ANNUAL INFORMATION FORM

For the Year Ended December 31, 2025

March 10, 2026

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ABOUT RUBELLITE

Rubellite Energy Corp. ("Rubellite", the "Company", the "Corporation", "we" or "our") is a Canadian energy company headquartered in Calgary, Alberta, which, through its wholly-owned operating subsidiary, Rubellite Energy Inc., is engaged in the exploration, development, production and marketing of heavy crude oil from the Clearwater and Mannville Stack Formations in Eastern Alberta, as well as liquids-rich conventional natural gas assets in the deep basin of West Central Alberta, and undeveloped bitumen leases in Northern Alberta. The Company is pursuing a robust growth plan focused on superior corporate returns and free funds flow generation while maintaining a conservative capital structure and prioritizing operational excellence. Additional information on Rubellite can be accessed on the Corporation's website at **www.rubelliteenergy.com** or on SEDAR+ at **www.sedarplus.ca.**

The Corporation's Common Shares trade on the TSX under the symbol "**RBY**".

PRESENTATION OF INFORMATION

Certain terms used but not defined herein are defined in National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**"), CSA Notice 51-324 – *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* ("**CSA 51-324**") and in the Canadian Oil and Gas Evaluation Handbook Volume I (the "**COGE Handbook**"). Unless otherwise specified, information in this Annual Information Form is as at the end of the Corporation's most recently completed financial year, being December 31, 2025.

All dollar amounts herein are in Canadian dollars, unless otherwise stated. Words importing the singular also include the plural and *vice versa*.

Certain portions of Rubellite's audited financial statements ("**Financial Statements**") and Management's Discussion and Analysis ("**MD&A**") for the year ended December 31, 2025 are incorporated by reference into this Annual Information Form as indicated herein. The Financial Statements and MD&A are available on SEDAR+ at **www.sedarplus.ca**.

All references in this Annual Information Form to management are to the persons who are identified in this Annual Information Form as the executive officers of the Company. See "*Directors and Officers*". All statements in this Annual Information Form made by or on behalf of management are made in such persons' capacities as executive officers of the Company and not in their personal capacities.

This Annual Information Form contains information relating to Rubellite's business as well as historical and projected future performance, Rubellite expectations, forecasts and guidance and other market data. When considering this data, investors should bear in mind that historical results and market data may not be indicative of the future results that investors should expect from Rubellite.

The information found on, or accessible through, Rubellite's website does not form part of this Annual Information Form.

A reference to an agreement means the agreement, as it may be amended, supplemented or restated from time to time.

Figures, columns and rows presented in tables provided in this Annual Information Form may not add due to rounding.

This Annual Information Form includes a summary description of material agreements of the Company. See "*Material Contracts*". The summary description discloses attributes that the Company considers material to an investor in the Common Shares (as defined herein) but is not complete and is qualified in its entirety by reference to the terms of the material agreements, which have been filed with the applicable Canadian securities regulatory authorities and are available on SEDAR+ at **www.sedarplus.ca**. Investors are encouraged to read the full text of such material agreements.

Certain market, independent third-party and industry data contained in this Annual Information Form is based upon information from government or other independent industry publications and reports or based on estimates derived from such publications and reports. Government and industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but the Company has not conducted its own independent verification of such information. This Annual Information Form also includes certain data, including production, well count estimates, capital expenditures and other operational results, derived from public filings made by independent third parties. While the Company believes this data to be reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. The Company has not independently verified any of the data from independent third-party sources referred to in this Annual Information Form or ascertained the underlying assumptions relied upon by such sources.

This Annual Information Form contains a number of references to industry specific terminology that is commonly used in the oil and gas business and is also used by the Company in this Annual Information Form.

Certain financial terms and measures contained in, or referred to in the documents incorporated by reference into, this Annual Information Form are "specified financial measures" (as such term is defined in National Instrument 52-112 - *Non-GAAP and Other Financial Measures Disclosure* ("**NI 52-112**")). The specified financial measures contained in, or referred to in the documents incorporated by reference into, this Annual Information Form are comprised of "non-GAAP financial measures", "non-GAAP ratios", "capital management measures" and "supplementary financial measures" (as such terms are defined in NI 52-112). These measures are defined, qualified and, where required, reconciled with the nearest GAAP measure in the MD&A under the heading "Non-GAAP and Other Financial Measures" in the MD&A, which section is incorporated by reference herein.

See also "*Abbreviations*", "*Volume Conversions*" and "*Forward-Looking Information and Statements*".

CORPORATE STRUCTURE

Name, Address and Incorporation

Rubellite Energy Inc. was incorporated under the *Business Corporations Act* (Alberta) (the "**ABCA**") on July 12, 2021. On October 31, 2024, the Corporation, Rubellite Energy Inc. and Perpetual Energy Inc.("Perpetual") effected a recombination transaction by way of an arrangement under Section 193 of the Business Corporations Act (Alberta) (the **"Recombination Transaction"**). Pursuant to the Recombination Transaction, among other things, a wholly-owned subsidiary of Perpetual and a wholly-owned subsidiary of Rubellite Energy Inc. amalgamated resulting in the creation of the Corporation, and Perpetual and Rubellite Energy Inc. becoming wholly-owned subsidiaries of the Corporation. On January 1, 2025, Rubellite Energy Inc. and Perpetual amalgamated to form Rubellite Energy Inc., which is the Corporation's wholly-owned operating subsidiary.

Rubellite's head and registered office is located at Suite 3200, 605 – 5th Avenue S.W., Calgary, Alberta, T2P 3H5.

Inter-Corporate Relationships

The following diagram illustrates the inter-corporate relationships between Rubellite and its material subsidiaries following the amalgamation of Perpetual and Rubellite Energy Inc. as of January 1, 2025. It also shows the percentage of votes attached to all voting securities of those subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by Rubellite, as well as the jurisdiction of incorporation or formation of each subsidiary as at December 31, 2025.

Last update - January 1, 2025

Current date - December 31, 2025

THREE-YEAR HISTORY

The general development of Rubellite's business over the last three years is described below.

2023

On March 28, 2023, Rubellite issued 7.0 million flow-through shares at $2.85 per share, through a private placement for gross proceeds of $20.0 million.

In 2023, Rubellite invested a total of $67.5 million before land purchases, acquisitions and proceeds from dispositions. Capital expenditures included $51.1 million of drilling and completions, $7.1 million on lease preparation for drilling activities, and $9.3 million on facilities, all of

which related to the drilling of 30 (29.5 net) wells during 2023. This included 21 (21.0 net) development wells in Figure Lake, 6 (6.0 net) step out wells at Figure Lake, 2 (2.0 net) exploratory wells at Peavine and 1 (0.5 net) exploratory well at Dawson.

On November 8, 2023, Rubellite closed the Clearwater asset acquisition (the "**Clearwater Asset Acquisition**"), which included approximately 800 bbl/d of heavy oil sales production, along with 215 net sections of land in the Figure Lake and Edwand areas, as well as undeveloped land in the Calling Lake area of Northeast Alberta, for total consideration of $34.0 million, prior to customary closing adjustments.

On December 4, 2023, Rubellite sold a 1.5% non-convertible gross overriding royalty ("**GORR**") which will revert to a 1.0% non-convertible GORR after payout, on a select portion of the Figure Lake properties for total consideration of $8.0 million.

Rubellite's land expenditures in 2023 were $4.0 million, resulting in the addition of 28.0 net sections of land, including 20.0 net sections under a Land Acquisition and Drilling Agreement with the Buffalo Lake Métis Settlement ("**BLMS**"). After closing the Clearwater Asset Acquisition, Rubellite held 471.1 net sections of land prospective in the Clearwater formation as at December 31, 2023.

2024

On August 2, 2024, Rubellite acquired Buffalo Mission Energy Corp. ("**Buffalo Mission" or "BMEC**") (the "**BMEC Acquisition**"), a private Mannville Stack-focused heavy oil producer. The total consideration paid by Rubellite for the BMEC Acquisition was $96.6 million inclusive of $23.5 million of Buffalo Mission's assumed net debt, which consisted of $62.7 million in cash and the issuance of 5.0 million Common Shares of Rubellite to certain shareholders of Buffalo Mission having a deemed value of $10.4 million. The BMEC Acquisition was funded through an expanded credit facility which increased from $60 million to $100 million, a $20 million bank syndicate term loan which was set to mature on December 15, 2024, and a new five-year term loan placed, directly or indirectly, with certain directors and officers of Rubellite and the Company's significant shareholder for $20 million which bears interest of 11.5% and matures on August 2, 2029.

On October 31, 2024, Rubellite and Perpetual completed the Recombination Transaction which was announced September 17, 2024. In connection with the completion of the Recombination Transaction, on October 31, 2024, the Company and a syndicate of four banks entered into a new credit facility with a borrowing limit of $140 million. Rubellite's $20 million bank syndicate term loan was repaid on October 31, 2024. The Recombination Transaction was effected by way of an arrangement under the ABCA, pursuant to which holders of Rubellite Energy Inc. common shares received one (1) common share ("**New Shares**") of Rubellite Energy Corp. for each Rubellite Share held, holders of Perpetual common shares ("**Perpetual Shares**") received one (1) New Share for every five (5) Perpetual Shares held, and Perpetual's outstanding senior notes ($26.2 million in face value) were converted into 11.6 million New Shares at a conversion price of $2.25 per share. Perpetual Shares were delisted on the TSX at the close of business on or after November 4, 2024 and the New Shares of Rubellite Energy Corp. began trading on the TSX under Rubellite's trading symbol "RBY" at the market open on November 5, 2024. On January 1, 2025, Perpetual Energy Inc., a wholly owned subsidiary of Rubellite Energy Corp., was amalgamated with Rubellite Energy Inc.

In 2024, Rubellite invested a total of $101.7 million before land and corporate purchases, acquisitions and proceeds from dispositions. Capital activity was focused on development and step out delineation drilling activities and construction of a gas plant and gathering system for solution gas conservation at Figure Lake, development drilling at Frog Lake after the closing of the BMEC Acquisition, and exploration activities including land purchases and the drilling of two (2.0 net) exploration wells. Capital expenditures included $78.5 million for drilling and completions, $6.7 million on lease preparation for drilling activities, and $16.5 million on pad facilities, all of which related to the drilling of forty six (41.5 net) wells during 2024. This included thirty four (34.0 net) horizontal multi-lateral development wells in Figure Lake, ten (5.5 net) horizontal multi-lateral development wells at Frog Lake, one (1.0 net) vertical stratigraphic evaluation well and one (1.0 net) exploratory 4 leg horizontal multi-lateral well at Calling Lake. Capital spending also included $7.2 million in 2024 for the Figure Lake gas conservation project.

Rubellite's land and geological expenditures in 2024 were $4.1 million, resulting in the addition of 35.5 net sections of land and including eight (8.0 net) sections under a new Land Acquisition and Drilling Agreement with the BLMS. At year-end 2024, Rubellite held 620 net sections of land prospective for heavy oil exploration and development.

2025

Rubellite invested a total of $114.6 million dollars in exploration and development capital (excluding land, geological and geophysical, and corporate spending) to drill 20 (20.0 net) Clearwater wells and 1 (1.0 net) well at Figure Lake targeting the Sparky zone, 26 (19.5 net) wells at Frog Lake, including 4 (3.5 net) wells evaluating new zones in the Mannville Stack, 1 (0.3 net) waterflood injection well at Marten Hills, 4 (2.0 net) wells at East Edson and 1 (1.0 net) exploratory well. Analysis of enhanced oil recovery ("**EOR**") opportunities were advanced at Figure Lake, where a new core was cut to facilitate multiple laboratory-based studies to inform waterflood and polymer flood pilots, a dedicated waterflood pilot injector-producer pair was drilled and a novel gas injection pilot scheme was advanced and at Marten Hills where a "bottoms-up" water injector was placed below existing horizontal production wells. At Figure Lake $4.1 million was spent in 2025 to finish initial construction and expand the gas plant and gas gathering system at Figure Lake, bringing processing capacity to 6.4 MMcf/d to exit 2025.

In 2025, $10.5 million was spent to acquire and retain 99.4 net sections of land, bringing the total to 937 net sections of land at the end of 2025. During the year, the Company sold undeveloped land for proceeds of $7.8 million. In addition, geological and geophysical spending totaled $4.9 million to shoot new seismic and acquire trade data to support the development of the Clearwater and other Mannville Stack prospects, including the evaluation of new zones.

DESCRIPTION OF THE BUSINESS

General

Rubellite is a Canadian energy company primarily engaged in the exploration, development, production and marketing of conventional heavy crude oil from the Clearwater formation in Northern Alberta and from the Mannville Stack in Eastern Alberta. Utilizing multi-lateral open hole horizontal drilling technology, Rubellite is pursuing a robust heavy oil growth focused business plan targeting superior corporate returns and free funds flow generation while maintaining a conservative capital structure and prioritizing operational excellence. In addition to heavy oil production, the Corporation owns a ~50% non-operated working interest position at East Edson in the Deep Basin of West Central Alberta, where conventional natural gas and natural gas liquids ("**NGL**") are developed using horizontal drilling and multi-stage frac technology. The Company actively manages its portfolio of assets, including commodity prices, to capture and capitalize on opportunities, manage commodity price risk, and crystallize value as appropriate.

Employees

At December 31, 2025, Rubellite had 47 employees and 8 hourly consultants located in the head office as well as 5 full time field employees and 15 hourly field consultants.

Business Strategy

Rubellite's strategy is to build a focused heavy-oil business centered on the use of multi-lateral drilling technology and enhanced oil recovery techniques to economically develop resources trapped in the Clearwater and Mannville Stack, and other attractive zones in the Western Canadian Sedimentary Basin.

Rubellite strives to create long-term value for its shareholders through the identification of resource fairways well suited to the application of multi-lateral drilling technology where economically-attractive prospects of material scale can be captured at a low cost. Exploratory evaluation and appraisal work is pursued, minimizing risked capital, to unlock material assets for economically-attractive primary development and enhanced oil recovery.

The Company aims to grow production while maintaining a low cost structure, generating free funds flow that can be reinvested into ongoing development, including enhanced oil recovery schemes, exploration, land capture, and portfolio optimization. This strategy is supported by conservative capitalization, disciplined risk management, and an emphasis on operational excellence, with strong indigenous partnerships and environmentally responsible operations.

Rubellite's primary objectives in managing its capital structure, and the inherent commodity price risk in its business, are to: (1) ensure liquidity to fund ongoing operations and capital programs and settle obligations when due; (2) preserve financial flexibility and access to capital for the pursuit of strategic initiatives and opportunities; and (3) maximize shareholder value creation and returns.

The Company's strategic priorities for 2026 are as follows:

1. Optimize Value and Free Funds Flow Generation from Base Assets;
2. Improve Capital Efficiencies;
3. Accelerate Advancement of Enhanced Oil Recovery on Core Assets;
4. De-risk Exploration Prospects and Grow Potential Asset Value;
5. High Grade Land Portfolio and Expand Prospect Inventory for Chosen Play Strategies;
6. Re-establish Pristine Balance Sheet and Manage Risk; and
7. Drive Operational Excellence and Capture Cost Efficiencies.

Oil and Natural Gas Properties

The following is a description of our principal heavy oil and liquids-rich natural gas properties as at December 31, 2025.

Heavy Oil Assets

Rubellite owns assets in the Clearwater play of Northern Alberta and Mannville Stack in the Cold Lake Oils Sands Area. A description of the major producing properties comprising these assets is provided below. Based on the McDaniel Report, these assets have booked proved and probable heavy crude oil and conventional natural gas reserves of 18.4 MMboe with 188 (155.2 net) booked undeveloped drilling locations and 3 (1.0 net) undeveloped injectors. Incorporating the results from its drilling programs, competitor activities and land acquisition activities, Rubellite has refined the characterization of its prospect inventory and updated the scope of opportunities captured on its growing land base.

The following property descriptions are as at December 31, 2025 unless otherwise noted and reserves data quoted are based upon the figures contained in the report of McDaniel & Associates Consultants Ltd. ("**McDaniel**") dated effective December 31, 2025, with a preparation date of March 10, 2026 (the "**McDaniel Report**"), evaluating substantially all of Rubellite's heavy crude oil, conventional natural gas and NGL reserves.

Figure Lake

The Figure Lake area, which includes Edwand, is the largest producing property by volume and is located approximately 120 km northeast of Edmonton, southwest of Lac La Biche, Alberta in Townships 60-64 Ranges 16-19W4. Conventional heavy oil is produced from the Wabiskaw

Member of the Clearwater Formation using "Open Hole Multi-Lateral" ("**OHML**") horizontal wells. At year end 2025, the Corporation held a total of 160,852 net acres of land (72% Non-Reserve), an increase of 2% over year end 2024.

At the time of Rubellite's inception in July 2021, there was 1 (1.0 net) well producing 25 bbl/d. The well was drilled in 2019 by a previous operator as a 3 leg OHML horizontal well and was interpreted to have been drilled with as much as 50% of the well out of the zone. As such, the well proved the reservoir to be capable of heavy oil production and was indicative of the productivity potential for the area. In connection with the initial Clearwater acquisition in 2021 from Perpetual, Rubellite entered into an agreement with Freehold Royalties whereby Rubellite sold a 3% to 5% gross overriding royalty on certain Clearwater assets at Figure Lake for gross proceeds of up to $7.9 million to be paid upon the terms of a drilling commitment agreement. Approximately $5.4 million of Rubellite's costs for the drilling of four commitment wells and approximately $0.2 million per well for twelve additional wells on the Figure Lake royalty lands were funded by the Figure Lake GORR financing with all commitments completed during 2022.

On December 15, 2022, Rubellite signed a Land Acquisition and Drilling Commitment Agreement with the Buffalo Lake Métis Settlement ("**BLMS**" or the "**Settlement**") to acquire 20 sections (12,800 acres) of prospective mineral rights on Settlement with an obligation to drill a minimum of four (4.0 net) horizontal wells with all commitments completed prior to the end of 2023.

On November 8, 2023, the Corporation closed the Clearwater Asset Acquisition for $34.0 million, prior to certain customary closing adjustments, which included producing wells primarily in the Edwand region of Figure Lake contributing approximately 800 bbl/d (100% heavy oil) to sales production and 215 sections of which 204 net sections were undeveloped and 107 net sections were located in the Figure Lake area.

On July 10, 2024, Rubellite signed a second Land and Drilling Commitment Agreement with the BLMS to acquire an additional 8 sections (5,120 acres) of prospective mineral rights on Settlement, bringing the total amount of land leased on the BLMS to 28 net sections at that time.

In 2025, the Corporation drilled a total of 19 (19.0 net) OHML production wells and 1 (1.0 net) injection well targeting the Wabiskaw Member of the Clearwater Formation at Figure Lake. 1 (1.0 net) OHML well was drilled targeting a new zone, the Sparky sand, in an effort to de-risk additional reservoirs for future development. As at December 31, 2025, there were 112 (112.0 net) wells on production with 2025 annual production averaging 5,196 bbl/d heavy oil, 7 bbl/d of natural gas liquids, and 3.4 MMcf/d of natural gas, representing 46% of Rubellite's annual total production and 62% of total heavy oil sales. Production in December 2025 averaged 5,629 boe/d (83% heavy oil), representing 43% of Rubellite's exit rate production and 57% of exit rate heavy oil production. Construction of a natural gas gathering system and sales facility for solution gas conservation was brought on stream in January 2025, and expanded from 4.0 to 6.0 MMc/f of capacity in September 2025. The McDaniel Report identifies 111 (109.7 net) development wells, 72 (71.1 net) of which are in the proven undeveloped category and 39 (38.6 net) are in the probable undeveloped category in the Figure Lake area.

During 2025, the Corporation commenced a novel cyclic gas injection pilot on an existing multi-lateral well. Testing will continue through 2025. In addition, a core was cut to facilitate multiple laboratory-based studies to inform waterflood and polymer flood pilots, and one dedicated waterflood pattern pilot was initiated, to determine the impact on production performance and resource recovery as compared to primary production. Additional pilots, including several multi-lateral producer to injector conversions across the Figure Lake field, and the drilling of additional producer-injector pairs are anticipated to be undertaken using a variety of injection fluids and well configurations.

In total, net 8,320 acres were acquired at Crown land sales in 2025 at Figure Lake.

Frog Lake

The Frog Lake property, located approximately 250 km east of Edmonton, Alberta on the Frog Lake First Nation in Township 56-57 Range 2-3W4, was obtained through the BMEC Acquisition which closed on August 2, 2024. Conventional heavy oil is produced primarily from OHML horizontal wells drilled in the Waseca Member of the Mannville Group. Production has also been obtained from secondary "Mannville Stack" sands including the General Petroleum, Sparky and Lloyd which have historically been developed with vertical and slant wells.

At year end 2025, Frog Lake was comprised of 80 (51.5 net) producing heavy oil wells and 21,816 net acres (55% Non-Reserve) of PNG Permits and Oil Sands Leases. The Frog Lake property is a Joint Venture with the Frog Lake Energy Resource Corporation ("**FLERC**"), which holds an approximately 50% working interest in existing wells and minerals, and development is governed by three Joint Economic Development agreements. FLERC has the option to elect to be in a 50% working interest position in every new well drilled or to collect a GORR of 5% or 6.5%, depending on the relevant Joint Economic Development agreement, on 100% of Rubellite's production from that new well.

In 2024, Rubellite drilled 10 (5.5 net) OHML horizontal wells, all targeting the Waseca sand.

During 2025, Rubellite drilled a total of 21 (15.5 net) OHML horizontal wells into the Waseca sand. 4 (3.0 net) wells were drilled targeting the General Petroleum ("**GP**") sand and 1 (1.0 net) well targeting the Sparky sand, as "single leg lined lateral" wells or "fish-bone" style wells which also incorporated recycle strings to lift solids and extend production run time between well bore clean-outs.

Production in December 2025 averaged 2,967 bbl/d (100% heavy oil), representing 37% of Corporate production for the month. Annual production averaged 2,663 bbl/d (100% heavy oil), representing 32% of total annual production for the year. The McDaniel Report identifies 59 (29.5 net) development locations, 39 (19.5 net) of which are in the proven undeveloped category and 20 (10.0 net) in the probable undeveloped category in the Frog Lake area.

Ukalta

The Ukalta area is located approximately 75 km northeast of Edmonton, Alberta, in Township 57 Range 18W4 and produces conventional heavy oil from the Clearwater formation using OHML horizontal wells. At year end 2025, Ukalta was comprised of 25 (25.0 net) producing wells and 21,276 net acres (62% Non-Reserve) of Clearwater rights. The Ukalta property average production of 336 bbl/d (100% heavy oil) through 2025 represented 4.0% of Rubellite's sales production. Production in December 2025 averaged 270 bbl/d, representing 3.3% of

Corporate production for the month. The McDaniel Report identifies 18 (16.0 net) development locations, 12 (11.0 net) proven undeveloped and 6 (5.0 net) probable undeveloped locations in this area.

There were no wells drilled at Ukalta in 2025. Bitcoin mining units were installed to utilize associated natural gas which would have otherwise been flared in order to reduce flaring while generating revenue and reducing operating expenses.

Marten Hills

The Marten Hills area is located approximately 215 km northeast of Edmonton, Alberta in the Athabasca Oil Sands Area and produces conventional heavy oil from the Clearwater Formation using OHML horizontal wells. Rubellite completed all drilling commitments and contractual earning, and project payout occurred in February 2023, whereby the farmor converted to a 40% working interest and Rubellite retained a 30% working interest in the property.

During 2025, one (0.3 net) "bottoms up" water injection well was drill as part of an enhanced oil recovery scheme for the pool.

