **(15,960)** | (20,889) |
| Working capital (deficit) | **269** | (139) |
| **Adjusted working capital (deficit)** | | |
| Current assets | **16,229** | 20,750 |
| Current liabilities | **(15,960)** | (20,889) |
| Excluding: | | |
| Derivative liabilities | **-** | - |
| Current portion of debt | **-** | - |
| Current portion of lease liabilities | **75** | 74 |
| Current portion of decommissioning liabilities | **3,676** | 5,871 |
| Current portion of other liabilities | **259** | 252 |
| Adjusted working capital (deficit) | **4,279** | 6,058 |

**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) | **March 31 2026** | December 31 2025 |
|---|---|---|
| **Net debt** | | |
| Working capital (deficit)(1) | **269** | (139) |
| Debt (non-current portion) | **(59,066)** | (55,621) |
| Net debt | **(58,797)** | (55,760) |
| **Adjusted net debt** | | |
| Adjusted working capital (deficit)(1) | **4,279** | 6,058 |
| Principal debt | **(76,155)** | (73,226) |
| Adjusted net debt | **(71,876)** | (67,168) |

*(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 it's 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.