As at year-end 2025, there were 11 (3.3 net) producing wells and 1 (0.3 net) water injection well which contributed approximately 197 bbl/d (100% heavy oil) to Rubellite's sales production in 2025, representing 2.3% of Rubellite's annual production. Production in December 2025 averaged 194 bbl/d, 2.4% of Corporate production for the month. The McDaniel Report identifies additional waterflood injection wells to be drilled lower within the Clearwater formation, consistent with other operators, which will provide pressure support and incremental heavy oil recovery from the existing producers.

Bitumen

Rubellite held 72,960 net acres (100% Non-Reserve) of Oil Sands Leases at December 31, 2025, in northeast Alberta at Panny and Liege. The bitumen resource potential on these leases may be developed over the long-term using a variety of recovery techniques, ranging from near cold production technologies to in-situ thermal techniques such as steam-assisted gravity drainage or electro-thermal heat generation technology. Currently there is no production and no recognized reserves associated with the Panny and Liege properties. The Company's Bitumen assets also includes 58,743 net acres (100% Non-Reserve) of Petroleum and Natural Gas Rights at Panny and Liege areas.

West Central Deep Basin Assets

Rubellite established core operations in the West Central Alberta deep basin in the greater East Edson area through the Recombination Transaction in 2024. Major facilities include 50% of a non-operated, natural gas plant including liquids recovery facilities, a compressor station, a 15.5 km sales pipeline and an extensive gathering system. Additionally, a 7.5% working interest in a second non-operated, natural gas plant provides additional processing and egress options.

East Edson

The East Edson area is located 175 km west of Edmonton, Alberta in the Alberta Deep Basin and is comprised of 28,791 net acres of land (18% Non-Reserve) as at the end of 2025. The Company holds an average 50% non-operated working interest in 94 (46.0 net) producing natural gas wells. Production in December 2025 averaged 3,687 boe/d (10.1% liquids), representing 30% of total Corporate production for the month. Annual production from East Edson averaged 3,517 boe/d, or 28% of total annual volumes of the Corporation in 2025. The primary development in the area utilizes horizontal wells and multi-stage frac technology targeting the Wilrich Formation. Secondary targets include liquids-rich conventional natural gas development potential in the Rock Creek, Gething, Fahler, Notikewin, Viking and Second White Specks formations.

Pursuant to a joint venture arrangement, the East Edson property was subject to a gross overriding royalty payable to an industry partner of a gross 4.08 MMcf/d of natural gas plus oil and associated NGL in 2025 payable on a monthly basis, which declines at 10% per year until December 31, 2034 at which time the arrangement terminates.

Production is processed through two non-operated facilities, the 50% owned 65 MMcf/d capacity shallow cut West Wolf Lake gas processing facility, and a 7.5% working interest in a 90 MMcf/d capacity facility at Rosevear. An extensive gathering system and 50% Company owned compressor station integrates operations across the field and allows for optimization of throughput. Rubellite's combined net working interest capacity through both facilities is approximately 39 MMcf/d. Rubellite's current firm transportation commitment on TC Energy's NGTL natural gas pipeline for the East Edson area is 28.8 MMcf/d. Associated NGL volumes of approximately 18 bbl per MMcf of conventional natural gas (53% condensate) are recovered at the two facilities, with a point of sale delivery point for condensate and unsegregated NGL at the plant gate.

In 2025, 4 (2.0 net) horizontal wells targeting the Wilrich Formation were drilled, completed with hydraulic fracture stimulation, and placed on production. The McDaniel Report identifies 26 (11.9 net) development locations, 16 (7.5 net) proven undeveloped and 10 (4.4 net) probable undeveloped locations in this property.

Exploration and other Minor Properties

The Company's Northern Exploration properties comprise various parcels of lands in the Calling Lake, Peavine, Dawson, Wabasca and Cranberry Lake areas. As at December 31, 2025, Rubellite holds 116,389 net acres (99% Non-Proven) and there was 1 (0.5 net before payout) well on production.

The Company's Other Exploration includes multiple parcels of land to evaluate and pursue new exploration play concepts in Alberta and Saskatchewan. Other Exploration is comprised of 98,859 net acres (100% Non-Proven).

The Corporation has 8,896 net acres (99% Non-Proven) in central and southern Alberta, including 10,781 net acres of Fee Title land being actively evaluated for Helium production by a third party under a Farmout and Option Agreement dated January 13, 2023.

Map of Principal Properties

The following table sets forth the key attributes of our principal natural gas and oil properties as at December 31, 2025.

Major Areas	**Current Sales Production[1] (*boe/d*)**	**Proven and Non-Proven Land (*net acres*)**	**Gross Proved plus Probable Reserves[2] (*MMboe*)**	**2025 Drilling Program[3] (*# of net locations*)**
Ukalta	270	21,276	2.1	—
Figure Lake	5,629	160,852	21.9	21.0
Marten Hills	194	576	1.0	0.3
Frog Lake	2,967	21,816	6.3	19.5
Bitumen	—	131,703	—	—
East Edson	3,867	28,791	21.8	2.0
Medicine Hat	—	10,787	—	—
Northern Exploration	23	116,389	—	—
Other / Exploration	—	107,755	—	1.0
Total	12,950	599,945	53.1	43.8

(1) Average December 2025 daily sales production was comprised of 26.8 MMcf/d of conventional natural gas production, 390 bbl/d of natural gas liquids and 8,090 bbl/d of heavy crude oil. Refer to "Volume Conversions" on page 59 of this Annual Information Form.
(2) The reserves data set forth is based upon the figures contained in the McDaniel Report.
(3) Number of net locations participated in.

Environmental, Social and Governance ("ESG")

Rubellite is committed to strong ESG performance and promotes a corporate culture focused on learning and continuous improvement. Key highlights include:

- a commitment to a strong safety culture with triple zero environment, health and safety goals of zero spills, zero injuries and zero vehicle incidents - see "*Environmental Health and Safety Policies*";
- development of the Clearwater and Mannville Stack formations utilizing OHML and other horizontal drilling technology which inherently minimizes surface disturbance and reduces the surface footprint of our operations by drilling multiple wells from centralized surface pads;
- use of oil-based mud ("**OBM**") drilling fluid systems in some reservoirs for OHML and other horizontal drilling which eliminates fresh water use in the majority of the drilling process and does not require water-intensive hydraulic fracture stimulations;
- pro-active emissions management through a low emissions pad site battery design and associated gas tie-in solutions;
- collaborating to advance innovation through connection to multiple industry clean technology alliances;
- established partnerships with Indigenous communities proximal to our field operations, including commercial partnership arrangements and a purposeful Indigenous contractor engagement strategy;
- listening-centric community relations approach grounded in mutual respect with the desire to build Indigenous community capacity;
- extensive leadership and volunteer involvement in industry, community and charitable organizations;
- performance-based compensation practices; and
- a well-established corporate culture which embraces diversity and is grounded by inclusive leadership practices that embed accountability, flexibility and an entrepreneurial spirit throughout the organization.

The Corporation remains committed to ensuring that its governance structure is appropriate and reflects best ethical practices consistent with Rubellite's size and stage of development.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

MARCH 10, 2026

The reserves data set forth below is based upon the figures contained in the report of McDaniel & Associates Consultants Ltd. ("McDaniel") dated effective December 31, 2025, with a preparation date of March 10, 2026 (the "McDaniel Report") evaluating substantially all of Rubellite's heavy crude oil, conventional natural gas and NGL reserves.

Disclosure of Reserves Data

The Report on Reserves Data by McDaniel in Form 51-101F2 is attached as Appendix B to this Annual Information Form and the Report of Management and Directors on Oil and Gas Disclosure in Form 51-101F3 is attached as Appendix A to this Annual Information Form.

In the McDaniel Report, McDaniel evaluated 100% of the assigned total proved plus probable reserves. McDaniel prepared the McDaniel Report using their own technical assumptions and interpretations, methodologies and cost assumptions and the equal weighting of the three consultant (McDaniel, GLJ Ltd., Sproule Associates Limited) average price forecasts (the "**Consultant Average Price Forecast**"). Due to rounding, certain columns set forth below in this section may not add.

The reserves data set forth below summarizes the crude oil, conventional natural gas and NGL reserves associated with the Corporation's assets and the net present values of future net revenue for such reserves using forecast prices and costs. The McDaniel Report has been prepared in accordance with the standards contained in the COGE Handbook and the reserve definitions contained in NI 51-101, CSA 51- 324, and the COGE Handbook. McDaniel was engaged to provide evaluations of proved and proved plus probable reserves and no attempt was made to evaluate possible reserves.

All of the reserves associated with the Corporation's assets are located in Canada and specifically, in the province of Alberta. The reserves attributed to the Corporation's assets include heavy crude oil reserves and associated conventional natural gas, non-associated natural gas and natural gas by-products.

There are numerous uncertainties inherent in estimating quantities of crude oil, conventional natural gas and NGL reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth below are estimates only. In general, estimates of economically recoverable reserves and the future net revenues therefrom are based upon a number of variable factors and assumptions, such as geological, geophysical, and engineering assessment of hydrocarbons in place on lands, historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital and abandonment and reclamation expenditures, marketability of crude oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, estimates of the economically recoverable crude oil, conventional natural gas and NGL reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. The actual production, revenues, royalties, development, abandonment and reclamation, and operating expenditures of the Corporation's assets with respect to their reserves will vary from estimates thereof and such variations could be material.

The information relating to the crude oil, conventional natural gas and NGL reserves with respect to the Corporation's assets contain forward-looking statements relating to anticipated production, future net revenues, forecast capital expenditures, future development plans and costs related thereto, forecast operating costs, anticipated production, and abandonment and reclamation costs. See "*Forward-Looking Information and Statements*" and "*Risk Factors – Reserves Estimates*".

It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained, and variances could be material. Actual reserves and value may be greater than or less than the estimates provided in this Statement of Reserves Data and Other Oil and Gas Information.

SUMMARY OF RESERVES
TOTAL RESERVES
as at December 31, 2025
FORECAST PRICES AND COSTS[3]

	Light and Medium Crude Oil		Heavy Crude Oil		Conventional Natural Gas		Natural Gas Liquids		Oil Equivalent	
Reserves Categories	**Gross[1] (*Mbbl*)**	**Net[2] (*Mbbl*)**	**Gross[1] (*Mbbl*)**	**Net[2] (*Mbbl*)**	**Gross[1] (*MMcf*)**	**Net[2] (*MMcf*)**	**Gross[1] (*Mbbl*)**	**Net[2] (*Mbbl*)**	**Gross[1] (*Mboe*)**	**Net[2] (*Mboe*)**
Proved Producing	—	—	8,485	7,330	52,212	44,252	878	669	18,065	15,375
Proved Non Producing	—	—	48	44	742	723	14	13	185	177
Proved Undeveloped	—	—	9,078	8,026	29,954	27,706	548	466	14,619	13,110
Total Proved	**—**	**—**	**17,610**	**15,400**	**82,907**	**72,680**	**1,441**	**1,148**	**32,869**	**28,662**
Probable Producing	—	—	2,809	2,344	13,499	12,241	224	172	5,282	4,556
Probable Non Producing	—	—	12	9	2,448	2,070	47	32	466	386
Probable Undeveloped	—	—	8,788	7,522	30,650	27,723	556	436	14,451	12,579
Total Probable	**—**	**—**	**11,608**	**9,875**	**46,596**	**42,034**	**826**	**640**	**20,199**	**17,521**
Proved plus Probable	**—**	**—**	**29,218**	**25,275**	**129,504**	**114,714**	**2,266**	**1,788**	**53,068**	**46,183**

(1) "Gross" refers to working interest reserves before royalty deductions.
(2) "Net" refers to company interest volumes after royalties.
(3) May not add due to rounding.

NET PRESENT VALUE OF FUTURE NET REVENUE
BEFORE TAX as at December 31, 2025
FORECAST PRICES AND COSTS (*$ millions*)[1]

	Before Income Taxes Discounted at (%)					Unit Value Before Income Tax Discounted At 10%/Year[3]
Reserves Categories	**0%**	**5%**	**10%**	**15%**	**20%**	**($/boe)**
Proved Producing[2]	318.2	297.6	268.9	244.2	224.0	17.49
Proved Non Producing	3.8	3.2	2.8	2.4	2.2	15.68
Proved Undeveloped	231.4	163.7	116.8	83.5	59.3	8.91
Total Proved	**553.5**	**464.5**	**388.5**	**330.1**	**285.5**	**13.55**
Probable Producing	143.8	107.1	83.6	67.9	57.0	18.34
Probable Non Producing	6.4	3.3	1.8	1.0	0.5	4.76
Probable Undeveloped	369.8	249.9	177.6	131.3	100.2	14.12
Total Probable	**520.0**	**360.3**	**263.0**	**200.3**	**157.7**	**15.01**
Proved plus Probable	**1,073.5**	**824.8**	**651.5**	**530.4**	**443.2**	**14.11**

(1) January 1, 2026 Consultant Average Price Forecast.
(2) Inclusive of all asset retirement obligations of the Corporation.
(3) The unit values are based on net reserve volumes.

NET PRESENT VALUE OF FUTURE NET REVENUE
AFTER TAX as at December 31, 2025
FORECAST PRICES AND COSTS (*$ millions*)[1]

	After Income Taxes Discounted at (%)[4]					Unit Value After Income Tax Discounted At 10%/Year[3]
Reserves Categories	**0%**	**5%**	**10%**	**15%**	**20%**	**($/boe)**
Proved Producing[2]	318.2	297.6	268.9	244.2	224.0	17.49
Proved Non Producing	3.8	3.2	2.8	2.4	2.2	15.68
Proved Undeveloped	213.9	150.7	107.0	76.0	53.3	8.16
Total Proved	**535.9**	**451.5**	**378.7**	**322.6**	**279.5**	**13.21**
Probable Producing	143.8	107.1	83.6	67.9	57.0	18.34
Probable Non Producing	6.4	3.3	1.8	1.0	0.5	4.76
Probable Undeveloped	251.8	165.1	114.0	82.0	61.0	9.06
Total Probable	**402.0**	**275.5**	**199.4**	**151.0**	**118.5**	**11.38**
Proved plus Probable	**938.0**	**727.0**	**578.1**	**473.5**	**398.0**	**12.52**

(1) January 1, 2026 Consultant Average Price Forecast.
(2) Inclusive of all asset retirement obligations of the Corporation.
(3) The unit values are based on net reserve volumes.
(4) The after tax net present value of the Corporation's oil properties reflects the tax burden on the properties on a stand-alone basis and utilizes the Corporation's tax pools.

FUTURE NET REVENUE
TOTAL RESERVES (UNDISCOUNTED)
as at December 31, 2025
FORECAST PRICES AND COSTS (*$ millions*)

Reserves Categories	Revenue	Royalties	Operating Costs	Development Costs	Abandonment and Reclamation Costs	Future Net Revenue Before Income Taxes	Income Taxes	Future Net Revenue After Income Taxes[1]
Proved Reserves	1,723	(216)	(577)	(293)	(84)	553	(18)	536
Proved plus Probable Reserves	2,924	(382)	(917)	(458)	(94)	1,073	(136)	938

(1) The after tax net present value of the Corporation's oil and gas properties reflects the tax burden on the properties on a stand-alone basis and utilizes the Corporation's tax pools.

FUTURE NET REVENUE
TOTAL RESERVES
BY PRODUCTION TYPE
as at December 31, 2025

Reserve Categories	Production Type	Future Net Revenue Before Income Taxes (discounted at 10%/year)[2] ($ millions)	Unit Value[1] ($/bbl) ($/Mcf)
Proved Reserves	Conventional Natural Gas (including by-products but excluding solution gas and by-products from oil wells)	66.6	1.02
Proved Reserves	Light and Medium Crude Oil (including solution gas and other by products)	—	—
Proved Reserves	Heavy Crude Oil (including solution gas and other by products)	321.8	20.90
Proved Reserves – Total		388.5	
Proved plus Probable Reserves	Conventional Natural Gas (including by-products but excluding solution gas and by-products from oil wells)	109.8	1.06
Proved plus Probable Reserves	Light and Medium Crude Oil (including solution gas and other by products)	—	—
Proved plus Probable Reserves	Heavy Crude Oil (including solution gas and other by products)	541.7	21.43
Proved plus Probable Reserves – Total		651.5	

(1) Unit values are calculated using the future net revenue discounted at 10% divided by the Major Production Type net reserves for each group.
(2) Inclusive of all asset retirement obligations for the Company.

Forecast Prices and Costs

Pricing Assumptions (Forecast Prices and Costs)

SUMMARY OF PRICING ASSUMPTIONS
as at December 31, 2025
FORECAST PRICES AND COSTS[1]

Year	West Texas Intermediate Crude Oil ($US/bbl)	Edmonton Light Crude Oil (CDN/bbl)	Alberta Heavy Crude Oil (CDN/bbl)	Natural Gas at AECO (CDN/MMBtu)	U.S Henry Hub ($US/MMBtu)	Foreign Exchange ($US/CDN)[2]
2026	59.92	77.54	60.09	3.00	3.74	0.73
2027	65.10	83.60	64.94	3.30	3.78	0.74
2028	70.28	90.17	71.16	3.49	3.85	0.74
2029	71.93	92.32	72.84	3.58	3.93	0.74
2030	73.37	94.17	74.30	3.65	4.01	0.74
2031	74.84	96.06	75.80	3.72	4.09	0.74
2032	76.34	97.98	77.32	3.80	4.17	0.74
2033	77.87	99.93	78.87	3.88	4.26	0.74
2034	79.42	101.93	80.46	3.95	4.34	0.74
2035	81.01	103.97	82.08	4.03	4.43	0.74
2036	82.63	106.05	83.72	4.11	4.52	0.74
2037	84.29	108.17	85.39	4.20	4.61	0.74
2038	85.97	110.34	87.10	4.28	4.70	0.74
2039	87.69	112.54	88.84	4.37	4.79	0.74
2040	89.44	114.80	90.62	4.45	4.89	0.74

(1) Source: January 1, 2026 Consultant Average Price Forecast.
(2) Exchange rates used to generate the benchmark reference prices in this table.

The weighted average historical price realized from the Corporation's heavy oil assets for the year-ended December 31, 2025 was $72.83/bbl (2024 - $79.04) including $1.45/bbl of realized gain on risk management contracts (2024 - $0.12/bbl gain on risk management contracts). Heavy oil is sold at Alberta Heavy Crude benchmark prices less a wellhead differential.

RECONCILIATION OF COMPANY GROSS RESERVES
BY PRINCIPAL PRODUCT TYPE
FORECAST PRICES AND COSTS[1]

	Light and Medium Crude Oil			Heavy Oil			Total Crude Oil		
	Gross Proved (*Mbbl*)	**Gross Probable (*Mbbl*)**	**Gross Proved plus Probable (*Mbbl*)**	**Gross Proved (*Mbbl*)**	**Gross Probable (*Mbbl*)**	**Gross Proved plus Probable (*Mbbl*)**	**Gross Proved (*Mbbl*)**	**Gross Probable (*Mbbl*)**	**Gross Proved plus Probable (*Mbbl*)**
December 31, 2024	**—**	**—**	**—**	**15,878**	**10,976**	**26,854**	**15,878**	**10,976**	**26,854**
Extensions & Improved Recoveries	—	—	—	3,965	2,041	6,006	3,965	2,041	6,006
Discoveries	—	—	—	—	—	—	—	—	—
Technical Revisions	—	—	—	1,045	(1,347)	(302)	1,045	(1,347)	(302)
Acquisitions	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—
Production	—	—	—	(3,067)	—	(3,067)	(3,067)	—	(3,067)
Economic Factors	—	—	—	(211)	(63)	(273)	(211)	(63)	(273)
December 31, 2025	**—**	**—**	**—**	**17,610**	**11,608**	**29,218**	**17,610**	**11,608**	**29,218**

(1) May not add due to rounding.

RECONCILIATION OF COMPANY GROSS RESERVES
BY PRINCIPAL PRODUCT TYPE
FORECAST PRICES AND COSTS[1]

	Conventional Natural Gas			Natural Gas Liquids			Oil Equivalent		
	Gross Proved (*MMcf*)	**Gross Probable (*MMcf*)**	**Gross Proved plus Probable (*MMcf*)**	**Gross Proved (Mbbl)**	**Gross Probable (*Mbbl*)**	**Gross Proved plus Probable (*Mbbl*)**	**Gross Proved (*Mbbl*)**	**Gross Probable (*Mboe*)**	**Gross Proved plus Probable (*Mboe*)**
December 31, 2024	**91,419**	**50,749**	**142,167**	**1,576**	**884**	**2,460**	**32,690**	**20,318**	**53,009**
Extensions & Improved Recoveries	233	259	492	1	—	1	4,005	2,085	6,089
Discoveries	—	—	—	—	—	—	—	—	—
Technical Revisions	(357)	(4,398)	(4,755)	(1)	(58)	(59)	984	(2,138)	(1,154)
Acquisitions	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—
Production	(8,162)	—	(8,162)	(133)	—	(133)	(4,560)	—	(4,560)
Economic Factors	(225)	(14)	(239)	(2)	—	(2)	(250)	(65)	(316)
December 31, 2025	**82,907**	**46,596**	**129,504**	**1,441**	**826**	**2,266**	**32,869**	**20,199**	**53,068**

(1) May not add due to rounding.

Gross Proved Reconciliation Summary

The Clearwater (Figure Lake) 2025 drilling program resulted in proved producing drilling extensions of 870 Mboe attributed to the addition of 11 (11.0 net) producing wells not previously recognized in the prior reserve report as well as 1,394 Mboe associated with drilling extensions for 16 (16.0 net) proved undeveloped locations. Category transfers of 260 Mboe, which are grouped as technical revisions, are the aggregate of revisions from 9 (9.0 net) drills booked as proved undeveloped transferring to proved producing. Other technical revisions of 849 Mboe represent adjustments to base producing wells and location proved reserves. These volumes include associated solution gas on wells that are tied in.

In Frog Lake, the 2025 drilling program resulted in proved producing drilling extensions of 430 Mboe attributed to the addition of 9 (6.5 net) producing wells, and 274 Mboe attributed to the addition of 4.0 net wells as a result of drilling 8 gross wells (now 8.0 net) with working interest increases from 50% to 100% from FLERC non-working interest participation elections. There was also 692 Mboe associated with drilling extensions for 21 (10.5 net) proved undeveloped locations. Category transfers of 4 Mboe, which are grouped as technical revisions, are the aggregate of revisions from 7 (3.5 net) drills booked as proved undeveloped and 1 (0.5 net) wells booked as proved non-producing, transferring to proved producing. Other technical revisions of 434 Mboe represent adjustments to base producing wells and locations proved reserves.

The remaining extension volume of 345 Mboe in proved reserves is associated with a water flood project in Marten Hills.

The remaining technical revisions in proved reserves are associated with -755 Mboe in Edson due to performance, impacting producing wells and undeveloped locations. This proved reserves revision was offset by positive performance revisions in Ukalta and Marten Hills on producing wells and locations of 204 Mboe.

Economic factors include adjustments related to price.

Gross Proved Plus Probable Reconciliation Summary

The Clearwater (Figure Lake) 2025 drilling program resulted in proved plus probable producing drilling extensions of 886 Mboe attributed to the addition of 9 (9.0 net) producing wells not previously recognized in the prior reserve report as well as 2,834 Mboe associated with drilling extensions for 24 (24.0 net) proved plus probable undeveloped locations. There was an additional 50 Mboe in drilling extensions in the proved plus probable non producing category for a waterflood pilot booked in Figure Lake. The waterflood pilot encompasses 1 (1.0 net) single lateral injector that was drilled between the legs of a producing multilateral well. These volumes include associated solution gas on wells that are tied in.

In Figure Lake, category transfers of 122 Mboe, which are grouped as technical revisions, are the aggregate of revisions from 11 (11.0 net) drills booked as proved plus probable undeveloped producing and 1 (1.0 net) proved plus probable non-producing wells, transferring to proved plus probable producing. Other technical revisions of 285 Mboe represent adjustments to base producing well and location proved plus probable reserves.

The Frog Lake 2025 drilling program resulted in proved plus probable producing drilling extensions of 248 Mboe attributed to the addition of 4 (3.0 net) producing wells, and 370 Mboe attributed to the addition of 4.0 net wells as a result of drilling 8 gross wells (now 8.0 net) with working interest increases from 50% to 100% from partner non-participation. There was also 1,169 Mboe associated with drilling extensions for 28 (14.0 net) proved plus probable undeveloped locations.

In Frog Lake, category transfers of 37 Mboe, which are grouped as technical revisions, are the aggregate of revisions from 20 (15.0 net) drills booked as proved plus probable undeveloped producing and 1 (0.5 net) proved plus probable non-producing wells, transferring to proved plus probable producing. Of the 20 (15.0 net) drills booked as undeveloped that had category transfers, 8 (8.0 net) are the same as the wells noted above with working interest increases. These wells hold both technical revision reconciliations in category transfer from the original evaluation, and extension reconciliations related to additional capital spent and working interest increases. Other technical revisions of 21 Mboe represent adjustments to base producing well and location proved plus probable reserves.

The remaining extension volume of 532 Mboe in proved plus probable reserves is associated with a water flood project in Marten Hills.

The remaining technical revisions in proved plus probable reserves are associated with -1,668 Mboe in Edson due to performance, impacting producing and undeveloped wells. This proved plus probable reserves revision was offset by positive performance revisions in Ukalta and Marten Hills on producing wells and locations of 49 Mboe.

Economic factors include adjustments related to price.

Additional Information Relating to Reserves Data

Proved Undeveloped Reserves

The following table discloses, for each product type, the volumes of proved undeveloped reserves that were first attributed in each of the most recent three financial years and, in the aggregate, before that time.

	Light and Crude Medium Oil (*Mbbl*)		**Heavy Crude Oil (*Mbbl*)**		**Conventional Natural Gas (*MMcf*)**		**Natural Gas Liquids (*Mbbl*)**	
Year	**First Attributed**	**Cumulative at Year End**	**First Attributed**	**Cumulative at Year End**	**First Attributed**	**Cumulative at Year End**	**First Attributed**	**Cumulative at Year End**
Prior thereto (2022)	—	—	2,066	2,971	—	—	—	—
2023	—	—	2,216	4,230	1,629	1,629	—	—
2024	—	—	4,389	7,836	37,524	38,222	684	684
2025			2,422	9,078	48	29,954	—	548

The Corporation has an inventory of proved undeveloped reserves in the Clearwater, Sparky, Waseca and General Petroleum formations in Eastern Alberta. These reserves are booked as per the COGE Handbook to Company lands immediately adjacent to existing producing wells. McDaniel has forecast the development of these proved undeveloped reserves, consisting of 123 (101.6 net) multi-lateral and single-lateral horizontal crude oil wells, over the next four years as part of larger drilling programs subject to commodity prices. The Corporation also has an inventory of proved undeveloped reserves in the Wilrich formation in West Central Alberta. McDaniel has forecast the development of these proved undeveloped reserves, consisting of 16 (7.5 net) horizontal multi-stage fractured gas wells, over the next five years as part of larger drilling programs subject to commodity prices.

All first attributed Heavy Crude Oil volume for 2025 is due to organic growth, in Figure Lake, Frog Lake and Marten Hills. The first attributed Conventional Natural Gas volume for 2025 relates to solution gas conservation from first attributed Heavy Oil Volumes in Figure Lake that are tied in.

Probable Undeveloped Reserves

The following table discloses, for each product type, the volumes of probable undeveloped reserves that were first attributed in each of the most recent three financial years and, in the aggregate, before that time.

	Light and Medium Crude Oil (*Mbbl*)		**Heavy Crude Oil (*Mbbl*)**		**Conventional Natural Gas (*MMcf*)**		**Natural Gas Liquids (*Mbbl*)**	
Year	**First Attributed**	**Cumulative at Year End**	**First Attributed**	**Cumulative at Year End**	**First Attributed**	**Cumulative at Year End**	**First Attributed**	**Cumulative at Year End**
Prior thereto (2022)	—	—	1,416	3,181	—	—	—	—
2023	—	—	1,557	4,033	1,496	1,496	—	—
2024	—	—	5,220	8,261	33,093	33,713	598	598
2025	—	—	2,069	8,788	213	30,650	—	556

The Corporation has an inventory of proved plus probable undeveloped reserves in the Clearwater, Sparky, Waseca and General Petroleum formations in Eastern Alberta. These reserves are booked as per the COGE Handbook to Company lands immediately adjacent to existing producing wells. McDaniel has forecast the development of these proved plus probable undeveloped reserves, consisting of 188 (155.2 net) multi-lateral and single-leg lined lateral horizontal crude oil wells, over the next five years as part of larger drilling programs subject to commodity prices. The Corporation also has an inventory of proved plus probable undeveloped reserves in the Wilrich formation in West Central Alberta. McDaniel has forecast the development of these proved plus probable undeveloped reserves, consisting of 26 (11.9 net) horizontal multi-stage fractured gas wells, over the next eight years as part of larger drilling programs subject to commodity prices.

All first attributed heavy crude oil volume for 2025 is due to organic growth, in Figure Lake, Frog Lake and Marten Hills. The first attributed conventional natural gas volume for 2025 relates to solution gas conservation from first attributed Heavy Oil Volumes in Figure Lake that are tied in.

Future Development Costs

The following table sets forth development costs deducted in the estimation of Rubellite's future net revenue attributable to the reserve categories noted below.

FUTURE DEVELOPMENT COSTS
FORECAST PRICES AND COSTS (*$ millions*)

Year	**Proved Reserves**		**Proved plus Probable Reserves**	
Discount Rate	0%	10%	0%	10%
2026	67.6	65.2	74.2	71.5
2027	74.8	65.3	86.6	75.5
2028	101.7	80.8	111.9	89.0
2029	36.1	26.5	102.6	74.0
2030	12.4	8.2	49.5	32.4
Thereafter	0.5	0.3	32.7	18.0
Total	**$293.0**	**$246.2**	**$457.6**	**$360.4**

Rubellite does not expect the future development costs ("**FDC**") to make development of any properties uneconomic. The McDaniel Report estimates that FDC of $457.6 million will be required over the life of the proved plus probable reserves of the Corporation's assets. Proved plus probable reserve forecast FDC have increased by $21.3 million (4.9%) to $457.6 million, from $436.3 million at December 31, 2024. On a proved basis, forecast FDC have increased by $5.4 million (1.9%) from $287.6 million at December 31, 2024 to $293.0 million at December 31, 2025. The majority of FDC (82%) is attributed to locations booked in the Clearwater, Sparky, Waseca and General Petroleum plays where 188 (155.2 net) multi-lateral and single-lateral horizontal heavy crude oil locations are booked as proved plus probable undeveloped. The remainder of FDC (18%) is attributed to locations booked in the Wilrich play in West Central Alberta at East Edson where 26 (11.9 net) horizontal multi-stage fractured gas wells are booked as proved plus probable undeveloped.

As Rubellite continues to invest capital to bring on additional production, development of the undeveloped reserves will systematically be undertaken over the next eight years. However, there can be no guarantee that funds will be available or that the Board of Directors of Rubellite (the "**Rubellite Board**") will allocate funding to develop all of the reserves attributable in the McDaniel Report. Failure to develop those reserves could have a negative impact on Rubellite's future cash flow. See "*Risk Factors*".

Abandonment and Reclamation Obligations

McDaniel's reserve assessment includes an estimate of the Corporation's total future decommissioning obligations based on net ownership interest in all wells, facilities and pipelines, including estimated costs to abandon the wells, facilities and pipelines and reclaim the sites, and the estimated timing of the costs to be incurred in future periods as summarized in the following table as at December 31, 2025:

	Undiscounted	Discounted at			
($ *millions*, net to Rubellite)	**Uninflated**	**5%**	**10%**	**15%**	**20%**
Estimated abandonment and reclamation obligations associated with existing wells, pipelines and facilities[1]	49.5	30.5	18.0	12.9	10.3
Estimated abandonment and reclamation obligations associated with the future development of reserves	12.4	5.8	1.8	0.6	0.2
Total estimated abandonment and reclamation obligations	61.9	36.2	19.7	13.5	10.5

(1) Estimated internally in accordance with NI 51-101. Includes estimated abandonment and reclamation obligations for wells and related pipelines and facilities with no reserves assigned and for reclamation activities related to abandoned sites.

Significant Factors or Uncertainties

The process of estimating reserves is complex. It requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserves estimates contained herein are based on current production forecasts, prices and economic conditions.

As circumstances change and additional data becomes available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and government restrictions.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, the subjective decisions, new geological, geophysical or production information and a changing environment may impact these estimates. Revisions to reserve estimates can arise from changes in year end oil and gas prices and reservoir performance. Such revisions can be either positive or negative.

OTHER OIL AND GAS INFORMATION

Oil and Gas Properties

A description of Rubellite's important oil and natural gas properties as at December 31, 2025 is included as part of "*Description of the Business* ".

Oil and Gas Wells

The following table sets forth the number and status of wells in which the Corporation had a working interest as at December 31, 2025:

	Producing Gas Wells		Producing Oil Wells		Non Producing Gas Wells[3]		Non Producing Oil Wells[3]	
Property	**Gross[1]**	**Net[2]**	**Gross[1]**	**Net[2]**	**Gross[1]**	**Net[2]**	**Gross[1]**	**Net[2]**
Figure Lake	—	—	112	112.0	11	11.0	9	9.0
Frog Lake	—	—	80	51.5	1	1.0	21	18.5
Ukalta	—	—	25	25.0	5	5.0	6	6.0
Marten Hills	—	—	11	3.3	—	—	—	—
East Edson	94	46.0	—	—	23	9.8	7	3.1
North Bitumen	—	—	—	—	74	71.3	6	6.0
Northern Exploration	—	—	1	0.5	—	—	4	3.5
Other/Exploration	—	—	—	—	3	1.6	3	3.0
Total Proved	94	46.0	229	192.3	117	99.7	56	49.1

(1) "Gross" refers to the number of wells attributed to the Corporation's assets in which Rubellite holds a working interest.
(2) "Net" refers to the aggregate of the numbers obtained by multiplying each gross well by the percentage working interest therein.
(3) "Non-Producing" refers to wells which have recently been rig released and have not yet recovered their full base-oil load fluid and wells which are not currently producing either due to lack of facilities, markets, regulatory approval or operating netbacks.

Acreage Information

The following table sets out Rubellite's developed and undeveloped land holdings as at December 31, 2025:

	Proven Acres		Non-Proven Acres[3]	
Property	**Gross[1]**	**Net[2]**	**Gross[1]**	**Net[2]**
Figure Lake[4]	44,800	44,526	116,480	116,326
Frog Lake	19,236	9,902	20,489	11,914
Ukalta	8,480	8,160	13,116	13,116
Marten Hills	1,920	576	—	—
East Edson	50,560	23,738	14,080	5,053
Medicine Hat	—	—	10,787	10,787
Bitumen	—	—	144,960	131,703
Northern Exploration	320	160	124,453	116,229
Other / Exploration	12,958	60	130,380	107,694
Total	138,274	87,122	574,745	512,822

(1) "Gross" means the total number of acres in which the Corporation has an interest in respect of Rubellite's current assets. Gross acreage is calculated only once per lease regardless of whether or not the Corporation holds a working and/or royalty interest, or whether or not the lease includes multiple prospective formations. If the Corporation holds interests in different formations beneath the same surface location pursuant to separate leases, the acreage set out in each lease is counted.
(2) "Net" means the aggregate of the numbers obtained by multiplying each gross acre by the actual percentage working interest therein.
(3) "Non-Proven" refers to land where there are not any existing reserves booked within the rights associated with those lands and includes $59.56 million of assigned land value by an independent third party at year-end 2025.
(4) Includes 17,920 gross/net acres on the Buffalo Lake Métis Settlement.

A total of 7,942 net acres expired in 2025; however, the Corporation acquired 63,732 net acres at Crown land sales and through acquisitions. In 2026, the Corporation has 120,152 net acres set to expire with plans to continue approximately 83% (100,152 net acres) of the potentially expiring lands. The Corporation has assessed all expiring lands and, where appropriate, will seek continuation through mapping, development activity or, in the case of higher risk areas, farm-outs, or other third-party agreements.

Rubellite's Non-Reserve acreage was assessed by an independent third party, Seaton-Jordan & Associates Ltd., as at December 31, 2025, in a report dated January 26, 2026 (the "**Seaton-Jordan Report**"). Estimates of the value of Rubellite's undeveloped acreage not assigned reserves was prepared in accordance with NI 51-101 5.9(1)(e) for purposes of the net asset value calculation and, consistent with prior years, is based on past Crown land sale activity, adjusted for tenure and other considerations. No value is assigned to any leases where reserves have been booked, even if the lease contains multiple prospective formations that have not been assigned reserves. The assessed value of Rubellite's Non-Reserve land at year-end 2025 is estimated in the Seaton-Jordan Report at $59.5 million, an increase of 22% from $48.7 million at year-end 2024.

Production Estimates

The following table sets out the volume of Rubellite's future production forecast estimated by McDaniel on a proved plus probable basis for the year ended December 31, 2025, which is reflected in the estimate of future net revenue disclosed in the tables:

2026 McDaniel Forecast Production[1]	Light and Medium Crude Oil (*bbl/d*)	Heavy Crude Oil (*bbl/d*)	Conventional Natural Gas (*MMcf/d*)	Natural Gas Liquids (*bbl/d*)
Proved	—	8,316	25	405
Probable	—	863	2	34
Total Proved plus Probable	**—**	**9,180**	**28**	**439**

(1) Working interest before royalty deductions plus royalty interest share.

Production History

The following tables summarize certain information in respect of sales production, product prices received, royalties paid, operating expenses and resulting netback for the periods indicated below:

Sales Production	Q4 2025	Q3 2025	Q2 2025	Q1 2025
Average daily sales production				
Heavy crude oil (bbl/d)	8,295	8,338	8,637	8,339
Natural gas (Mcf/d)	25,884	20,975	20,522	22,038
NGL (bbl/d)	433	288	368	371
Daily average sales production (boe/d)	**13,042**	**12,122**	**12,425**	**12,383**
Rubellite average realized price[1]				
Heavy oil ($/bbl)[1]	63.32	72.40	69.98	80.03
Natural gas ($/Mcf)[1]	2.47	0.66	1.93	2.16
NGL ($/bbl)[1]	51.93	56.12	57.92	67.54
Total average realized price ($/boe)[1]	46.89	52.27	53.54	59.77
Royalties ($/boe)	(6.14)	(7.18)	(6.75)	(8.48)
Net operating costs ($/boe)[2]	(5.80)	(6.46)	(6.71)	(7.00)
Transportation costs ($/boe)	(4.57)	(4.66)	(5.93)	(5.59)
Operating netback ($/boe)[2]	**$30.38**	**$33.97**	**$34.15**	**$38.70**

(1) Before risk management contracts; supplementary financial measure. See "Non-GAAP and Other Financial Measures" contained in the MD&A for an explanation of composition.
(2) Non-GAAP measure. See "Non-GAAP and Other Financial Measures" contained in the MD&A for an explanation of composition.

The following table indicates sales production contributed from each of Rubellite's core areas to the Corporation's average daily sales production for the year ended December 31, 2025:

	Average Annual Daily Sales Production			
Property	**Heavy oil (bbl/d)**	**Natural gas (Mcf/d)**	**NGL (bbl/d)**	**Total Sales Production (*boe/d*)**
Ukalta	336	—	—	336
Figure Lake	5,196	3,406	7	5,771
Marten Hills	197	—	—	197
Frog Lake	2,663	—	—	2,663
Northern Exploration	10	—	—	10
East Edson	—	18,955	358	3,517
Total	**8,402**	**22,361**	**365**	**12,494**

Capital Expenditures

The following tables summarize capital expenditures for the years ended December 31, 2025 and 2024:

($ thousands)	**2025**	**2024**
Exploration costs	1,404	11,578
Development costs	113,166	90,154
Exploration and development spending (1)	114,570	101,732
Corporate assets	529	3,097
Land and other	10,456	4,021
Geological and geophysical	4,947	56
Total capital expenditures (1)	130,502	108,906

(1) Exploration and development spending and total capital expenditures are non-GAAP measures and supplementary financial measures. See "Non-GAAP and Other Financial Measures" contained in the MD&A for an explanation of composition.

Exploration and Development Spending by CGU

(*$ thousands*)	**2025**	**2024**
Eastern Heavy Oil	100,487	101,033
West Central[1)]	14,083	699
Exploration and development spending(2)	**114,570**	**101,732**

(1) As a result of the Recombination Transaction with Perpetual, the West Central cash generating unit ("CGU") represents Perpetual's legacy conventional natural gas assets, a majority of which are operated by a 50% working interest joint venture partner.
(2) Excludes land, geological and geophysical, and corporate spending; Non-GAAP supplementary finance measure. See "Non-GAAP and Other Financial Measures" contained in the MD&A for an explanation of composition.

Exploration and Development Activities

The following table sets forth the gross and net exploratory, development wells, and service wells in which the Corporation participated during the year ended December 31, 2025:

Exploratory Wells	**Gross**	**Net**
Heavy crude oil	1	1.0
Success Rate (%)	0	0
Development Wells(1)		
Heavy crude oil	46	40.5
Natural Gas	4	2.0
Success Rate (%)	100	100
Service Wells		
Injection Wells	1	0.3
Success Rate (%)	100	100
Total Exploration & Development Wells	53	43.8

(1) Includes one (1.0 net) well at Figure Lake targeting a new zone.

COMMODITY PRICE RISK MANAGEMENT

Commodity price risk is the risk that changes in market prices such as foreign exchange rates, oil, natural gas and natural gas liquids prices, basis and quality differentials, and interest rates will affect the Company's net income or the value of financial instruments. The objective of commodity price risk management is to manage and control commodity price and currency risk exposures within acceptable limits, while maximizing returns. Rubellite's commodity and currency price risk management strategy is focused on managing downside risk and increasing certainty in adjusted funds flow from operating and acquisition activities to ensure the Company is earning an adequate return on invested capital by mitigating the effect of commodity price and currency volatility. Physical forward sales and financial derivatives are used to manage the balance sheet, to lock in economics on capital programs and acquisitions and to take advantage of perceived anomalies in commodity markets. Rubellite also utilizes foreign exchange swaps and physical or financial swaps related to the oil basis differentials between WTI and Western Canadian Select ("**WCS**") and also the differential between natural gas prices at the AECO and New York Mercantile Exchange trading hubs in order to mitigate the effects of fluctuations in foreign exchange rates and basis differentials on revenue.

Refer to note 11 "*Oil and Gas Revenue*" and note 17 "*Financial Risk Management – Market Risk*" in the Financial Statements for further information related to the Corporation's risk management activities.

DIVIDENDS

The Corporation currently does not pay a dividend. It is not contemplated that any dividends will be paid in the immediate future, as it is anticipated that all available funds will either be invested to finance the growth of Rubellite's business, including strategic initiatives, or used to reduce the Corporation's debt and other balance sheet obligations. The Rubellite Board will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on Rubellite's financial position at the relevant time. Any decision to pay dividends will be made by the directors on the basis of Rubellite's earnings, financial requirements and other factors existing at such future time, including commodity prices, production levels, capital expenditure requirements, debt service requirements, operating costs, royalty burdens, foreign exchange rates and the satisfaction of the liquidity and solvency tests imposed by the ABCA for the declaration and payment of dividends and any restrictive covenants set forth in the Rubellite's credit facility, if applicable.

DESCRIPTION OF CAPITAL STRUCTURE

Rubellite's authorized share capital currently consists of an unlimited number of Rubellite Shares and an unlimited number of preferred shares, issuable in series.

Rubellite Shares

The holders of Rubellite Shares ("**Rubellite Shareholders**") will be entitled to receive dividends if, as and when declared by the Rubellite Board. The Rubellite Shareholders will be entitled to receive notice of, and to attend, all meetings of the Rubellite Shareholders. Holders are entitled to one vote in respect of each Rubellite Common Share held at all meetings of the Rubellite Shareholders, except meetings at which only holders of another specified class or series of shares of Rubellite are entitled to vote separately as a class, or series, at such meeting. In the event of liquidation, dissolution or winding up of Rubellite or other distributions of assets of Rubellite among its shareholders for the purpose of winding up its affairs, the Rubellite Shareholders will be entitled, subject to preferences accorded to holders of any class or series of preferred shares, to participate rateably in any distribution of the assets of Rubellite.

Preferred Shares

Preferred shares will be issuable in one or more series. The Rubellite Board may determine the designation, rights, privileges, restrictions and conditions attached to each series of preferred shares before the issue of such series. Preferred shares will be entitled to a preference over Rubellite Shares with respect to the payment of dividends and the distribution of assets of Rubellite in the event of the liquidation, dissolution or winding up of Rubellite.

The discretion of the Rubellite Board to determine the number of, and the designation, rights, privileges, restrictions and conditions attaching to the preferred shares, including the voting rights (if any), may cause the preferred shares to be considered "blank cheque" preferred shares. Rubellite will not use the issuance of preferred shares for any defensive or anti-takeover purposes.

Constraints

There are currently no constraints imposed on the ownership of securities of the Corporation.

Ratings

There are currently no credit ratings outstanding with respect to the Corporation or any of its issued securities.

MARKET FOR SECURITIES

Trading Price and Volume

The outstanding Common Shares are listed and posted for trading on the TSX under the trading symbols "RBY". The following table sets forth the closing price range and trading volume of the Common Shares as reported by the TSX for the periods indicated:

Common Shares

	Price Range		
2025	**High ($)**	**Low ($)**	**Volume**
January	2.32	2.02	569,992
February	2.06	1.85	400,223
March	2.00	1.70	587,301
April	1.98	1.59	229,183
May	1.89	1.62	549,028
June	2.19	1.70	1,331,920
July	2.15	1.84	422,025
August	2.35	2.01	937,635
September	2.35	2.13	725,051
October	2.74	2.17	555,588
November	2.68	2.30	499,850
December	2.50	2.20	762,858

Prior Sales

Other than Rubellite's Share Options and Share Units to acquire Common Shares, there is no class of securities of Rubellite that is outstanding and not listed or quoted on a marketplace.

Set forth below are the issue dates, number issued and exercise prices at which Share Options and Share Units were issued during the most recently completed financial year by Rubellite.

Share Options Granted 2025

Month of Issuance	Number of Share Options	Exercise Price of Share Options
November	350,000	$2.44

Share Units Granted in 2025

Month of Issuance	Number of Shares Units	Exercise Price of Share Units
February	21,000	N/A
March	1,542,000	N/A
August	1,750,500	N/A
September	198,000	N/A

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To the knowledge of the Corporation, none of Rubellite's securities are held in escrow or subject to a contractual restriction on transfer.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The names, province or state, and country of residence, positions and offices held with the Corporation, and principal occupation of the directors and executive officers of the Corporation are set out below and, in the case of directors, the period each has served as a director of the Corporation, and of Perpetual through to closing of the Recombination Transaction.

Name, Province or State and Country of Residence	Position Held	Principal Occupation for the Last Five Years	Director Since
Susan L. Riddell Rose(6) Alberta, Canada	Director, Chair of the Board, President and Chief Executive Officer	President and Chief Executive Officer of Rubellite since its inception and of Perpetual (and its predecessor) since June 2002.	July 12, 2021
Holly A. Benson(1)(3)(4)(6)(7) Alberta, Canada	Director	Independent Businessperson since December 2020. Prior thereto, Vice President, Finance & Chief Financial Officer of Peters & Co. Limited.	August 30, 2021
Linda A. Dietsche(1)(3)(4)(6)(7)(8) British Columbia, Canada	Director	Independent businessperson since 2021. Chief Financial Officer of Tervita Corp from 2019 to 2021. Director of Perpetual since March 2022.	October 31, 2024
Tamara L. MacDonald(3)(4)(5)(6)(7) Alberta, Canada	Director	Independent Businessperson.	August 30, 2021
Geoffrey C. Merritt(2)(4)(5)(6)(7)(8) Alberta, Canada	Director	Independent Businessperson. Director of Perpetual since June 2010.	October 31, 2024
Ryan A. Shay(6) Alberta, Canada	Director, Vice President, Finance and Chief Financial Officer	Vice President Finance and Chief Financial Officer of Rubellite since its inception and of Perpetual since May 4, 2021. Prior thereto, independent businessperson since 2016. Director of Perpetual since October 2017.	July 12, 2021
Bruce A. Shultz(1)(2)(4)(6)(7) Alberta, Canada	Director	Independent Businessperson.	August 30, 2021
Steven L. Spence(2)(4)(5)(6)(7)(8) Alberta, Canada	Director	CEO of Northern Hawk Energy Limited. Prior thereto, President and CEO of Osum Oil Sands Corp 2010-2021. Director of Perpetual since March 2023.	October 31, 2024
Ryan M. Goosen Alberta, Canada	Vice President, Business Development and Land	Vice President, Business Development and Land of Rubellite since its inception and of Perpetual since 2019.	N/A
Jeffrey R. Green Alberta, Canada	Vice President, Corporate and Engineering Services	Vice President, Corporate and Engineering Services of Rubellite since its inception and of Perpetual since 2009.	N/A
Marcello M. Rapini Alberta, Canada	Vice President, Marketing	Vice President, Marketing of Rubellite since its inception and of Perpetual since 2007.	N/A
Karl H. Rumpf Alberta, Canada	Vice President, Exploration and New Ventures	Vice President, Exploration and New Ventures of Rubellite and Perpetual since 2022.	N/A

(1) Member of the Audit Committee.
(2) Member of the Reserves Committee.
(3) Member of the Compensation Committee.
(4) Member of the Corporate Governance Committee.
(5) Member of the Environmental, Health and Safety Committee.
(6) The terms of office of all directors of the Company will expire on the date of the next annual shareholders' meeting.
(7) Ms. Benson, Ms. Dietsche, Ms. MacDonald, Mr. Merritt, Mr. Shultz and Mr. Spence were independent, non-employee directors as at December 31, 2025.
(8) Linda Dietsche was a Director of Perpetual Energy Inc. since March 10, 2022, Geoff Merritt was a Director of Perpetual Energy Inc. since June 17, 2010 and Steven Spence was Director of Perpetual Energy Inc. since March 2, 2023.

The directors and officers of Rubellite, as a group, beneficially own or control or direct, directly or indirectly, an aggregate of 42,413,048 voting securities as of March 10, 2026, representing approximately 45.3% of the outstanding Common Shares. In addition, 506,408 Common Shares (0.54%) of the outstanding Common Shares are held by an associated entity for which Ms. Riddell Rose has joint authority.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

To the knowledge of the Corporation, no director or executive officer of the Corporation (nor any personal holding company of any of such persons) is, as of the date of this Annual Information Form, or was within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Corporation), that: (a) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "Order"), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

To the knowledge of the Corporation, except as noted below, no director or executive officer of the Corporation (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation: (a) is, as of the date of this Annual Information Form, or has been within the 10 years before the date of this Annual Information Form, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Mr. Merritt was a director of Zargon Oil and Gas Ltd. ("Zargon"), a corporation engaged in the exploration and production of crude oil and natural gas. Zargon filed for creditor protection under the Bankruptcy and Insolvency Act (the "BIA") on September 8, 2020. Mr. Merritt resigned as a director on September 8, 2020 concurrent with Zargon filing the Notice of Intention to make a Proposal under the BIA.

Penalties or Sanctions

To the knowledge of the Corporation, no director or executive officer of the Corporation (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain officers and directors of the Corporation are also officers and/or directors of other entities engaged in the oil and gas business generally. As a result, situations may arise where the interest of such directors and officers conflict with their interests as directors and officers of other companies. The resolution of such conflicts is governed by applicable corporate laws, which require that directors act honestly, in good faith and with a view to the best interests of the Corporation. Conflicts, if any, will be handled in a manner consistent with the procedures and remedies set forth in the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA. In addition, Dreamworks Investment Holdings Ltd., a corporation controlled by Sue Riddell Rose, Rubellite's President and Chief Executive Officer, is a significant shareholder of Rubellite. Also see *"Risk Factors – Conflicts of Interest "* in this Annual Information Form.

INTERESTS OF EXPERTS

Names of Experts

The only persons or companies who are named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under National Instrument 51-102 by the Corporation during, or relating to, the Corporation's most recently completed financial year, and whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company, are KPMG LLP, the Corporation's independent auditors, and McDaniel, the Corporation's independent reserve evaluators.

Interests of Experts

To the Corporation's knowledge, no registered or beneficial interests, direct or indirect, in any securities or other property of the Corporation or of one of the Corporation's associates or affiliates (i) were held by the McDaniel or by the "designated professionals" (as defined in Form 51-102F2) of McDaniel, when McDaniel prepared its reports, valuations, statements or opinions referred to herein as having been prepared by McDaniel, (ii) were received by McDaniel or the designated professionals of McDaniel after McDaniel prepared the reports, valuations, statements or opinions in question, or (iii) is to be received by McDaniel or the designated professionals of McDaniel.

Neither McDaniel nor any director, officer or employee of McDaniel is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation. KPMG LLP are the auditors of the Company and have confirmed that they are independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

AUDIT COMMITTEE INFORMATION

Audit Committee Mandate

The mandate and responsibilities of Rubellite's audit committee (the "**Audit Committee**") are set out in the Audit Committee Mandate which is part of the Corporation's Corporate Governance Directors' Manual. The Audit Committee Mandate is set out in Appendix "C" to this Annual Information Form.

Audit Committee

The Audit Committee reviews and recommends to the Board the approval of the annual and interim financial statements, the associated management's discussion and analysis and related financial disclosure to the public and regulatory authorities. It is responsible for the engagement of Rubellite's external auditors, upon approval by shareholders, including fees paid for the annual audit and interim financial reviews, and pre-approves non-audit services. The Audit Committee communicates directly with the auditors and reviews programs and policies regarding the effectiveness of internal controls over the Corporation's accounting and financial reporting systems. It also reviews insurance coverage and directors' and officers' liability insurance. The Audit Committee must liaise with the Reserves Committee on matters relating to reserves valuations which impact Rubellite's financial statements.

Composition of the Audit Committee

The Audit Committee consists of three members: Holly Benson, Linda Dietsche and Bruce Shultz. Ms. Benson is Chair of the Audit Committee. Each of the members of the Audit Committee is independent and financially literate in accordance with the meanings set out in National Instrument 52-110 Audit Committees.

Pre-Approval of Policies and Procedures

Rubellite has adopted policies and procedures with respect to the pre-approval of audit and permitted non-audit services to be provided by KPMG LLP. The Audit Committee establishes a budget for the provision of a specified list of audit and permitted non-audit services that the audit committee believes to be typical, recurring or otherwise likely to be provided by KPMG LLP. The budget generally covers the period between the adoption of the budget and the next meeting of the Audit Committee, but at the option of the Audit Committee it may cover a longer or shorter period. The list of services is sufficiently detailed as to the particular services to be provided to ensure that (i) the Audit Committee knows precisely what services it is being asked to pre-approve and (ii) it is not necessary for any member of management to make a judgment as to whether a proposed service fits within the pre-approved services.

The Audit Committee must pre-approve the provision of permitted services by KPMG LLP which are not otherwise pre-approved by the Audit Committee, including the fees and terms of the proposed services. Prohibited services may not be pre-approved by the Audit Committee.

External Auditor Service Fees

The following table summarizes the fees paid by Rubellite to its auditors, KPMG LLP, for external audit and other services during the periods indicated.

Year	Audit Fees[1] ($)	Audit-Related Fees[2] ($)	Tax Fees[3] ($)	All Other Fees[4] ($)
2024	384,525	nil	nil	1,871
2025	337,700	nil	nil	15,765

(1) Represents fees billed by our external auditor for audit services that are reasonably related to the performance of the audit or review of the Company's financial statements.
(2) Represents fees billed for assurance related services by our external auditor that are reasonably related to the performance of the audit or review of our financial statements that are not reported under Audit Fees.
(3) Represents fees billed for professional services rendered by our external auditor for tax compliance, tax advice and tax planning.
(4) Represents fees billed for products and services provided by our auditors other than the other services reported.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

There are no legal proceedings Rubellite is or was a party to, or that any of its property is or was the subject of, during Rubellite's financial year, nor are any such legal proceedings known to Rubellite to be contemplated, that involves a claim for damages, exclusive of interest and costs, exceeding 10% of the current assets of Rubellite.

Regulatory Actions

There are no penalties or sanctions imposed against Rubellite by a court relating to securities legislation or by a securities regulatory authority during Rubellite's financial year; other penalties or sanctions imposed by a court or regulatory body against Rubellite that would likely be considered important to a reasonable investor in making an investment decision; and settlement agreements Rubellite entered into before a court relating to securities legislation or with a securities regulatory authority during Rubellite's financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in section "Directors and Officers" or in connection with the Recombination Transaction, there is no material interest, direct or indirect, of any: (a) director or executive officer of Rubellite; (b) person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of Rubellite's voting securities; and (c) associate or affiliate of any of the persons or companies referred to in (a) or (b) above in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect Rubellite.

TRANSFER AGENT AND REGISTRAR

Odyssey Trust Company, at its offices in Calgary, Alberta, acts as the transfer agent and registrar for the Common Shares.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the Company has not entered into any material contracts other than the Company's first lien credit facility with a syndicate of lenders (the "**Credit Facility**"). The Credit Facility is described in note 12 of the Consolidated Financial Statements, which note is incorporated by reference into this Annual Information Form. A copy of the Credit Facility and the Financial Statements have been filed on SEDAR+ at www.sedarplus.ca.

OTHER BUSINESS INFORMATION

Specialized Skill and Knowledge

At December 31, 2025, Rubellite had 47 employees and 8 hourly consultants located in the head office as well as 5 full time field employees and 15 hourly field consultants. These individuals possess various professional skills to assist the Corporation in the course of pursuing its business plan. These professional skills include, but are not limited to, geology, geophysics, engineering, marketing, legal, capital markets, business development, finance, human resources, information technology and other business skills. Drawing on significant experience in the oil and gas business, Rubellite believes its management team has a demonstrated track record of bringing together all of the key components to a successful exploration and production company: strong technical and leadership skills; operational and capital project execution expertise; commodity market risk management and optimization excellence; strong exploration and business development initiation, evaluation and negotiating skills; an entrepreneurial spirit that allows Rubellite to effectively identify, evaluate and execute on value added initiatives; expertise in planning and financial controls; and capital markets expertise.

Competitive Conditions

The oil and natural gas industry is intensely competitive, and Rubellite competes with a substantial number of other entities, many of which have greater technical, operational and/or financial resources. With the maturing nature of the Western Canadian Sedimentary Basin, the access to new prospects is becoming more competitive and complex.

Rubellite attempts to enhance its competitive position by operating in areas where it believes its technical personnel are able to reduce some of the risks associated with exploration, production and marketing because the Company has established core competencies in these areas of operation. Management believes that Rubellite will be able to explore for and develop new production and reserves with the objective of increasing its funds flow and reserve base. See "*Risk Factors – Competition*".

Commodity Price Cycles

The Company's operational results and financial condition are dependent on commodity prices, specifically the prices of oil, natural gas, NGL and seasonal and regional market price spreads. Commodity prices have fluctuated widely during recent years and are determined by supply and demand factors including general economic conditions, weather, environmental regulations and policies, geopolitical risks, oil and gas resource extraction technologies, oil fields equipment and services, local and regional access to markets, refining capacity, as well as operating results and conditions in other oil and natural gas producing regions. See "*Risk Factors – Prices, Markets and Marketing," "Environmental Regulations" and "Geopolitical Risks*"

Reorganizations

Other than as disclosed under "*Three Year History*", Rubellite has not completed any material reorganization within the three most recently completed financial years or during the current financial year. No material reorganization is currently proposed for the current financial year.

ENVIRONMENT, HEALTH AND SAFETY

Environmental Protection and Regulation

The oil and natural gas industry is currently subject to environmental regulations pursuant to a variety of provincial and federal legislation. Compliance with such legislation may require significant expenditures or result in operational restrictions. Breach of such requirements may result in suspension or revocation of necessary licences and authorizations, civil liability for pollution damage and the imposition of material fines and penalties, all of which might have a significant negative impact on earnings and overall competitiveness of the Corporation. For a description of the financial and operational effects of environmental protection requirements on the capital expenditures, earnings and competitive position of Rubellite see "*Industry Conditions – Environmental Regulation*" and "*Risk Factors – Environmental*".

Environment, Health and Safety Governance

Rubellite's environment, health and safety policies, programs and performance are overseen by the Environment, Health and Safety (**"EH&S"**) committee of the Board of Directors. The members of the EH&S committee are Steven Spence, Geoffrey Merritt and Tamara MacDonald. The duties and responsibilities of the EH&S Committee include:

- Reviews and monitors Rubellite's performance with respect to health, safety and environmental programs and activities;
- Ensures the Corporation's policies and procedures achieve regulatory compliance and meet acceptable industry standards with respect to health, safety and environmental matters;
- Reviews environmental policies and monitors obligations which arise as a result of the business and operations of the Corporation, estimates of which include asset retirement obligations; and
- Reviews policies and activities as they relate to health, safety and occupational work standards in the workplace in which the Corporation carries on business

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Environmental, Health and Safety Policies

The Corporation supports environmental protection and worker health and safety through the implementation and communication of the Corporation's environmental management and health and safety policies, practices and procedures. EH&S policies include the Safety Policy, Environmental Policy and Safe Driving Policy which are reviewed and accredited annually. Committees focused on environment, health and safety issues are established in the Corporation's operations which are designed to drive continuous improvement in policies and practices which drive accountability for EH&S by the Corporation and its employees. Practices for continuous improvement of EH&S performance management includes providing employees with job orientation, training, instruction, systems and supervision for proactive inspection and hazard assessment and incident reporting and reviews to build competency, skill and accountability in conducting daily activities in a healthy, environmentally responsible and safe manner.

The Corporation develops emergency response practices, procedures and readiness plans in conjunction with local authorities, emergency services and the communities in which it operates in order to effectively respond to an environmental or safety incident should it arise. The effectiveness of these plans is evaluated on a regular basis to ensure preparedness for emergency situations. Environmental and risk assessments are undertaken for new projects, or when acquiring new properties or facilities in order to identify, assess and minimize environmental risks, loss and operational exposures. The Corporation conducts reviews of operations to measure compliance with internal and industry standards, and for continuous improvement in practices and procedures. Documentation is maintained to support internal accountability and measure operational performance against recognized industry and proactive leading indicators to assist in achieving the objectives of the described policies and programs.

The Corporation also faces environmental, health and safety risks in the normal course of its operations due to the handling and storage of hazardous substances. The Corporation's environmental and health and safety management systems are designed to manage such risks in the Corporation's business and allow action to be taken to control the risk of environmental, health or safety impacts from such operations. A key aspect of these systems is the conducting of internal and external inspection and audits of worksites and offices. See "*Risk Factors – Environmental*".

Elements of Environmental, Health and Safety Management System

System Monitoring

The Corporation defines EH&S performance and identifies action for improvement through measurement and analysis.

Training and Competency

The Corporation ensures that employees and contractors have the necessary skills to work properly, safe and protect the environment. Safety certification is important not only from a regulatory perspective, but also from the confidence it gives a worker to do the job correctly and safely. Competency is the key; that is, adequately qualified, suitably trained and sufficiently experienced to do the job without supervision. Site specific training is key in incident prevention as each situation has its unique set of hazards that need to be controlled, and uses skilled worker experience and mentoring. Safety leadership training is a requirement for all field and head office supervisors. Regular safety meetings provide a venue to review incidents, provide training, management direction, critical information and promote two-way communication.

Additional communication through the job observation protocol provides feedback on areas for improvement and emphasizes the importance of following proper procedures.

Hazard Identification and Assessment

The Corporation identifies items and tasks that have the potential to cause loss or injury and encourages employees to actively identify hazards they recognize and put forth recommendations to reduce risks, eliminate hazards and reduce complacency. Hazard reporting is a valuable leading indicator, as it identifies hazards, levels of risk and controls required to do a job safely and efficiently. All hazards ID's and job observations are corrected immediately or followed up for proper corrective action and reviewed at safety meetings.

Risk Management

The Corporation has an inspection and audit program to provide feedback and action items to ensure success, identify hazards and controls, and drive continuous improvement. Risk assessments are critical, as a hazard by itself cannot hurt you without the risk of exposure. Rubellite has an ongoing Asset Integrity program which includes our Pipeline Integrity Manual, Pipeline Operations Manual, Electrical Quality Management Plan and Pressure Equipment Integrity Program.

Incident Reporting and Investigation

The Corporation has an incident reporting and tracking program which helps to identify training needs and work practice/procedure issues, identifies gaps in the safety management system, and provides information for statistical analysis. It is through the identification and correction of root cause that real change can occur to prevent loss. Analysis is the crucial step if the "plan-do-check-act" system. What's measured gets done, and, with rigor applied to follow-up, improves performance.

Policy and Management Involvement

The Corporation's EH&S policies clearly articulate the EH&S Vision of Rubellite and provide the tools to promote and enforce an incident free workplace and demonstrate management's leadership in the safety program. They establish responsibilities at each level. Company Policies are senior management's formal and foundational way to endorse and communicate their desire and commitment to being a safety leader thus encouraging positive behavior. The Guiding Principles give employees the framework to develop their behavior around what the Company expects for safety, well-being and environmental performance. These responsibilities are critical for creating accountabilities and for reaching corporate EH&S goals.

Emergency Response Management

The Corporation develops, maintains and tests emergency response plans annually with the assistance of a third party safety company and their online emergency response system to ensure a safe, prompt and effective response to emergencies, in order to minimize any adverse environmental and other impacts.

Safety Index

The Corporation tracks in detail all the proactive measures of hazard IDs, hazard assessments, safety audits, hazard hunts, leadership/ management field visits, job observations, training (including core safety tickets, leadership and ERP training). These proactive measures are offset by incidents, spills, recordable injuries, lost time injuries and serious potential incidents (SIFp). This index is part of the annual short term incentive plan.

Air

The Corporation tracks direct and indirect greenhouse gas ("**GHG**") emissions, flared and vented gas volumes and fugitive emissions and continuously works to reduce air emissions in conjunction with industry best practices and regulations. Rubellite actively monitors fugitive emissions at all operated wells, pipelines, and facilities in accordance with provincial regulations. Rubellite maintains a Methane Reduction Retrofit Compliance Plan designed to lower methane emissions in accordance with Directive 60 of the Alberta Energy Regulator. Rubellite reduced solution gas flaring from ~72% in 2024 to ~24% in 2025, a 48% reduction year over year.

Rubellite's West Wolf Plant at East Edson is host to the Natural Gas Innovation Fund's ("**NGIF**") Emissions Testing Center, a Canadian Centre of Excellence and hub for cleantech startups validating their methane emissions solutions for the oil and natural gas industry. The testing programs for cleantech startups support the development and testing of clean technologies to reduce methane emissions in the oil and natural gas industry.

Water

The Corporation strives to minimize fresh water usage in all of its operations. The Company's heavy oil operations are focused on the Clearwater and Mannville Stack plays, utilizing horizontal multi-lateral drilling technology and generally oil-based drilling mud systems. No fracture stimulation is required in the Clearwater and Mannville Stack plays with multi-lateral drilling operations. In the East Edson area, to the extent possible, recycled water is used by the operator in hydraulic fracturing operations.

Land and Reclamation

The Corporation employs environmental management best practices along with proactive strategies that minimize our impact associated with full cycle environmental alteration and reclamation. Understanding ourselves as a tenant of the land, we consciously comply to regulations and employ efficient and proactive strategies to conserve and protect the land from adverse environmental impact or loss including reducing freshwater use through innovative technologies to recycle and reuse where possible. The Corporation ensures proper waste management, safe handling, use and disposal of chemicals and lubricants, as well as the safe handling, storage and transportation of our products. Rubellite's robust reclamation process to restore each site to its original state resulted in 5 reclamation certificates in 2025. Prior to the Recombination Transaction, Perpetual received 145 reclamation certificates over the last eleven years. The Corporation plans annual abandonment and reclamation activity within its annual capital budget. At year end 2025, Rubellite had 125 operated abandonment sites at various stages of assessment and reclamation.

INDUSTRY CONDITIONS

Companies operating in the Canadian oil and gas industry are subject to extensive regulation and control of operations, including matters related to land tenure, exploration, development, production, refining and upgrading, transportation, and marketing. Legislation has been enacted by, and agreements have been entered into between various levels of government regarding the pricing and taxation of petroleum and natural gas, all of which should be carefully considered by investors in the Corporation. All current legislation is a matter of public record; however, the Corporation is unable to predict what additional legislation or amendments governments may enact in the future.

The Corporation's assets and operations are regulated by administrative agencies that derive their authority from legislation enacted by the applicable level of government. Regulated aspects of the Corporation's upstream oil and natural gas business include all activities associated with the exploration and production of oil and natural gas, including, among other matters: (i) permits for drilling wells and constructing related infrastructure; (ii) technical drilling and well requirements; (iii) permitted locations and access to operation sites; (iv) operating standards regarding conservation of produced substances and avoidance of waste, such as restrictions on flaring and venting; (v) minimizing environmental impacts, including reducing emissions; (vi) storage, injection, and disposal of substances associated with production operations; and (vii) abandonment and reclamation of impacted sites.

To conduct oil and natural gas operations and remain in good standing with applicable regulatory regimes, producers must comply with applicable legislation, regulations, orders, directives, and other directions, all of which are subject to governmental oversight, review, and revision, from time to time. Compliance can be costly and breaches may result in fines or other sanctions.

The discussion below outlines some of the principal aspects of legislation, regulations, agreements, orders, directives and other pertinent conditions that impact the oil and gas industry in Western Canada, where the Corporation's assets are primarily located. While these matters do not affect the Corporation's operations in any manner that is materially different from the way they affect other similarly-sized industry participants with comparable assets and operations, investors should consider such matters carefully.

Exports of Crude Oil, Natural Gas and NGLs from Canada

Over the past year, U.S. tariffs on certain Canadian products, including energy, along with Canada's reciprocal measures, have added complexity to cross-border energy trade. The U.S.-Canada tariff environment remains volatile, with duties affecting products that do not qualify for United States-Mexico-Canada Agreement ("**USMCA**") exemptions. On February 20, 2026, the U.S. Supreme Court ("**SCOTUS**") held that the Trump administration lacked legal authority to impose certain tariffs under the *International Emergency Economic Powers Act* and U.S. Customs and Border Protection announced that it would cease collecting the affected tariffs. In response to the SCOTUS decision, the Trump administration indicated that it intends to impose alternative tariffs or adopt other trade measures on its trading partners, including Canada. SCOTUS' decision, the Trump's administration's response and the ongoing USMCA review add further uncertainty regarding whether crude oil, natural gas, and NGL exports to the U.S. and the ongoing USMCA review add further uncertainty for crude oil, natural gas, and NGL exports to the U.S. These dynamics influence export costs, market access, and demand for Canadian energy products. The impact of continuing or new tariffs or other trade measures, on the Canadian economy and Canadian energy producers is uncertain.

In recent years, Canada has expanded oil and gas exports beyond the U.S. The completion of the Trans Mountain Expansion has enabled crude shipments to Asia and Europe, with China, South Korea, and India emerging as major buyers. Seaborne exports to Europe have also increased. In natural gas, Canada's first large-scale liquefied natural gas ("LNG") terminal began operations in mid-2025, opening access to global markets. These developments mark a strategic shift toward diversified energy export destinations; however, the U.S. remains the largest customer of Canadian energy products. As a result, actions taken by the U.S. administration or other events impacting U.S. demand for Canadian energy products can result in a significant impact on the pricing the Corporation and other Canadian producers receive for their energy products.

Pricing and Marketing in Canada

The price of crude oil, natural gas, and NGLs is negotiated between buyers and sellers. Various factors may influence prices, including global supply and demand, product quality, distance to market, availability of transportation, value of refined products, prices of competing products, price of competing stock, contract terms, weather conditions, supply/demand balance, and other contractual provisions.

Transportation Constraints and Market Access

Despite having significant capacity to move crude oil, natural gas, and NGLs from Western Canada, much of this transportation infrastructure is oriented toward the United States. As a result, even though Western Canada possesses the ability to transport large volumes, market access remains constrained because limited capacity is available for deliveries to Eastern Canada and overseas markets. This reliance on U.S.-bound infrastructure continues to restrict Canada's ability to diversify export destinations. Many proposed projects that could broaden access, particularly those aimed at enabling greater movement to other international markets, have been cancelled or delayed due to regulatory hurdles, court challenges and economic or socio-political factors.

Oil Pipelines

In Canada, producers negotiate with pipeline operators to transport their products to market on a firm, spot or interruptible basis depending on the specific pipeline and the specific substance. Transportation availability is highly variable across different jurisdictions and regions. This variability can determine the nature of transportation commitments available, the number of potential customers and the price received.

Under Canadian constitutional law, the development and operation of interprovincial and international pipelines fall within federal jurisdiction and, under the Canadian Energy Regulator Act, new interprovincial and international pipelines require a federal regulatory review and Cabinet approval before they can proceed. In recent years, however, there has been a perceived lack of policy and regulatory certainty in this regard such that, even when projects are approved, they often face delays due to actions taken by provincial and municipal governments and legal

opposition related to issues such as Indigenous rights and title, the government's duty to consult and accommodate Indigenous peoples and the sufficiency of relevant environmental review processes. Export pipelines from Canada to the United States face additional unpredictability as such pipelines also require approvals from several levels of government in the United States.

In June 2025, Bill C-5 (the One Canadian Economy Act) came into force, granting the federal government authority to expedite approval of"national interest" infrastructure projects, including pipelines. While the legislation aims to reduce regulatory delays, it has drawn mixed reactions: industry stakeholders generally support its streamlining measures, whereas certain rights holders, particularly Indigenous groups, have expressed concerns regarding its implications. The federal government is currently engaged in consultations with provinces, territories, and Indigenous communities regarding implementation.

On November 27, 2025, the governments of Canada and Alberta signed a Memorandum of Understanding (**"MOU"**) to collaborate on supporting the development of oil and gas resources, renewable energy, critical minerals, and other resource sectors in Western Canada. The MOU includes a federal government commitment to not implement the Oil and Gas Sector Greenhouse Gas Emissions Cap Regulations (**"Oil and Gas Emissions Cap")** and the commitment of both levels of government to design and commit to sector-specific stringency factors for large Alberta emitters under Alberta's Technology Innovation and Emissions Reduction Regulation ("**TIER**"), and to continue the annual carbon tax rate increase up to $130 per tonne.

The agreements to be established under the MOU are expected to be finalized in 2026 and 2027.

Natural Gas and LNG

Natural gas prices in Western Canada have been constrained in recent years, including periods of negative AECO pricing in late 2025 and only modest stabilization in early 2026, due to increasing North American supply, limited market access, and restricted storage capacity. Companies that secure firm access to infrastructure for transporting natural gas out of Western Canada may be able to access additional markets and achieve better pricing. Companies without firm access may be forced to accept spot pricing in Western Canada, which is generally lower than prices in other North American regions.

In October 2020, TC Energy Corporation ("**TC"**) received federal approval to expand the Nova Gas Transmission Line system (the "**NGTL System**"). The NGTL System is currently implementing a multibillion-dollar infrastructure program. In July 2024, TC announced an equity interest purchase agreement with an Indigenous-owned investment partnership which will enable up to 72 Indigenous communities to become equity owners of certain Western Canadian gas pipeline assets; subsequent public updates indicated delays later in 2024, and there have been no widely reported confirmations of closing as of March 2026.

In 2025, LNG Canada became fully operational as the country's first large-scale LNG export terminal, marking a significant milestone in Canada's emergence as a global LNG supplier. The project exported its first cargo from the Kitimat terminal in July 2025, and by September had already shipped ten cargoes to international markets, with export volumes continuing to rise thereafter. In addition, on August 6, 2025, JGC and Fluor were awarded a contract to update the Front-End Engineering and Design for the proposed Phase 2 expansion, which aims to double the facility's annual LNG production capacity.

A wide range of energy infrastructure projects, including natural gas pipelines, oil pipelines, LNG export facilities, and related transmission upgrades, remain in various stages of development across Canada. These include projects that are under construction, as well as others that are proposed, awaiting regulatory approvals, or still pending final investment decisions. Together, these projects reflect a significant pipeline of potential development subject to evolving market conditions, regulatory processes, and investment decisions.

Land Tenure

Mineral rights

Except in Manitoba, each provincial government in Western Canada owns most of the mineral rights to oil and natural gas located within its borders. Provincial governments grant rights to explore for and produce oil and natural gas through leases, licences, and permits (collectively referred to as ("**leases**") for varying terms and subject to conditions set forth in provincial legislation, including requirements to perform specific work or make payments in lieu thereof. Provincial governments in Western Canada conduct land sales where oil and natural gas companies bid for leases necessary to explore for and produce provincially owned oil and natural gas. These leases generally have fixed terms but may be continued beyond their initial terms if the required conditions are satisfied.

Private ownership of oil and natural gas (i.e., freehold mineral lands) also exists in Western Canada, as well as rights to explore for and produce privately owned oil and natural gas are granted by a lease or other contract on terms and conditions negotiated between the mineral rights holder and companies seeking to explore for and/or develop oil and natural gas reserves.

Where the Corporation operates on, or near, First Nation reserve lands or in areas subject to Indigenous rights or title, its success is closely tied to building and maintaining strong, respectful, and durable relationships with Indigenous peoples. This may take various forms, including the negotiation of Impact Benefit Agreements, participation in equity ownership frameworks, collaboration on environmental stewardship, and engagement protocols that reflect the priorities, governance structures, and decision-making processes of the potentially affected Nations. Many proposed and ongoing energy and infrastructure projects across Canada increasingly require proactive partnership with Indigenous communities, both to secure regulatory approvals and to support long-term operational certainty. As such, constructive engagement, grounded in transparency, mutual benefit, and recognition of Indigenous rights, is a critical component of the Corporation's ability to advance and sustain its activities in these regions.

An additional category of mineral rights ownership is Canadian federal government ownership of mineral rights on First Nation reserve lands (as designated under the *Indian Act*). Indian Oil and Gas Canada ("**IOGC**") manages subsurface and surface leases in consultation with applicable First Nations, for the exploration and production of oil and natural gas on designated First Nation lands across Canada under the

Indian Oil and Gas Act and the accompanying Indian Oil and Gas Regulations. The leases in place are subject to the terms and conditions set out in the above-noted legislation and regulations and may also be subject to additional ongoing environmental monitoring, reporting requirements and rents.

The Corporation has operations on the Buffalo Lake Métis Settlement, and Frog Lake First Nation**.** Company operations on the Métis Settlements take place subject to terms and conditions set out in development agreements with each Métis Settlement to govern exploration and development of the mineral interests granted by the Alberta Government under the Co-management Agreement (set out under the Métis Settlements Act). The Company's operations on the Frog Lake First Nation take place subject to terms and conditions set out in subsurface contracts and development agreements with the approval of Frog Lake First Nation. All subsurface contracts are granted pursuant to the IOGC regulations and are subject to its terms and conditions.

Surface Rights

To develop oil and natural gas resources, producers must also secure access rights to the surface lands required to conduct operations. For Crown lands, surface access rights can be obtained directly from the government. For private lands, access rights are typically negotiated with the landowner. Where an agreement cannot be reached, each province has developed its own process that producers can follow to obtain and maintain the surface access necessary to conduct operations.

Royalties and Incentives

Each province has legislation and regulations in place to govern Crown royalties and establish the royalty rates that producers must pay for the production of Crown resources. Provincial royalty regimes operate in conjunction with applicable federal and provincial taxes and are a significant factor in the profitability of oil sands projects and oil, natural gas, and NGL production.

Royalties payable on production from lands where the Crown does not hold the mineral rights are negotiated between the mineral freehold owner and the lessee, although certain provincial taxes and other charges on production or revenues may still apply. Royalties from production on Crown lands are determined by provincial regulation and are generally calculated as a percentage of the value of production. Producers and working interest owners of oil and natural gas rights may create additional royalties or royalty-like interests, such as overriding royalties, net profits interests, and net carried interests, through private transactions, the terms of which are subject to negotiation.

From time to time, the federal and provincial governments create incentive programs for businesses operating in specific industries, such as oil and gas. These programs are often introduced when commodity prices are low to encourage exploration and development activity. They may provide volume-based incentives, royalty rate reductions, royalty holidays, or royalty tax credits. Governments may also introduce Incentive programs to encourage producers to prioritize certain kinds of development or to utilize technologies that enhance recovery of oil, natural gas, and NGLs, or improve environmental performance.

Regulatory Authorities and Environmental Regulation

The Canadian oil and gas industry is subject to environmental regulation under a variety of federal, provincial, territorial, and municipal laws and regulations, all of which are subject to governmental review and revision from time to time. These regulations provide for, among other things, restrictions and prohibitions on the spill, release, or emission of substances produced in association with certain oil and gas operations, such as sulphur dioxide and nitrous oxide. Regulatory regimes also establish requirements for oilfield waste handling and storage, habitat protection, and the proper operation, maintenance, abandonment, and reclamation of well, facility, and pipeline sites.

Compliance with these regulations can require significant expenditures, and breaches may result in suspension or revocation of licences and authorizations, civil liability, and the imposition of material fines and penalties. In addition, future changes to environmental legislation, including legislation related to air pollution and greenhouse gas ("**GHG**") emissions (typically measured in terms of global warming potential and expressed as carbon dioxide equivalent ("**CO2e**")), may impose further requirements on operators and other companies in the oil and gas industry. Companies engaged in hydraulic fracturing operations are subject to additional operational, regulatory, and reporting requirements.

Liability Management

The Alberta Energy Regulator ("**AER**") administers several liability management programs to manage liability for most conventional upstream oil and natural gas wells, facilities, and pipelines in Alberta. The province continues to transition from a prescriptive framework toward a more holistic approach under its Liability Management Framework.

Alberta maintains an orphan fund to cover the costs of suspending, abandoning, remediating, and reclaiming wells, facilities, or pipelines included in certain AER programs if a licensee or working interest participant becomes insolvent or is otherwise unable to meet its obligations. The orphan fund is financed through levies imposed on industry participants and provincial loans. In March 2025, the Alberta government approved a $144.45 million levy for the Orphan Well Association's 2025/26 operating budget.

The Supreme Court of Canada's ("**SCC**") decision in *Orphan Well Association v. Grant Thornton* (often referred to as the "Redwater" decision) continues to shape Alberta's liability management regime. As a result of the Redwater decision, receivers and trustees can no longer avoid the AER's legislated authority to impose abandonment orders or require security deposits before approving licence transfers during insolvency proceedings. Insolvent estates can no longer disclaim assets that have reached the end of their productive lives to prioritize valuable assets without first satisfying abandonment and reclamation obligations. The burden of a defunct licensee's obligations first falls on its working interest partners; thereafter, the AER may direct the orphan fund to assume care and custody and accelerate clean-up of wells or sites which do not have a responsible owner.

To address abandonment and reclamation liabilities, the AER periodically implements programs to encourage the decommissioning, remediation, and reclamation of inactive or marginal oil and natural gas infrastructure. In late 2025, the AER introduced mandatory annual closure spending requirements effective in 2026, reinforcing proactive liability reduction measures.

Similar to Alberta, British Columbia's regulator has moved away from formulaic liability management toward a holistic assessment of a permit holder's ability to meet abandonment and reclamation obligations. B.C. also maintains an orphan site program. The British Columbia Dormancy and Shutdown Regulation, amended effective April 1, 2025, establishes legally binding timelines for restoring oil and natural gas wells, aiming for 100% reclamation of currently dormant sites by 2036, with additional timelines for sites that became dormant between 2019 and 2023 and those becoming dormant after 2024.

Saskatchewan administers liability management through its Licensee Liability Rating program and the Inactive Liability Reduction Program, which mandates annual decommissioning expenditures. Saskatchewan's orphan fund, funded entirely by industry, continues to reclaim orphaned wells and facilities, with over 1,000 inactive sites restored as of early 2025.

Manitoba has not implemented a formal liability management rating program like those in other Western Canadian provinces. However, the province has processes in place to sell or abandon wells or facilities when a licensee or permittee fails to comply with a shutdown order, including rehabilitating abandoned sites and addressing any adverse property impacts.

Climate Change Regulation

Climate change regulation is a significant aspect of the operating environment for Canada's oil and gas industry. International agreements, federal initiatives, and provincial programs continue to shape emissions reduction targets, carbon pricing mechanisms, and reporting requirements. Current frameworks include measures such as carbon taxes, emissions caps, and incentives for low-carbon technologies, with ongoing reviews aimed at tightening standards to meet Canada's climate commitments.

Federal

Canada is a signatory to the United Nations Framework Convention on Climate Change and ratified the Paris Agreement, committing to reduce greenhouse gas emissions by 30% below 2005 levels by 2030. In 2021, Canada strengthened this target to a 40–45% reduction by 2030 and net-zero emissions by 2050. Canada has also pledged to reduce methane emissions from the oil and gas sector by 75% from 2012 levels by 2030, cap emissions from the oil and gas sector, and phase out thermal coal exports by 2030. At the 2023 United Nations Climate Change Conference, Canada reaffirmed its commitment to transition away from fossil fuels and accelerate greenhouse gas reductions.

The Government of Canada launched the Pan-Canadian Framework on Clean Growth and Climate Change in 2016 and, in 2018, enacted the *Greenhouse Gas Pollution Pricing Act*. This legislation established a federal carbon pricing system composed of two key elements: a fuel charge applied to fossil fuels, and an Output-Based Pricing System ("**OBPS**") for large industrial emitters. The federal regime applied nationwide unless a province or territory implemented a system that met or exceeded federal benchmarks. However, effective April 1, 2025, the federal government introduced regulations that eliminated the federal fuel charge and removed the requirement for provinces and territories to maintain a consumer-facing carbon price.

Canada also regulates methane emissions under the Federal Methane Regulations, which came into force in 2020 and initially targeted a 40–45% reduction below 2012 levels by 2025. In December 2023, the federal government proposed amendments to achieve a 75% reduction by 2030, introducing stricter limits, new prohibitions, and continuous monitoring requirements. These amendments are expected to take effect in 2027.

Additional federal measures include the Multi-Sector Air Pollutants Regulation, which limits emissions of nitrogen oxides and sulphur dioxide from industrial equipment, and commitments to cap oil and gas sector emissions and phase out thermal coal exports.

The *Canadian Net-Zero Emissions Accountability Act* ("**CNEAA**"), in force since 2021, commits Canada to achieving net-zero emissions by 2050. It establishes rolling five-year emissions reduction targets, requires detailed plans to meet each target, and mandates annual progress reporting. Under the CNEAA, Canada released its 2030 Emissions Reduction Plan in March 2022, outlining measures to cut emissions 40–45% below 2005 levels by 2030. The plan includes incentives for electric vehicles ("**EV**"), renewable electricity, and an emissions cap for the oil and gas sector.

The federal government continues to implement and revise measures aimed at reducing greenhouse gas emissions, creating ongoing regulatory uncertainty for industry. The Clean Fuel Regulations, effective July 2023, impose increasingly stringent carbon-intensity reduction requirements and operate through a compliance credit market, which may affect fuel supply costs and credit availability. The federal Greenhouse Gas Offset Credit System, launched in 2022, allows eligible projects to generate offset credits for use under the federal OBPS, but future protocol development, credit supply, and pricing remain uncertain.

In November 2024, the federal government released proposed Oil and Gas Emissions Cap, which would establish a sector-wide cap-and-trade system for upstream oil and gas emissions. Although originally expected to take effect in 2026, the November 2025 federal budget introduced significant changes to Canada's climate-policy framework, creating uncertainty about whether the emissions cap will be implemented as proposed, revised, or withdrawn. Changes to federal carbon-pricing requirements, compliance mechanisms and potential new reporting obligations may increase compliance costs and affect the Corporation's operations, investment decisions, and long-term planning.

Canada's Carbon Management Strategy aims to deploy technologies such as carbon capture to help achieve climate targets. As part of this strategy, the federal government has committed $319 million over seven years to research and development. In June 2024, the government enacted the Carbon Capture, Utilization, and Storage Investment Tax Credit, a refundable credit available for eligible projects from January 1, 2022, until December 31, 2040, with a 50% reduction in credit value beginning in 2031.

In February 2026, the federal government introduced an updated national automotive strategy that includes more than $3 billion in planned financial commitments to support industry expansion, modernization, and diversification into additional export markets. As part of this initiative, the federal government will implement a new program to lower the cost of EVs for Canadians, introduce new EV purchase and lease incentives for individuals and businesses, expand charging infrastructure, and advance a broader trade framework intended to enhance the competitiveness of the automotive sector. It also replaces the Electric Vehicle Availability Standard (which required automakers to sell an increasing percentage of zero emission light-duty vehicles, reaching 100% by 2035) with updated greenhouse gas emissions standards and new targets of achieving 75% EV sales by 2035 and 90% by 2040. The Corporation is unable to predict how this new automotive strategy will impact the demand for fossil fuels and Canadian energy products.

Provincial

In December 2016, the *Oil Sands Emissions Limit Act* (Alberta) came into force, establishing an annual 100 megatonne limit for GHG emissions from all oil sands sites, but the regulations necessary to enforce the limit have not yet been developed. The delay in drafting these regulations has been inconsequential thus far, as Alberta's oil sands emitted roughly 85 megatonnes of GHG in 2024, well below the 100 megatonne limit.

On January 1, 2020, Alberta's TIER came into effect for large emitters. It meets the federal benchmark's stringency requirements, allowing relevant facilities to remain under TIER rather than the federal OBPS. Since its introduction, TIER has undergone various amendments and program updates intended to refine compliance mechanisms and maintain alignment with federal benchmark stringency requirements.

In contrast, Saskatchewan and Manitoba do not have provincial equivalents, so the federal OBPS applies in full to their large industrial emitters. British Columbia, having implemented its own provincial OBPS on April 1, 2024, is exempt from the federal system as its program meets federal equivalency standards.

Alberta committed to reducing methane emissions by 45% from 2014 levels by 2025 and achieved this goal three years early. The province enacted the Methane Emission Reduction Regulation on January 1, 2020. Later that year, Alberta and Canada signed a five-year equivalency agreement exempting Alberta from the Federal Methane Regulations. In October 2025, the parties renewed the agreement, with some modifications, extending the exemption through 2030.

Indigenous Rights

Constitutionally mandated government-led consultation with, and if applicable, accommodation of the rights of, Indigenous groups impacted by regulated industrial activity, as well as proponent-led consultation and accommodation or benefit sharing initiatives, play an increasingly important role in the Western Canadian oil and gas industry. In addition, Canada is a signatory to the United Nations Declaration on the Rights of Indigenous Peoples ("**UNDRIP**") and the principles set forth therein may continue to influence the role of Indigenous engagement in the development of the oil and gas industry in Western Canada. For example, in November 2019, the *Declaration on the Rights of Indigenous Peoples Act* ("**DRIPA**") became law in British Columbia. The DRIPA aims to align British Columbia's laws with UNDRIP. In June 2021, the *United Nations Declaration on the Rights of Indigenous Peoples Act* ("**UNDRIP Act**") came into force federally in Canada. Similar to British Columbia's DRIPA, the UNDRIP Act requires the Government of Canada to take all measures necessary to ensure the laws of Canada are consistent with the principles of UNDRIP and to implement an action plan to address UNDRIP's objectives.

As of June 2022, the federal government has sought to implement the UNDRIP Act by, among other things, creating a Secretariat within the Department of Justice to support Indigenous participation in the implementation of UNDRIP (the "**Implementation Secretariat**"), consulting with Indigenous peoples to identify their priorities, drafting an action plan to align federal laws with UNDRIP's, and implementing efforts to educate federal departments on UNDRIP principles. On June 21, 2023, the Implementation Secretariat released Canada's UNDRIP Action Plan (the "**Action Plan**") with respect to aligning federal laws with UNDRIP, which has a 2023-2028 implementation timeframe. In August 2025, the federal government tabled its Fourth Annual Progress Report on the implementation of the UNDRIP Act, which provides various progress updates, including on the implementation of the Action Plan.

The federal government is in the process of developing various regulatory regimes that could create new requirements when doing business with Indigenous groups and on or near First Nation lands, for example, the *National Strategy Respecting Environmental Racism and Environmental Justice Act* which received royal assent in June 2024 and the new Indigenous co-administration agreement provisions of the *Impact Assessment Act* for which regulations, policy, guidance and procedures are forthcoming.

On June 29, 2021, the B.C. Supreme Court's *Yahey v. British Columbia* held that cumulative impacts of industrial development on the traditional territory of Blueberry River First Nation ("**BRFN**") breached BRFN's Treaty 8 rights. On January 18, 2023, B.C. and BRFN signed the Blueberry River First Nations Implementation Agreement ("**BRFN Agreement**"), introducing key measures such as a $200 million restoration fund, ecosystem-based land-use planning, limits on new oil and gas development, and revenue-sharing provisions. Under the agreement, BRFN will receive $87.5 million over three years, with potential for additional benefits. In July 2024, BRFN filed a civil claim challenging the first implementation plan, highlighting concerns about execution.

The BRFN Agreement has served as a template for other Treaty 8 arrangements. Later in January 2023, B.C. and four First Nations (Fort Nelson, Saulteau, Halfway River, and Doig River) reached consensus on a collaborative approach to land and resource planning, adopting similar principles to implement cumulative effects management, new land-use plans, and revenue-sharing. However, two of these Nations later sued the B.C. government, alleging deception, misrepresentation, and withholding of information during negotiations. These disputes underscore the implementation challenges of such agreements.

Similar claims have been brought by First Nations in Alberta, including Beaver Lake Cree Nation's ("**BLCN**") claim against the Government of Alberta in 2008 and Duncan's First Nation's lawsuit against the Government of Alberta in 2022. After years of litigation, the BLCN case led to an SCC decision which established a new legal test for advance costs in public interest litigation. This ruling clarified that First Nations should not have to exhaust community resources or impoverish themselves to pursue constitutional claims, setting an important precedent for access to justice in treaty rights cases. The long-term impacts of these lawsuits on the Canadian oil and gas industry remain uncertain.

Recent British Columbia court decisions have the potential to influence the interpretation of Aboriginal title and the duty to consult framework in the province. In *Cowichan Tribes v Canada (Attorney General)*, the Supreme Court of British Columbia declared portions of the City of Richmond to be subject to Aboriginal title, a finding that raises unresolved questions regarding the interaction between Aboriginal title and existing fee simple ownership. In *Gitxaala v British Columbia (Chief Gold Commissioner)*, the British Columbia Court of Appeal held that British Columbia's DRIPA incorporates UNDRIP into domestic law and creates legally enforceable obligations on the Province, including positive duties to ensure that provincial laws are consistent with UNDRIP. Premier David Eby has since announced plans to amend DRIPA to limit judicial involvement in that process.

While these developments may have limited direct application in Alberta, given Alberta's treaty landscape and the absence of province-level UNDRIP implementation legislation, they underscore the rapidly evolving nature of Indigenous rights jurisprudence. Indigenous rights claims may still arise in Alberta on different factual or legal grounds, and these decisions nonetheless highlight the increasing importance of early, proactive, and sustained engagement with Indigenous Nations in regulatory, land-use, and project-development contexts.

RISK FACTORS

Investors should carefully consider the risk factors set out below and consider all other information contained herein and in the Corporation's other public filings before making an investment decision. The risks set out below are not exhaustive and should not be taken as a complete summary or description of all the risks associated with the Corporation's business and the oil and natural gas business generally. The risks discussed below are based on certain assumptions made by the Corporation which later may prove to be incorrect or incomplete. Investors are encouraged to perform their own investigation with respect to the business, financial condition and prospects of the Corporation.

The Corporation's business could also be affected by additional risks and uncertainties not currently known to the Corporation or that it currently deems to be immaterial. If any of these risks occur, it could materially harm the Corporation's business, financial condition, results of operations and cash flows, or impair the Corporation's ability to implement business plans or complete development activities as scheduled. In that case, the market price of the securities of the Corporation could decline and you could lose all or part of your investment. Before deciding whether to invest in any of the Corporation's securities, investors should carefully consider the risks set out below. If any of the risks described below materialize, the Corporation's business, financial condition or results of operations could be materially and adversely affected. Additional risks and uncertainties not currently known to the Corporation or that it currently views as immaterial could also materially and adversely affect the Corporation's business, financial condition or results of operations. The information set forth below contains forward-looking statements, which are qualified by the information contained in the "Forward-Looking Information and Statements" section of this Annual Information Form.

Exploration, Development and Production Risks

The Corporation's future performance may be affected by the financial, operational, environmental and safety risks associated with the exploration, development and production of oil and natural gas

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Corporation depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, the Corporation's existing reserves, and the production from them, will decline over time as the Corporation produces from such reserves. A future increase in the Corporation's reserves will depend on both the ability of the Corporation to explore and develop its existing properties and its ability to select and acquire suitable producing properties or prospects. There is no assurance that the Corporation will be able to continue to find satisfactory properties to acquire or participate in. Moreover, management of the Corporation may determine that current markets, terms of acquisition, or participation or pricing conditions make potential acquisitions or participation uneconomic. There is also no assurance that the Corporation will discover or acquire further commercial quantities of oil or natural gas.

Future oil and natural gas exploration may involve unprofitable efforts from dry wells or from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, completing (including hydraulic fracturing), operating and other costs. Completion of a well does not ensure a profit on the investment or recovery of drilling, completion and operating costs.

Drilling hazards, environmental damage and various field operating conditions could greatly increase the cost of operations and adversely affect the production from successful wells. Field operating conditions include, but are not limited to, delays in obtaining governmental approvals or consents, shut-ins of wells resulting from extreme weather conditions, insufficient storage or transportation capacity or geological and mechanical conditions. While diligent well supervision, effective maintenance operations and the development of enhanced oil recovery technologies can contribute to maximizing production rates over time, it is not possible to eliminate production delays and declines from normal field operating conditions, which can negatively affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including, but not limited to, fire, explosion, blowouts, cratering, sour gas releases, spills and other environmental hazards. These typical risks and hazards could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment and cause personal injury or threaten wildlife. Particularly, the Corporation may explore for and produce sour gas in certain areas. An unintentional leak of sour gas could result in personal injury, loss of life, or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to the Corporation.

Oil and natural gas production operations are also subject to geological and seismic risks, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

As is standard industry practice, the Corporation is not fully insured against all risks, nor are all risks insurable. Although the Corporation maintains liability insurance and business interruption insurance in an amount it considers consistent with industry practice, liabilities associated with certain risks could exceed policy limits or not be covered. In either event, the Corporation could incur significant costs. See "*Risk Factors – Insurance*".

Prices, Markets and Marketing

Various factors may adversely impact the marketability of oil and natural gas, affecting net production revenue, production volumes and development and exploration activities

Numerous factors beyond the Corporation's control do, and will continue to, affect the marketability and price of oil and natural gas acquired, produced, or discovered by the Corporation. The Corporation's ability to market its oil and natural gas may depend upon its ability to acquire capacity in pipelines that deliver oil and natural gas to commercial markets or contract for the delivery of oil by rail. Deliverability uncertainties related to the distance of the Corporation's reserves from pipelines, railway lines, processing and storage facilities; operational problems affecting pipelines, railway lines and processing and storage facilities; and government regulation relating to prices, taxes, tariffs, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business may also affect the Corporation.

Oil and natural gas prices may be volatile for a variety of reasons including market uncertainties over the supply and demand of these commodities due to the current state of the world economies, actions of the Organization of Petroleum Exporting Countries ("**OPEC+**"), political uncertainties, sanctions imposed on certain oil producing nations by other countries, the Russian Ukrainian war and conflicts in the Middle East, geopolitical developments in Venezuela or other adverse economic or political development in the United States, South America Europe, or Asia. Additionally, the occurrence or threat of terrorist attacks in the United States or other countries could adversely affect the global economy. Prices of oil and natural gas are also subject to the availability of foreign markets and the Corporation's ability to access such markets.

A material decline in prices could result in a reduction of the Corporation's net production revenue. The economics of producing from some wells may change because of lower prices, which could result in reduced production of oil or natural gas and a reduction in the volumes and the value of the Corporation's reserves. The Corporation might also elect not to produce from certain wells at lower prices. Any substantial and extended decline in the price of oil and natural gas would have an adverse effect on the Corporation's carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations and may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. See "*Industry Conditions – Transportation Constraints and Market Access*".

Volatile oil and natural gas prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for oil and natural gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for, and project the return on, acquisitions and development and exploitation projects.

Market Price

The trading price of the Corporation's Common Shares may be adversely affected by factors related and unrelated to the oil and natural gas industry

The trading price of the securities of oil and natural gas issuers is subject to substantial volatility often based on factors related and unrelated to the financial performance or prospects of issuers. Factors unrelated to the Corporation's performance could include macroeconomic developments nationally, within North America or globally, domestic and global commodity prices, and changing perceptions of the oil and natural gas market. In recent years, the volatility of commodities prices has increased due in part to the implementation of computerized trading and the decrease of discretionary commodity trading. In addition, the volatility, trading volume and share price of issuers have been impacted by increasing investment levels in passive funds that track major indices, as such funds that only purchase securities included in such indices. Similarly, the market price of the Common Shares of the Corporation could be subject to significant fluctuations in response to variations in the Corporation's operating results, financial condition, liquidity and other internal factors. Accordingly, the price at which the Common Shares of the Corporation will trade cannot be accurately predicted.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

The anticipated benefits of acquisitions may not be achieved and the Corporation may dispose of non-core assets for less than their carrying value on the financial statements as a result of weak market conditions

The Corporation considers acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner and the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Corporation. The integration of acquired businesses and assets may require substantial managerial effort, time and resources diverting management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided by third parties and the resources required to provide such services. In this regard, non-core assets may be periodically disposed of so the Corporation can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of the Corporation, if disposed of, may realize less on disposition than their assessed carrying value on the financial statements of the Corporation.

Geopolitical Risks

The Corporation's business may be adversely affected by political and social events and decisions made in Canada, the United States, South America, Europe, the Middle East and elsewhere

The Corporation's results may be adversely impacted by political, legal, or regulatory developments in Canada and elsewhere that affect local operations and local and international markets. Changes in government, government policy or regulations, changes in law or interpretation of settled law, third party opposition to industrial activity generally or projects specifically, and duration of regulatory reviews could impact the Corporation's existing operations and planned projects. This includes actions by regulators or other political actors to delay or deny necessary licences or permits for the Corporation's activities or restrict the operation of third party infrastructure on which the Corporation relies. Additionally, changes in environmental regulations, assessment processes or other laws, and increasing and expanding stakeholder consultation (including Indigenous stakeholders), may increase the cost of compliance or reduce or delay available business opportunities and adversely impact the Corporation's results.

The current U.S.-Canada tariff environment remains highly dynamic and uncertain. Legislative or regulatory changes by the U.S. administration could materially impact the Corporation's operations and financial condition. In March 2025, the United States imposed a series of tariffs on goods imported from Canada and other countries, triggering a de facto global trade war, and prompting Canada and several trading partners to implement retaliatory measures. Since then, tariff policies have continued to evolve, creating ongoing uncertainty regarding U.S. support for existing trade agreements, including the USMCA.

At present, the United States maintains tariffs on a range of Canadian exports, and Canada has implemented certain reciprocal tariffs. Additionally, U.S. tariffs apply to Canadian potash and energy products that do not qualify for USMCA exemptions. On February 20, 2026 the U.S. Supreme Court held that the Trump administration lacked legal authority to impose certain tariffs under the *International Emergency Economic Powers A*ct and the Trump administration indicated that it intends to impose alternative tariffs or adopt other trade measures. Changes to existing tariffs or new trade restrictions could materially impact the Canadian economy, the oil and gas sector, and the Corporation. Additionally, further U.S. tariffs on other countries could exacerbate global trade tensions, increase costs, reduce U.S. demand for the Corporation's products, and negatively affect its operations.

Other government and political factors that could adversely affect the Corporation's financial results include increases in taxes or government royalty rates (including retroactive claims) and changes in trade policies and agreements. Further, the adoption of regulations mandating efficiency standards, or the use of alternative fuels or uncompetitive fuel components could affect the Corporation's operations. Many governments are providing tax advantages and other subsidies to support alternative energy sources or are mandating the use of specific fuels or technologies. Governments and others are also promoting research into new technologies to reduce the cost and increase the scalability of alternative energy sources. The success of these initiatives may decrease demand for the Corporation's products.

A change in federal, provincial or municipal governments in Canada may have an impact on the directions taken by such governments on matters that may impact the oil and natural gas industry including the balance between economic development and environmental policy. The oil and natural gas industry has become an increasingly politically polarizing topic resulting in a rise in civil disobedience surrounding oil and natural gas development-particularly with respect to infrastructure projects. Protests, blockades and demonstrations have the potential to delay and disrupt the Corporation's activities. See "*Industry Conditions – Regulatory Authorities and Environmental Regulation" and* "*Industry Conditions – Transportation Constraints and Market Access*".

Middle Eastern Conflicts

The Corporation's business may be adversely affected by geopolitical conflicts abroad

The Corporation's business may be adversely affected by geopolitical conflicts abroad. Hostilities that began in October 2023 between Israel and Hamas have evolved into a broader regional conflict. The Syrian Assad regime collapsed in late 2025, and the political climate remains in flux.

In June 2025, U.S. airspace strikes targeted Iranian nuclear facilities at Fordow, Natanz, and Isfahan, prompting Iranian missile attacks on U.S. assets in Qatar. On February 28, 2026, the United States and Israel launched a large-scale coordinated missile and airstrike campaign across Iran, killing Supreme Leader Ayatollah Ali Khamenei and striking multiple military and governmental sites. Iran immediately retaliated with missile attacks targeting U.S. and Israeli assets across the region, heightening the risk of broader conflict and potential disruptions to global energy supply and transportation routes.

These developments pose ongoing risks to regional stability in the Middle East, a key hub for global oil production. Continued conflict or escalation could disrupt energy supply chains and drive volatility in oil and natural gas markets. Such instability could materially impact the global economy, the Canadian oil and gas industry, and the Corporation.

Russian Ukrainian War

The Corporation's business may be adversely affected by geopolitical conflicts abroad

The Corporation's business may be adversely affected by geopolitical conflicts abroad. Russia's invasion of Ukraine in February 2022 has developed into a prolonged and intense conflict, with heavy fighting continuing in eastern Ukraine and ongoing missile and drone attacks. The North Atlantic Treaty Organization ("NATO") and allied nations, including Canada, have provided substantial military and financial support to Ukraine, while maintaining strict sanctions against Russia. Although peace negotiations have advanced, no comprehensive settlement has been reached, and territorial and security issues remain unresolved. These developments pose ongoing risks to regional stability, global energy and industrial supply chains, and international markets, which could negatively impact the world economy, the Canadian oil and gas industry, and the Corporation.

U.S.-Venezuela Conflict

The Corporation's business may be adversely affected by geopolitical conflicts abroad

The Corporation's business could be adversely impacted by geopolitical developments affecting global oil markets. On January 3, 2026, United States military forces conducted an operation in Caracas, Venezuela, resulting in the capture of President Nicolás Maduro and his spouse, Cilia Flores. Subsequent statements by U.S. leadership indicated an intention to administer Venezuela temporarily and facilitate significant investment by American oil companies in Venezuela's petroleum sector. These actions have drawn widespread international attention, and the extent of resulting political and economic repercussions remains uncertain. Given that the United States is the primary destination for Canadian crude oil exports, increased U.S. access to Venezuela's substantial reserves could reduce U.S. demand for Canadian crude and negatively affect pricing and market competitiveness.

Operational Dependence

The successful operation of a portion of the Corporation's properties is dependent on third parties

On a limited basis, other companies operate some of the assets in which the Corporation has an interest. The Corporation has limited ability to exercise influence over the operation of those assets and their associated costs, which could adversely affect the Corporation's financial performance. The Corporation's return on assets operated by others depends upon a number of factors that may be outside of the Corporation's control, including, but not limited to, the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

In addition, due to volatile commodity prices, many companies, including companies that may operate some of the assets in which the Corporation has an interest, may encounter financial difficulty. This could impact their ability to fund and pursue capital expenditures, carry out their operations in a safe and effective manner and satisfy regulatory requirements with respect to abandonment and reclamation obligations. If companies that operate some of the assets in which the Corporation has an interest fail to satisfy regulatory requirements with respect to abandonment and reclamation obligations, the Corporation may be required to satisfy such obligations and to seek reimbursement from such companies. To the extent that any such companies go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in such assets being shut-in, the Corporation potentially becoming subject to additional liabilities relating to such assets and the Corporation having difficulty collecting revenue due from such operators or recovering amounts owing to the Corporation from such operators for their share of abandonment and reclamation obligations. Any of these factors could have a material adverse effect on the Corporation's financial and operational results.

Abandonment and Reclamation Costs

The Corporation may have to pay certain costs associated with abandonment and reclamation

The Corporation will need to comply with the terms and conditions of environmental and regulatory approvals and all legislation regarding the abandonment of its projects and reclamation of the project lands at the end of their economic life, which may result in substantial abandonment and reclamation costs. Any failure to comply with the terms and conditions of the Corporation's approvals and legislation may result in the imposition of potentially material fines and penalties. Generally, abandonment and reclamation costs are substantial and, while the Corporation accrues a reserve in its financial statements for such costs in accordance with IFRS, Accounting Standards such accruals may be insufficient.

It is not possible at this time to estimate abandonment and reclamation costs reliably since they will, in part, depend on future regulatory requirements. In addition, in the future, the Corporation may determine it prudent or be required by applicable laws, regulations or regulatory approvals, to establish and fund one or more reclamation funds to provide for payment of future abandonment and reclamation costs. If the Corporation establishes a reclamation fund, its liquidity and cash flow may be adversely affected.

Alberta has developed liability management programs designed to prevent taxpayers from incurring costs associated with suspension, abandonment, remediation and reclamation of wells, facilities and pipelines if a licensee or permit holder is unable to satisfy its regulatory obligations. The implementation of or changes to the requirements of liability management programs, may result in significant increases to the security that must be posted by licensees, increased and more frequent financial disclosure obligations or may result in the denial of licence or permit transfers, which could impact the availability of capital to be spent by such licensees which could in turn materially adversely affect the Corporation's business and financial condition. In addition, these liability management programs may prevent or interfere with a licensee's ability to acquire or dispose of assets, as both the vendor and the purchaser of oil and natural gas assets must comply with the liability management programs (both before and after the transfer of the assets) for the applicable regulatory agency to allow for the transfer of such assets.

Reliance on Royalty Payors

A portion of the Corporation's revenues from royalty payors and certain of its operations are dependent on the financial and operational capacity of third party working interest owners to develop and produce from the Corporation's properties, over which it has limited influence

The Corporation relies on other companies drilling and producing from lands in which the Corporation has a royalty interest. The Corporation has very limited ability to exercise influence over the decision of companies to drill and produce from lands in which the Corporation has a royalty interest. The Corporation's return on lands in which it has a royalty interest depends upon a number of factors that may be outside of

the Corporation's control, including the capital expenditure budgets and financial resources of the operators who have a working interest in such lands, the ability to efficiently produce the resources from such lands and commodity prices.

In addition, companies that have a working interest in the lands in which the Corporation has a royalty interest may encounter financial difficulty, which could affect their ability to fund and pursue capital expenditures on such lands. Any reduction in the drilling and production from lands in which the Corporation has a royalty interest would negatively affect the Corporation's cash flows and financial results.

Any financial difficulty of companies that have assets in which the Corporation has a royalty interest may affect the Corporation's ability to collect royalty payments, especially if such companies go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency. In addition, to the extent any companies who have assets in which the Corporation has a royalty interest go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency it is possible that the Corporation's royalty interest may not be (or may not be recognized as) an interest in land and as such the Corporation's royalty interest may not survive such bankruptcy or insolvency proceedings.

Take-in-Kind

Most agreements the Corporation has entered into that create new royalties stipulate that the royalty interest so acquired by the Corporation is an interest in land and as such is separate and distinct from the interest of the royalty payor. In addition, all of these new royalty agreements provide the Corporation with the right, but not the obligation, to take its share of production in kind rather than have the royalty payor sell the Corporation's royalty production on behalf of the Corporation as agent for the Corporation. These provisions serve to mitigate the counterparty risk attributable to any financial difficulty of the royalty payors under these agreements. The previously discussed provisions may not exist in certain of the royalty agreements previously entered into by other royalty recipients who subsequently sold their respective interest as a royalty recipient to the Corporation.

Project Risks

The success of the Corporation's operations may be negatively impacted by factors outside of its control resulting in operational delays and cost overruns

The Corporation manages a variety of small and large projects in the conduct of its business. Project interruptions may delay expected revenues from operations. Significant project cost overruns could make a project uneconomic. The Corporation's ability to execute projects and market oil and natural gas depends upon numerous factors beyond the Corporation's control, including:

- the availability of processing capacity;
- the availability and proximity of pipeline capacity;
- the availability of storage capacity;
- the availability of, and the ability to acquire, water supplies needed for drilling, hydraulic fracturing, and waterfloods or the Corporation's ability to dispose of water used or removed from strata at a reasonable cost and in accordance with applicable environmental regulations;
- the effects of inclement and severe weather events, including fire, drought, extreme cold and flooding;
- the availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;
- currency fluctuations;
- regulatory changes;
- availability and productivity of skilled labour;
- political uncertainty;
- environmental and Indigenous activism that may result in delays or cancellations of projects; and
- the regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, the Corporation may be unable to execute projects on time, on budget, or at all.

Gathering and Processing Facilities, Pipeline Systems, Trucking and Rail

Lack of capacity and/or regulatory constraints on gathering and processing facilities, pipeline systems and railway lines may have a negative impact on the Corporation's ability to produce and sell its oil and natural gas

The Corporation delivers its products through gathering and processing facilities, pipeline systems and, in certain circumstances, by truck and rail. The amount of oil and natural gas that the Corporation can produce and sell is subject to the accessibility, availability, proximity and capacity of these gathering and processing facilities, pipeline systems, trucking routes and railway lines. The lack of firm pipeline capacity, production limits and limits on availability of capacity in gathering and processing facilities, pipeline systems or railway lines continues to affect the oil and natural gas industry and limits the ability to transport produced oil and natural gas to market. In particular, the limited pipeline

capacity to tidewater and the lack of liquified natural gas facilities in Canada significantly impacts the ability of Canadian oil and natural gas companies to export their products outside of North America which limits demand for their products and results in lower prices. This limited ability to export oil and natural gas outside of North America puts Canadian oil and natural companies at greater risk with the United States' recent imposition of tariffs on Canadian imports into the United States. The inability to export oil and natural gas could result in the Corporation's inability to realize the full economic potential of its production or in a reduction of the price the Corporation receives for its products. Unexpected shutdowns or curtailment of capacity of pipelines for maintenance or integrity work or because of actions taken by regulators could also affect the Corporation's anticipated production, operations and financial results.

A portion of the Corporation's production may, from time to time, be processed through facilities owned by third parties and over which the Corporation does not have control. From time to time, these facilities may discontinue or decrease operations either as a result of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of operations could have a material adverse effect on the Corporation's ability to process its production and deliver the same to market. Midstream and pipeline companies may take actions to maximize their return on investment, which may in turn adversely affect producers and shippers, especially when combined with a regulatory framework that may not always align with the interests of shippers.

Industry Competition

The Corporation competes with other oil and natural gas companies, some of which have greater financial and operational resources

The petroleum industry is competitive in all of its phases. The Corporation competes with numerous other entities in the exploration for, and the development, production and marketing of, oil and natural gas. The Corporation's competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of the Corporation. Some of these companies not only explore for, develop and produce oil and natural gas, but also carry on refining operations and market oil and natural gas on an international basis. As a result of these complementary activities, some of these competitors may have greater and more diverse competitive resources to draw on than the Corporation. The Corporation's ability to increase its reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price, process, methods, and reliability of delivery and storage.

Cost of New Technologies

The Corporation's ability to successfully implement new technologies into its operations in a timely and efficient manner will affect its ability to compete

The petroleum industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other companies may have greater financial, technical and personnel resources that allow them to implement and benefit from technological advantages. There can be no assurance that the Corporation will be able to respond to such competitive pressures and implement such technologies on a timely basis, or at a reasonable cost. If the Corporation does implement such technologies, there is no assurance that the Corporation will do so successfully. One or more of the technologies currently utilized by the Corporation or potentially implemented in the future may become obsolete. If the Corporation is unable to utilize the most advanced commercially available technology, or is unsuccessful in implementing certain technologies, its business, financial condition and results of operations could also be adversely affected, potentially in a material way.

Alternatives to and Changing Demand for Petroleum Products

Changes to the demand for oil and natural gas products and the rise of petroleum alternatives may negatively affect the Corporation's financial condition, results of operations and cash flow

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas and technological advances in fuel economy and renewable energy generation systems could reduce the demand for oil and natural gas. In recent years, certain jurisdictions have implemented policies or incentives to decrease the use of fossil fuels and encourage the use of renewable fuel alternatives, which may lessen the demand for petroleum products and put downward pressure on commodity prices. Advancements in energy-efficient products have a similar effect on the demand for oil and natural gas products. The Corporation cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flow by decreasing the Corporation's profitability, increasing its costs, limiting its access to capital and decreasing the value of its assets.

Regulatory Landscape

Modification to current, or implementation of additional, regulations may reduce the demand for oil and natural gas, increase the Corporation's costs and delay planned operations

The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for oil and natural gas and increase the Corporation's costs, either of which may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. Further, third party challenges to regulatory decisions and orders can reduce the efficiency of the regulatory regime, as the implementation of decisions and orders may be delayed resulting in uncertainty and interruption to the business of the oil and natural gas industry.

To conduct oil and natural gas operations, the Corporation requires regulatory permits, licences, registrations, approvals and authorizations from various governmental authorities at the municipal, provincial and federal level. There can be no assurance that the Corporation will be able to obtain all of the permits, licences, registrations, approvals and authorizations that may be required to conduct operations that it may wish to undertake. In addition, certain federal legislation such as the *Competition Act* and the *Investment Canada Act* could negatively affect the Corporation's business, financial condition and the market value of its Common Shares or its assets, particularly when undertaking, or attempting to undertake, acquisition or disposition activity. See "*Industry Conditions – Regulatory Authorities and Environmental Regulation*".

Royalty Regimes

Changes to royalty regimes may negatively impact the Corporation's cash flows

Governments in the jurisdictions in which the Corporation has assets may adopt new royalty regimes, or modify the existing ones, which may affect the economic viability of the Corporation's projects. An increase in royalties will reduce the Corporation's earnings and could make future capital investments, or operations, less economic. See "*Industry Conditions – Royalties and Incentives*".

Hydraulic Fracturing

Implementation of new regulations on hydraulic fracturing may lead to operational delays, increased costs and/or decreased production volumes, adversely affecting the Corporation's financial position; the Corporation's operations are dependent upon the availability of water and its ability to dispose of produced water from drilling and production activities

Hydraulic fracturing involves the injection of water, sand, and additives under pressure into rock formations to stimulate the production of oil and natural gas. Specifically, hydraulic fracturing enables the production of commercial quantities of oil and natural gas from previously unproductive reservoirs. Certain areas in Alberta and other provinces have been prone to seismic activity and as a result, additional protocols relating to hydraulic fracturing and seismic monitoring have been implemented in such areas. Any new laws, regulations, or permitting requirements regarding hydraulic fracturing could lead to operational delays, increased operating costs, and/or third party or governmental claims, and could increase the Corporation's costs of compliance and doing business, as well as delay the development of oil and natural gas resources from shale formations, which are not commercial without the use of hydraulic fracturing. Restrictions or bans on hydraulic fracturing in the areas where the Corporation operates could result in the Corporation being unable to economically recover its oil and natural gas reserves, which would result in a significant decrease in the value of the Corporation's assets.

Water is an essential component of the Corporation's drilling and hydraulic fracturing processes. Limitations or restrictions on the Corporation's ability to secure sufficient amounts of water (including limitations resulting from natural causes such as drought) could materially and adversely impact its operations. Severe drought conditions can result in local water authorities taking steps to restrict the use of water in their jurisdiction for drilling and hydraulic fracturing in order to protect the local water supply. If the Corporation is unable to obtain water to use in its operations from local sources, water may need to be obtained from new sources and transported to drilling sites, resulting in increased costs. Cost increases could have a material adverse effect on drilling economics resulting in delays or suspensions of drilling which would ultimately have a detrimental effect on the financial condition, results of operations, and cash flows of the Corporation.

The Corporation must dispose of the fluids produced from oil and natural gas production operations, including produced water. It does so directly or through the use of third party vendors. The legal requirements related to the disposal of produced water into a non-producing geologic formation by means of underground injection wells are subject to change based on concerns of the public or governmental authorities.

Another consequence of seismic events may be lawsuits alleging that disposal well operations have caused damage to neighbouring properties or otherwise violated laws and regulations regarding waste disposal. These developments could result in additional regulation and restrictions on the use of injection wells by the Corporation or by commercial disposal well vendors that the Corporation may use from time to time to dispose of produced water. Increased regulation and attention given to induced seismicity could also lead to greater opposition, including litigation to limit or prohibit oil and natural gas activities utilizing injection wells for produced water disposal. Any one or more of these developments may result in the Corporation or its vendors having to limit disposal well volumes, disposal rates, pressures or locations, or require the Corporation or its vendors to shut down or curtail the injection of produced water into disposal wells, which events could have a material adverse effect on the Corporation's business, financial condition, and results of operations.

Alberta

Minor earthquakes are common in certain parts of Alberta and the Alberta Energy Regulator ("**AER**") has introduced seismic protocols for hydraulic fracturing operators in the Montney-Lower Doig, Duvernay, Cardium, Brazeau and Red Deer areas (collectively, the "**Seismic Protocol Regions**"). Oil and natural gas producers in each of the Seismic Protocol Regions are subject to a "traffic light" reporting system that sets thresholds on the Richter scale of earthquake magnitude, which vary amount the regions. The reporting requirements include an assessment of the potential for seismicity prior to conducting operations, the implementation of a response plan to address potential seismic events and the suspension of operations, depending on the magnitude of an earthquake. Orders imposed by the AER in response to seismic events remain in effect as long as the AER deems them necessary. In recent years, hydraulic fracturing has been linked to increased seismicity in the areas in which hydraulic fracturing takes place, leading to continued monitoring by the AER. While the AER has not announced plans to extend its seismic protocols to new geographic regions of the province, it may do so in the future.

Waterflood

Regulatory water use restrictions and/or limited access to water or other fluids may impact the Corporation's production volumes from its waterflood

The Corporation undertakes or intends to undertake certain waterflooding programs, which involve the injection of water or other liquids into an oil reservoir to increase the recovery of oil that would not be possible under a primary recovery scheme. To undertake such waterflooding activities the Corporation needs to have access to sufficient volumes of water, or other liquids, to pump into the reservoir to increase the pressure in the reservoir. There is no certainty that the Corporation will have access to the required volumes of water. In addition, in certain areas there may be restrictions on water use for activities such as waterflooding. If the Corporation is unable to access such water it may not be able to undertake waterflooding activities, which may reduce the amount of oil and natural gas that the Corporation is ultimately able to produce from its reservoirs. In addition, the Corporation may undertake certain waterflood programs that ultimately prove unsuccessful in increasing production from the reservoir and as a result have a negative impact on the Corporation's results of operations.

Availability of Water

Lack of availability of water may affect the Corporation's ability to implement various processes

The Corporation uses water in certain operations, including drilling, completions, and waterflooding, and reduced availability could adversely affect its business. Alberta continues to face drought risks following several warm, dry winters. In April 2024, the province entered voluntary water-sharing agreements with major licensees in southern Alberta river basins to mitigate drought impacts, and in 2025 introduced a Drought Response Plan and changes to water licence transfer rules to improve flexibility. Despite these measures, prolonged drought or stricter water allocation requirements could lead to operational delays, increased costs, or other adverse effects on the Corporation's financial condition.

Environmental Regulation

Compliance with environmental regulations requires the dedication of a portion of the Corporation's financial and operational resources

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, the initiation and approval of new oil and natural gas projects, and restrictions and prohibitions on the spill, release or emission of various substances produced in association with oil and natural gas industry operations. In addition, such legislation sets out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well and facility sites. New environmental legislation at the federal and provincial levels may increase uncertainty among oil and natural gas industry participants as the new laws are implemented, and the effects of the new rules and standards are felt in the oil and natural gas industry. See "*Industry Conditions – Regulatory Authorities and Environmental Regulation*".

Compliance with environmental legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liabilities and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Corporation to incur costs to remedy such discharge.

In November 2024, the federal government published a draft of the proposed Oil and Gas Sector Greenhouse Gas Emissions Cap Regulations, which, if enacted as drafted, would cap emissions from a range of industrial activities in the oil and gas sector, establish a cap-and-trade system for emissions allowances, and require facility operators to comply with various reporting and remittance obligations. Such proposed regulations, which could affect investor confidence, increase decarbonization initiatives and lead to production cuts, are expected to be finalized in, and may come into force, in 2026.

Although the Corporation believes that it is in material compliance with current applicable environmental legislation, no assurance can be given that environmental compliance requirements will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Anti-greenwashing rules introduce risk into making certain environmental-related disclosures

Amendments to the Competition Act introduced in June 2024 prohibit companies from making false or misleading environmental claims. The new rules are complex and uncertain, and initially led many companies to suspend voluntary sustainability reporting. While private rights of action for greenwashing came into effect in June 2025, Budget 2025 Implementation Act, No. 1 subsequently removed this access and clarified substantiation requirements to address unintended consequences. Despite these improvements, the regulatory landscape continues to evolve and penalties for non-compliance remain significant, including up to the greater of $10 million for a first order, $15 million for subsequent orders, or 3% of global annual revenues. Companies making voluntary environmental disclosures face ongoing risk of liability and reputational harm.

Climate Change

Climate change concerns could result in increased operating costs and reduced demand for the Corporation's products and shares, while the potential physical effects of climate change could disrupt the Corporation's production and cause it to incur significant costs in preparing for or responding to those effects

Global climate issues continue to attract public and scientific attention. Numerous reports, including reports from the United Nations Intergovernmental Panel on Climate Change, have engendered concern about the impacts of human activity, including fossil fuel combustion, on global climate issues. In turn, increasing public, government, and investor attention is being paid to global climate issues and to emissions of GHG, including emissions of carbon dioxide and methane from the production and use of oil and natural gas. The majority of countries, including Canada, have agreed to reduce their carbon emissions in accordance with the Paris Agreement, and in November 2025 at COP30 in Brazil, Canada reaffirmed its commitments to transitioning away from fossil fuels in line with the Paris Agreement. As discussed below, the Corporation faces both transition risks and physical risks associated with climate change and climate change policy and regulations. See "*Industry Conditions – Climate Change Regulation*".

Transition risks

Foreign and domestic governments continue to evaluate and implement policy, legislation, and regulations focused on restricting GHG emissions and promoting adaptation to climate change and transition to a low-carbon economy. It is not possible to predict what measures foreign and domestic governments may implement in this regard, nor is it possible to predict the requirements that such measures may impose or when such measures may be implemented. However, international multilateral agreements, the obligations adopted thereunder and legal challenges concerning the adequacy of climate-related policy brought against foreign and domestic governments may accelerate the implementation of such measures. Given the evolving nature of climate change policy and the control of GHG emissions and resulting requirements, including carbon taxes and carbon pricing schemes implemented by varying levels of government, it is expected that current and future climate change regulations could have the effect of increasing the Corporation's operating expenses, and, in the long-term, potentially reducing the demand for oil and natural gas and related products, resulting in a decrease in the Corporation's profitability and a reduction in the value of its assets.

Claims have been made against certain energy companies alleging that GHG emissions from oil and natural gas operations constitute a public nuisance under certain laws or that such energy companies provided misleading disclosure to the public and investors of current or future risks associated with climate change. Individuals, governmental authorities, or other organizations may make claims against oil and natural gas companies, including the Corporation, for alleged personal injury, property damage, or other potential liabilities. While the Corporation is not currently a party to any such litigation or proceedings, it could be named in actions making similar allegations. An unfavourable ruling in any such case could adversely affect the demand for and price of securities issued by the Corporation, impact its operations and have an adverse impact on its financial condition.

Due to long-term risks from environmental policy changes, regulations, legal challenges, and market shifts related to climate change, recent efforts have targeted the financial sector. Investment advisors, banks, pension funds, universities, and other institutional investors are engaging companies on climate action, using voting rights, and reallocating capital toward low-carbon assets while divesting from high-emission businesses. Stakeholders are also pressuring insurers and banks to stop financing or insuring oil, gas, and related infrastructure. These efforts may negatively impact the Corporation's operations, securities demand and pricing, and its cost and access to capital.

Climate-related regulations and reporting standards continue to evolve. In June 2023, the International Sustainability Standards Board ("**ISSB"**) issued two global disclosure standards, IFRS S1 and S2, to promote consistent, comparable, and reliable environmental reporting. In December 2024, the Canadian Sustainability Standards Board finalized similar Canadian standards, CSDS 1 and CSDS 2 (the **Canadian Standards**). In December 2025, the ISSB announced targeted amendments to IFRS S2; whether the Canadian Standards will be revised remains uncertain. Meanwhile, in April 2025, due to significant changes in the global economic and geopolitical landscape, the Canadian Securities Administrators paused work on its own climate disclosure initiative. If the Corporation is not able to meet future climate-related reporting requirements of regulators or current and future expectations of investors, insurance providers, or other stakeholders, its business and ability to attract and retain skilled employees, obtain regulatory permits, licences, registrations, approvals, and authorizations from various governmental authorities, and raise capital, may be adversely affected. See "*Industry Conditions – Climate Change Regulation*".

Physical risks

The potential physical risks resulting from climate change are long-term in nature and associated with a high degree of uncertainty regarding timing, scope, and severity of potential impacts. Some experts believe global climate change could increase extreme variability in weather patterns such as increased frequency of severe weather, rising mean temperature and sea levels, and long-term changes in precipitation patterns. Extreme hot and cold weather, heavy snowfall, heavy rainfall, drought and wildfires may restrict the Corporation's ability to access its properties and cause operational difficulties, including damage to equipment and infrastructure. Extreme weather also increases the risk of personnel injury as a result of dangerous working conditions.

Indigenous Land and Rights Claims

Opposition by Indigenous groups to the conduct of the Corporation's operations, development or exploratory activities may negatively impact the Corporation

Opposition by Indigenous groups to the conduct of the Corporation's operations, development or exploratory activities in any of the jurisdictions in which the Corporation conducts business may negatively impact it in terms of public perception, diversion of management's

time and resources, and legal and other advisory expenses, and could adversely impact the Corporation's progress and ability to explore and develop properties.

Indigenous groups across Canada have established and asserted treaty entitlements, title to land and Aboriginal rights. There are ongoing Indigenous rights claims, which may include Indigenous title claims, on lands where the Corporation operates. Such claims, if successful, could have a material adverse effect on the Corporation's operations or pace of growth. No certainty exists that any lands currently unaffected by claims brought by Indigenous groups will remain unaffected by future claims.

The Canadian federal and provincial governments have a duty to consult with Indigenous peoples when contemplating actions that may adversely affect asserted or proven Indigenous or treaty rights and, in certain circumstances, accommodate them. The scope of the duty to consult by federal and provincial governments varies upon the circumstances and is often the subject of litigation. The fulfillment of the duty to consult Indigenous peoples and any associated accommodations may adversely affect the Corporation's ability to, or increase the timeline to, obtain or renew, permits, leases, licences and other approvals, or to meet the terms and conditions of those approvals. In 2021, the British Columbia Supreme Court determined that the cumulative impacts of government sanctioned industrial development on the traditional territories of a First Nation in northeast British Columbia breached that group's treaty rights. In 2023, the Government of British Columbia and the First Nation came to an agreement relating to further industrial activities in the area. The developments in northeastern British Columbia relating to Indigenous rights may lead to similar claims of cumulative effects across Canada in other areas covered by treaties. The long-term impacts and associated risks of the decision on the Canadian oil and natural gas industry and the Corporation remain uncertain.

The federal government has enacted federal legislation to implement the UNDRIP, and British Columbia has adopted similar provincial legislation under the Declaration on the Rights of Indigenous Peoples Act ("**DRIPA**"). The practical implications of these statutes have remained uncertain; however, recent judicial decisions in 2025 provide important guidance.

In February 2025, the Federal Court in *Kebaowek First Nation v Canadian Nuclear Laboratories* directed a decision-maker to reconsider whether the duty to consult and accommodate had been satisfied in light of UNDRIP principles. In December 2025, the British Columbia Court of Appeal in *Gitxaala v British Columbia (Chief Gold Commissioner)* held that DRIPA imposes immediate, positive statutory obligations on the provincial government, including taking concrete and diligent steps to align provincial laws with UNDRIP. British Columbia Premier, David Eby, has since announced that the government plans to amend DRIPA to remove the courts' ability to scrutinize that alignment process.

Although the scope of UNDRIP implementation continues to evolve, these recent decisions demonstrate a judicial willingness to confer substantive legal effect on UNDRIP both in British Columbia and federally. Additional processes may be created and legislation associated with project development and operations may be amended or introduced, further increasing uncertainty with respect to project regulatory approval timelines and requirements. See "*Industry Conditions – Indigenous Rights*".

Inflation and Interest Rates

A failure to secure the services and equipment necessary to the Corporation's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on the Corporation's financial performance and cash flows

The Corporation's financial performance and cash flows may be adversely affected by inflationary pressures and fluctuations in interest rates. Inflation can lead to increased operating costs through higher prices for labour, equipment, materials, and services, as well as contribute to supply chain disruptions and regulatory changes. If the Corporation is unable to effectively manage these cost increases, project economics and future development decisions may be negatively impacted.

Although interest rates have begun to decline, they remained elevated for an extended period as central banks implemented measures to curb inflation. Higher borrowing costs during these periods may affect the Corporation's financing expenses and reduce returns on capital projects. Sustained periods of elevated interest rates can also slow economic growth, reduce energy demand, depress commodity prices, and limit industry activity. The duration and combined impact of inflationary pressures and interest rate volatility on energy demand, commodity pricing, and the Corporation's operations remain uncertain.

Seasonality

Oil and natural gas operations are subject to seasonal weather conditions and the Corporation may experience significant operational delays as a result

The level of activity in the Canadian oil and natural gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable. Consequently, municipal and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Road bans and other restrictions generally result in a reduction of drilling and exploratory activities and may also result in the shut-in of some of the Corporation's production. Certain oil and natural gas producing assets are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of muskeg. In addition, extreme cold weather, heavy snowfall and heavy rainfall may restrict access to properties in which the Corporation has an interest and cause operational difficulties. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and corresponding decreases in the demand for the goods and services of the Corporation.

Variations in Foreign Exchange Rates and Interest Rates

Variations in foreign exchange rates and interest rates could adversely affect the Corporation's financial condition

World oil and natural gas prices are quoted in United States dollars. The Canadian/United States dollar exchange rate, which fluctuates over time, consequently affects the price received by Canadian producers of oil and natural gas. Material increases in the value of the Canadian dollar relative to the United States dollar will negatively affect the Corporation's production revenues. Accordingly, exchange rates between Canada and the United States could affect the future value of the Corporation's reserves as determined by independent evaluators. Although a low value of the Canadian dollar relative to the United States dollar may positively affect the price the Corporation receives for its oil and natural gas production, it could also result in an increase in the price for certain goods used in the Corporation's operations, which may have a negative impact on the Corporation's financial results.

To the extent that the Corporation engages in risk management activities related to foreign exchange and interest rates, there is a credit risk associated with counterparties with which the Corporation may contract.

An increase in interest rates could result in a significant increase in the amount the Corporation pays to service debt, resulting in a reduced amount of funds available to fund its exploration and development activities, and if applicable, the cash available for dividends. Such an increase could also negatively impact the market price of the Common Shares of the Corporation.

Substantial Capital Requirements

The Corporation's access to capital may be limited or restricted as a result of factors related and unrelated to it, impacting its ability to conduct future operations and acquire and develop reserves

The Corporation anticipates making substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. As future capital expenditures will be financed out of cash generated from operations, borrowings, proceeds from asset sales and possible future equity sales, the Corporation's ability to do so is dependent on, among other factors:

- the overall state of the capital markets;
- commodity prices;
- interest rates;
- royalty rates;
- tax burden due to current and future tax laws; and
- investor appetite for investments in the energy industry and the Corporation's securities.

Further, if the Corporation's revenues or reserves decline, it may not have access to the capital necessary to undertake or complete future drilling programs. The conditions in, or those affecting, the oil and natural gas industry have negatively impacted the ability of oil and natural gas companies, including the Corporation, to access financing and/or the cost thereof. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Corporation. The Corporation may be required to seek additional equity financing on terms that are highly dilutive to existing Shareholders. The inability of the Corporation to access sufficient capital for its operations could have a material adverse effect on the Corporation's business financial condition, results of operations and prospects.

Additional Funding Requirements

The Corporation may require additional financing, from time to time, to fund the acquisition, exploration and development of properties and its ability to obtain such financing in a timely fashion and on acceptable terms may be negatively impacted by current economic conditions and global market volatility

The Corporation's cash flow from its reserves may not be sufficient to fund its ongoing activities at all times and, from time to time, the Corporation may require additional financing in order to carry out its oil and natural gas acquisition, exploration and development activities. Failure to obtain financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce its operations.

As a result of global economic and political volatility, the Corporation may, from time to time, have restricted access to capital and increased borrowing costs. Failure to obtain suitable financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If the Corporation's revenues from its reserves decrease as a result of lower oil and natural gas prices or otherwise, it will affect the Corporation's ability to expend the necessary capital to replace its reserves or to maintain its production. To the extent that external sources of capital become limited, unavailable or available on onerous terms, the Corporation's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be affected materially and adversely as a result. In addition, the future development of the Corporation's petroleum properties may require additional financing and there are no assurances that such financing will be available or, if available, will be available upon acceptable terms. Alternatively, any available financing may be highly dilutive to existing Shareholders. Failure to obtain any financing necessary for the Corporation's capital expenditure or acquisition plans may result in a delay in development of or production from the Corporation's properties.

Asset Concentration

The Corporation's operations and drilling activities are vulnerable to risks associated with operating in a limited geographic area

The Corporation's producing and undeveloped properties are geographically concentrated in the province of Alberta. Demand for and costs of personnel, equipment, power, services, and resources in such geographic area remain high. This high level of demand could result in a delay or inability to secure such personnel, equipment, power, services, and resources. Any delay or inability to secure the personnel, equipment, power, services or resources could result in oil and natural gas production volumes being below the Corporation's forecasts. In addition, any such negative effect on production volumes, or significant increases in costs, could have a material adverse effect on the Corporation's financial conditions, results of operations, cash flow, and profitability.

As a result of this geographical concentration, the Corporation may be disproportionately exposed to the impact of delays or interruptions of operations or production in this area caused by external factors such as governmental regulation, provincial politics, Indigenous rights claims, market limitations, supply shortages, or extreme weather-related conditions.

Credit Facility Arrangements

Failing to comply with covenants under the Corporation's credit facility could result in restricted access to additional capital or being required to repay all amounts owing thereunder

The Corporation currently has a credit facility and the amount authorized thereunder is dependent on the borrowing base determined by its lenders. The Corporation is expected to require credit facilities from time to time, as needed to fund its operations and meet its financial obligations.The Corporation is required to comply with covenants under its credit facility which may, in certain cases, include certain financial ratio tests, which, from time to time, may either affect the availability, or price, of additional funding. If the Corporation does not comply with these covenants, the Corporation's access to capital could be restricted or repayment could be required. Events beyond the Corporation's control may contribute to the failure of the Corporation to comply with such covenants. A failure to comply with covenants could result in default under the Corporation's credit facility, which could result in the Corporation being required to repay amounts owing thereunder. The acceleration of the Corporation's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross default or cross-acceleration provisions. The Corporation's current credit facility does not include financial ratio tests. In addition, the Corporation's credit facility may impose operating and financial restrictions on the Corporation that could include restrictions on the payment of dividends, repurchase or making of other distributions with respect to the Corporation's securities, incurring of additional indebtedness, the provision of guarantees, the assumption of loans, making of capital expenditures, entering into of amalgamations, mergers, take-over bids or disposition of assets, among others.

If the Corporation's lenders require repayment of all or a portion of the amounts outstanding under its credit facility for any reason, including for a default of a covenant or the reduction of a borrowing base, there is no certainty that the Corporation would be in a position to make such repayment. Even if the Corporation is able to obtain new financing in order to make any required repayment under its credit facility, such financing may not be on commercially reasonable terms, or terms that are acceptable to the Corporation. If the Corporation is unable to repay amounts owing under credit facility, the lenders under its credit facility could proceed to foreclose or otherwise realize upon the collateral granted to them to secure the indebtedness.

Issuance of Debt

Increased debt levels may impair the Corporation's ability to borrow additional capital on a timely basis to fund opportunities as they arise

From time to time, the Corporation may enter into transactions to acquire assets or shares of other organizations. These transactions may be financed in whole or in part with debt, which could increase the Corporation's debt levels above industry standards for oil and natural gas companies of similar size. Depending on future exploration and development plans, the Corporation may require additional debt financing that may not be available or, if available, may not be available on favourable terms. Neither the Corporation's articles nor its by-laws limit the amount of indebtedness that the Corporation may incur. The level of the Corporation's indebtedness from time to time could impair the Corporation's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

Risk Management Contracts

Rick management contracts expose the Corporation to the risk of financial loss and counter party risk

From time to time, the Corporation may enter into agreements to receive fixed prices or derivative contracts on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline. However, to the extent that the Corporation engages in price risk management activities to protect itself from commodity price declines, it may also be prevented from realizing the full benefits of price increases above the levels of the derivative instruments used to manage price risk. In addition, the Corporation's risk management contracts may expose it to the risk of financial loss in certain circumstances, including instances in which:

- production falls short of the hedged volumes;
- there is a widening of price-basis differentials between delivery points for production and the delivery point assumed in the hedge arrangement;

- the counterparties to the risk management contracts or other price risk management contracts fail to perform under those arrangements; or
- a sudden unexpected event materially impacts oil or natural gas prices.

Similarly, from time to time, the Corporation may enter into agreements to fix the exchange rate of Canadian dollars to United States dollars or other currencies in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to other currencies. However, if the Canadian dollar declines in value compared to such fixed currencies, the Corporation will not benefit from the fluctuating exchange rate.

Diluent Supply

A decrease in, or restriction in access to, diluent supply may increase the Corporation's operating costs

Heavy oil and bitumen are characterized by high specific gravity, or weight, and high viscosity, or resistance to flow. Diluent is required to facilitate the transportation of heavy oil and bitumen. A shortfall in the supply of diluent, or a restriction in access to diluent, may cause its price to increase, increasing the cost to transport heavy oil and bitumen to market. An increase to the cost of bringing heavy oil and bitumen to market may increase the Corporation's overall operating cost and result in decreased net revenues, negatively impacting the overall profitability of the Corporation's heavy oil and bitumen projects.

Title to and Right to Produce from Assets

Defects in the title or rights to produce the Corporation's properties may result in a financial loss

The Corporation's actual title to and interest in its properties, and its right to produce and sell the oil and natural gas therefrom, may vary from the Corporation's records. In addition, there may be valid legal challenges or legislative changes that affect the Corporation's title to and right to produce from its oil and natural gas properties, which could impair the Corporation's activities and result in a reduction of the revenue received by the Corporation.

If a defect exists in the chain of title or in the Corporation's right to produce, or a legal challenge or legislative change arises, it is possible that the Corporation may lose all or a portion of the properties to which the title defect relates and/or its right to produce from such properties. This may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Reserves Estimates

The Corporation's estimated reserves are based on numerous factors and assumptions which may prove incorrect and which may affect the Corporation

There are numerous uncertainties inherent in estimating reserves and the future cash flows attributed to such reserves. The reserves and associated cash flow information set forth in this document are estimates only. Generally, estimates of economically recoverable oil and natural gas reserves (including the breakdown of reserves by product type) and the future net cash flows from such estimated reserves are based upon a number of variable factors and assumptions, such as:

- historical production from properties;
- production rates;
- information including type curve analogies;
- ultimate reserve recovery;
- timing and amount of capital expenditures;
- commodity price forecasts;
- marketability of oil and natural gas;
- royalty rates; and
- the assumed effects of regulation by governmental agencies and future operating costs (all of which may vary materially from actual results).

For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. The Corporation's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates and such variations could be material.

In accordance with applicable securities laws, the Corporation's independent reserves evaluator has used forecast prices and costs in estimating the reserves and future net cash flows as summarized herein. Actual future net cash flows will be affected by other factors, including actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation and taxation and the impact of inflation on costs.

Actual production and cash flows derived from the Corporation's oil and natural gas reserves will vary from the estimates contained in the reserve evaluation, and such variations could be material. The reserve evaluation is based in part on the assumed success of activities the Corporation intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom and contained in the reserve evaluation will be reduced to the extent that such activities do not achieve the level of success assumed in the reserve evaluation. The reserve evaluation is effective as of a specific effective date and, except as may be specifically stated, has not been updated and therefore does not reflect changes in the Corporation's reserves since that date.

Insurance

Not all risks of pursuing oil and natural gas opportunities are insurable and the occurrence of an uninsurable event may have a materially adverse effect on the Corporation

The Corporation's involvement in the exploration for and development of oil and natural gas properties may result in the Corporation becoming subject to liability for pollution, blowouts, sour gas leaks, property damage, personal injury or other hazards. Although the Corporation maintains insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability and may not be sufficient to cover the full extent of such liabilities. In addition, certain risks are not, in all circumstances, insurable or, in certain circumstances, the Corporation may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of any uninsured liabilities would reduce the funds available to the Corporation. The occurrence of a significant event that the Corporation is not fully insured against, or the insolvency of the insurer of such event, may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

The Corporation's insurance policies are generally renewed on an annual basis and, depending on factors such as market conditions, the premiums, policy limits and/or deductibles for certain insurance policies can vary substantially. In some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. Significantly increased premiums could lead the Corporation to decide to reduce, or possibly eliminate, coverage. In addition, insurance is purchased from a number of third party insurers, often in layered insurance arrangements, some of which may discontinue providing insurance coverage for their own policy or strategic reasons. Should any of these insurers refuse to continue to provide insurance coverage, the Corporation's overall risk exposure could increase and the Corporation could incur significant costs.

Reputational Risk Associated with the Corporation's Operations

The Corporation relies on its reputation to continue its operations and to attract and retain investors and employees

The Corporation's business, operations or financial condition may be negatively impacted by any negative public opinion toward the Corporation or as a result of any negative sentiment toward, or in respect of, the Corporation's reputation with stakeholders, special interest groups, political leadership, the media or other entities. Public opinion may be influenced by certain media and special interest groups' negative portrayal of the industry in which the Corporation operates as well as such groups' opposition to certain oil and natural gas projects. Potential impacts of negative public opinion or reputational issues may include delays or interruptions in operations, legal or regulatory actions or challenges, blockades, increased regulatory oversight, reduced support for, delays in, challenges to, or the revocation of regulatory approvals, permits and/or licences and increased costs and/or cost overruns. The Corporation's reputation and public opinion could also be impacted by the actions and activities of other companies operating in the oil and natural gas industry, particularly other producers, over which the Corporation has no control. Similarly, the Corporation's reputation could be impacted by negative publicity related to loss of life, injury or damage to property and the environment caused by the Corporation's operations. In addition, if the Corporation develops a reputation of having an unsafe work site, this may impact the ability of the Corporation to attract and retain the necessary skilled employees and consultants to operate its business. Opposition from special interest groups opposed to oil and natural gas development and the possibility of climate-related litigation against governments and fossil fuel companies may impact the Corporation's reputation. See "*Risk Factors – Climate Change*".

Reputational risk cannot be managed in isolation from other forms of risk. Credit, market, operational, insurance, regulatory and legal risks, among others, must all be managed effectively to safeguard the Corporation's reputation. Damage to the Corporation's reputation could result in negative investor sentiment toward the Corporation, which may result in limiting the Corporation's access to capital, increasing the cost of capital, and decreasing the price and liquidity of the Corporation's securities.

Changing Investor Sentiment

Changing investor sentiment toward the oil and natural gas industry may impact the Corporation's access to, and cost of, capital

A number of factors, including the concerns of the effects of the use of fossil fuels on climate change, the impact of oil and natural gas operations on the environment, environmental damage resulting from spills of petroleum products during production and transportation, and Indigenous rights have affected certain investors' sentiments toward the oil and natural gas industry. As a result of these concerns, some institutional, retail and public investors have announced that they are no longer willing to fund or invest in oil and natural gas properties or companies or are reducing the amount thereof over time. In addition, certain institutional investors are requesting that issuers develop and implement more robust social, environmental and governance policies and practices. Developing and implementing such policies and practices can involve significant costs and require a significant time commitment from the Board of Directors, management and employees of the Corporation. Failing to implement the policies and practices as requested by institutional investors may result in such investors reducing their investment in the Corporation, or not investing in the Corporation at all. Any reduction in the investor base willing to invest in the oil and natural gas industry and more specifically, the Corporation, may limit the Corporation's access to capital, thereby increasing the cost of capital, and decreasing the price and liquidity of the Corporation's securities even if the Corporation's operating results, underlying asset values or prospects have not changed.

Dilution

The Corporation may issue additional Common Shares or other dilutive securities, diluting current Shareholders

The Corporation may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Corporation, which may be dilutive to Shareholders.

Management of Growth

The Corporation may not be able to effectively manage the growth of its business

The Corporation may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. To continue to manage growth effectively, the Corporation will need to continue to implement and improve its operational and financial systems and to train and manage and potentially expand its employee base. If the Corporation is unable to deal with such growth, it may have a material adverse effect on the Corporation's business, financial condition, results of operations or prospects.

Expiration of Licences and Leases

The Corporation, or its working interest partners, may fail to meet the requirements of a licence or lease, causing its termination or expiry

The Corporation's properties are held in the form of licences and leases and working interests in licences and leases. If the Corporation, or the holder of a licence or lease, fails to meet a specific requirement of the licence or lease, the licence or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each licence or lease will be met. The termination or expiration of the

Corporation's licences or leases or the working interests relating to a licence or lease and the associated abandonment and reclamation obligations may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Dividends

The Corporation does not pay dividends and there is no assurance that it will do so in the future

The Corporation has not paid any dividends on its outstanding shares. Payment of dividends in the future will be dependent on, among other things, the cash flow, results of operations, financial condition of the Corporation, the need for funds to finance ongoing operations and other considerations, as the Board considers relevant.

Litigation

The Corporation may be involved in litigation in the course of its normal operations and the outcome of any such litigation may adversely affect the Corporation and its reputation

In the normal course of the Corporation's operations, it may become involved in, be named as a party to, or be the subject of, legal proceedings, including regulatory proceedings, tax proceedings or legal actions. Potential litigation may develop in relation to personal injuries, including resulting from exposure to hazardous substances, property damage, property taxes, land and access rights, or environmental issues, including claims relating to contamination or natural resource damages and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted and may be determined adversely to the Corporation and could have a material adverse effect on the Corporation's assets, liabilities, business, financial condition and results of operations at such time. Even if the Corporation prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from business operations, which could have an adverse effect on the Corporation's financial condition.

Intellectual Property Litigation

Unauthorized use of intellectual property may cause the Corporation to engage in, or be the subject of, litigation

Rapid advances in oil and gas technology increase the risk of intellectual property disputes. The Corporation may face claims of infringement or initiate actions against others for infringing its rights. Such litigation can be costly, disrupt asset development, and divert technical and management resources, even if resolved in the Corporation's favour. In the event of an adverse outcome as a defendant in any such litigation, the Corporation may, among other things, be required to:

- pay substantial damages and/or cease the development, use, sale or importation of processes that infringe upon other patented intellectual property;
- expend significant resources to develop or acquire non-infringing intellectual property;
- discontinue processes incorporating infringing technology; or
- obtain licences to the infringing intellectual property.

However, the Corporation may not be successful in such development or acquisition, or such licences may not be available on reasonable terms. Any such development, acquisition or licence could require the expenditure of substantial time and other resources and could have a material adverse effect on the Corporation's business and financial position.

Breach of Confidentiality

Breach of confidentiality by a third party could impact the Corporation's competitive advantage or put it at risk of litigation

While discussing potential business relationships or other transactions with third parties, the Corporation may disclose confidential information relating to its business, operations or affairs. Although confidentiality agreements are generally signed by third parties prior to the disclosure of any confidential information, a breach could put the Corporation at competitive risk and may cause significant damage to its business. The harm to the Corporation's business from a breach of confidentiality cannot be predicted, but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Corporation would be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such breach of confidentiality may cause.

Income Taxes

Taxation authorities may reassess the Corporation's tax returns

The Corporation files all required income tax returns and believes that it is in full compliance with the provisions of the *Income Tax Act* and all applicable provincial tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Corporation, whether by re-characterization of exploration and development expenditures or otherwise, such reassessment may have an impact on current and future taxes payable.

Income tax laws relating to the oil and natural gas industry, such as the treatment of resource taxation or dividends, may in the future be changed or interpreted in a manner that adversely affects the Corporation. Furthermore, tax authorities having jurisdiction over the Corporation may disagree with how the Corporation calculates its income for tax purposes or could change administrative practices to the Corporation's detriment.

Third Party Credit Risk

The Corporation is exposed to credit risk of its partners and third party operators of properties in which it has an interest

The Corporation may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its oil and natural gas production and other parties. In addition, the Corporation may be exposed to third party credit risk from operators of properties in which the Corporation has a working or royalty interest. In the event such entities fail to meet their contractual or other obligations to the Corporation, such failures may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. In addition, poor credit conditions in the industry, generally, and of the Corporation's joint venture partners may affect a joint venture partner's willingness to participate in the Corporation's ongoing capital program, potentially delaying the program and the results of such program until the Corporation finds a suitable alternative partner. To the extent that any of such third parties go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in the Corporation being unable to collect all or a portion of any money owing from such parties. Any of these factors could materially adversely affect the Corporation's financial and operational results.

Conflicts of Interest

Conflicts of interest may arise for the Corporation's directors and officers who are also involved with other industry participants

Certain directors or officers of the Corporation may also be directors or officers of other oil and natural gas companies and as such may, in certain circumstances, have a conflict of interest. Conflicts of interest, if any, will be subject to and governed by procedures prescribed by the ABCA which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with the Corporation to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the ABCA.

Reliance on a Skilled Workforce and Key Personnel

An inability to recruit and retain a skilled workforce and key personnel may negatively impact the Corporation

The operations and management of the Corporation require the recruitment and retention of a skilled workforce, including engineers, technical personnel and other professionals. The loss of key members of such workforce, or a substantial portion of the workforce as a whole, could result in the failure to implement the Corporation's business plans which could have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that the Corporation will be able to continue to attract and retain all personnel necessary for the development and operation of its business. The Corporation does not have any key personnel insurance in place. Contributions of the existing management team to the immediate and near-term operations of the Corporation are likely to be of central importance. In addition, certain of the Corporation's current employees may have significant institutional knowledge that must be transferred to other employees prior to their departure from the workforce. If the Corporation is unable to retain current employees, successfully complete effective knowledge transfers and/or recruit new employees with the requisite knowledge and experience, the Corporation could be negatively impacted. In addition, the Corporation could experience increased costs to retain and recruit

these professionals. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation.

Information Technology Systems and Cyber-Security

Breaches of the Corporation's cyber-security and loss of, or access to, electronic data may adversely impact the Corporation's operations and financial position

The Corporation has become increasingly dependent upon the availability, capacity, reliability and security of its information technology infrastructure, and its ability to expand and continuously update this infrastructure, to conduct daily operations. The Corporation depends on various information technology systems to estimate reserve quantities, process and record financial data, manage the Corporation's land base, manage financial resources, analyze seismic information, administer contracts with operators and lessees and communicate with employees and third party partners.

Further, the Corporation is subject to a variety of information technology and system risks as a part of its normal course of operations including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of the Corporation's information technology systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to business activities or the Corporation's competitive position.

Phishing attacks (i.e., fraudulent attempts to obtain sensitive information such as passwords, financial details, or funds) have become increasingly sophisticated. A successful attack could result in loss of financial resources, theft of critical data, or compromise of the Corporation's technology infrastructure. Employees are frequent targets, often through emails or phone calls that appear legitimate but are used to direct recipients to fraudulent websites, request confidential information, or install malware such as "Trojan horse" programs.

Increasingly, social media is used as a vehicle to carry out phishing attacks. Information posted on social media sites for business or personal purposes may be used by attackers to gain entry into the Corporation's systems and obtain confidential information. The Corporation restricts the social media access of its employees and periodically reviews, supervises, retains and maintains the ability to retrieve social media content. As social media continues to grow in influence and access to social media platforms becomes increasingly prevalent; however, there are significant risks that the Corporation may not be able to properly regulate social media use and preserve adequate records of business activities and client communications conducted through the use of social media platforms.

The Corporation maintains policies and procedures that address and implement employee protocols with respect to electronic communications and electronic devices and conducts annual cyber-security risk assessments. The Corporation also employs encryption protection of its confidential information, and all its computers and other electronic devices. Despite the Corporation's efforts to mitigate phishing attacks through education and training, phishing activities remain a serious problem that may damage the Corporation's information technology infrastructure. The Corporation applies technical and process controls in line with industry-accepted standards to protect its information, assets and systems, including a written incident response plan for responding to a cyber-security incident. However, these controls may not adequately prevent cyber-security breaches. Disruption of critical information technology services, or breaches of information security, could have a negative effect on the Corporation's performance and earnings, as well as on its reputation, and any damages sustained may not be adequately covered by the Corporation's current insurance coverage, or at all. The significance of any such event is difficult to quantify and may in certain circumstances be material and could have a material adverse effect on the Corporation's business, financial condition and results of operations.

The Corporation's IT systems may incorporate artificial intelligence ("**AI**"), and development of these capabilities is ongoing. AI introduces risks and unintended consequences that could affect adoption and business operations. AI Algorithms and training methods may be flawed, and reliance on AI without adequate safeguards can lead to inaccurate outcomes or operational vulnerabilities.

AI also poses data privacy, cyber-security, and intellectual property risks. Improper use may result in unauthorized disclosure of sensitive information or outputs that infringe copyrights, patents, or privacy rights. The Corporation maintains policies and procedures governing employee use of AI tools, including requirements to use only authorized tools and platforms. As legal and regulatory frameworks for AI remain uncertain, future compliance obligations could impose significant costs or limit the Corporation's ability to integrate AI tools.

Data Protection

The handling of secure information exposes the Corporation to potential data security risks that could result in monetary damages against the Corporation and could otherwise damage its reputation, and adversely affect its business, financial condition and results of operations

The protection of customer, employee, and company data is critical to the Corporation's business, including risks arising from the use of artificial intelligence tools. The regulatory environment in Canada surrounding information security and privacy is increasingly demanding, with the frequent imposition of new and evolving requirements. Certain legislation, including the *Personal Information Protection and Electronic Documents Act* in Canada, requires documents to be securely destroyed to avoid identity theft and inadvertent disclosure of confidential and sensitive information. A significant breach of partner, employee, or company data could attract a substantial amount of media attention, damage the Corporation's customer relationships and reputation, and result in lost sales, fines, or lawsuits. In addition, an increasing number of countries have introduced and/or increased enforcement of comprehensive privacy laws or are expected to do so. The continued emphasis on information security as well as increasing concerns about government surveillance may lead customers to request the Corporation to take additional measures to enhance security and/or assume higher liability under its contracts. As a result of legislative initiatives and customer demands, the Corporation may have to modify its operations to further improve data security. Any such modifications may result in increased expenses and operational complexity, and adversely affect its reputation, business, financial condition and results of operations.

Expansion into New Activities

Expanding the Corporation's business exposes it to new risks and uncertainties

The operations and expertise of the Corporation's management are currently focused primarily on oil and natural gas production, exploration and development in Western Canada. In the future, the Corporation may acquire or move into new industry-related activities or new geographical areas and may acquire different energy-related assets. As a result, the Corporation may face unexpected risks or, alternatively, its exposure to one or more existing risk factors may be significantly increased, which may in turn result in the Corporation's future operational and financial conditions being adversely affected.

Forced or Child Labour in Supply Chains

The introduction of new supply chain due diligence and reporting requirements could expose the Corporation to certain risks

In May 2023, the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* was passed and came into force on January 1, 2024. Pursuant to the new legislation, any company that is subject to the reporting requirements, including the Corporation, is required to file an annual report with respect to its supply chains. In late 2024, the federal government signalled its intention to create a new and more onerous supply chain due diligence regime overseen by a new oversight agency, whereby reporting entities would be required to scrutinize their supply chains for human rights risks and take action to resolve any such risks. Although the Corporation is currently unaware of any forced or child labour within its supply chains, heightened scrutiny of Canadian companies could reveal risks or instances of such practices in a supply chain connected to the Corporation, potentially harming its reputation. In addition, complying with any new legislative requirements related to due diligence of its supply chains will increase the Corporation's costs and regulatory burdens.

Natural Disaster, Terrorist, Civil Unrest, Pandemics and Other Disruptions and Dislocations

Natural Disasters, Terrorist Acts, Civil Unrest, Pandemics and Other Disruptions and Dislocations, may adversely affect the Corporation

Events such as natural disasters, war, riots, or civil unrest can severely disrupt recovery efforts in affected regions. This may have a material adverse impact on the Corporation, its customers, and their operations. Other risks include terrorist attacks, public health crises (such as epidemics, pandemics, or new infectious diseases), trade and infrastructure disruptions, civil disobedience, national emergencies, acts of war, and technological attacks. These events can create volatility and disrupt supply chains, operations, workforce mobility, and financial markets. Such disruptions may lead to a significant decline in economic activity in Canada and globally, reduce demand for oil and natural gas, and affect interest rates, credit ratings, inflation, and overall business conditions. These factors could negatively impact the Corporation's reputation, business, financial condition, and operations, and may worsen other risks identified herein.

Forward-Looking Information

Forward-looking information may prove inaccurate

Shareholders and prospective investors are cautioned not to place undue reliance on the Corporation's forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Additional information on the risks, assumption and uncertainties are found under the heading "*Forward-Looking Information and Statements*" of this Annual Information Form.

ABBREVIATIONS

Natural Gas		Oil and Liquids	
Mcf	thousand cubic feet	bbl	barrels
Mcfe	thousand cubic feet equivalent	Mbbl	thousand barrels
MMcf	million cubic feet	MMbbl	million barrels
MMcfe	million cubic feet equivalent	bbl/d	barrels per day
Bcf	billion cubic feet	m^3	cubic metres
Bcfe	billion cubic feet equivalent	boe	barrel of oil equivalent
Mcf/d	thousand cubic feet per day	Mboe	thousand barrels of oil equivalent
MMcf/d	million cubic feet per day	MMboe	million barrels of oil equivalent
Mcfe/d	thousand cubic feet equivalent per day	boe/d	barrels of oil equivalent per day
m^3	cubic metres		
MMBtu	million British thermal units		
GJ	gigajoule		

VOLUME CONVERSIONS

The Corporation reports production and reserves in either Mcf equivalent (Mcfe) or barrels of oil equivalent (boe). Mcfe and boe may be misleading, particularly if used in isolation. In accordance with NI 51-101, a Mcfe and boe conversion ratio for crude oil and natural gas of 1 bbl: 6 Mcf has been used, which is based on an energy equivalency conversion method primarily applicable at the burner tip and does not necessarily represent a value equivalency at the wellhead. 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 conversion on a 6:1 basis may be misleading as an indication of value.

References to natural gas, crude oil and condensate and NGLs production in the AIF refer to conventional natural gas, heavy crude oil and natural gas liquids, respectively, product types as defined in National Instrument 51-101.

The following table sets forth certain conversions between Standard Imperial Units and the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	cubic metres	28.174
cubic metres	cubic feet	35.494
bbl	cubic metres	0.159
cubic metres	bbl	6.293
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471
gigajoules	MMBtu or Mcf	0.950

FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain information and statements contained in this Annual Information Form constitute forward-looking information and statements within the meaning of applicable securities laws (collectively, "**forward-looking information**"). This forward-looking information relates to future events or to Rubellite's future performance. All statements other than statements of historical fact may be forward-looking information. The use of any of the words "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "project", "should", "believe", "outlook", "guidance", "objective", "plans", "intends", "targeting", "could", "potential", "outlook", "strategy" and any similar expressions are intended to identify forward-looking information.

In particular, but without limiting the foregoing, this Annual Information Form contains forward-looking information pertaining to the following:

- the quantity and recoverability of the Corporation's reserves;
- the timing and amount of future production;
- future commodity prices as well as supply and demand for natural gas and crude oil;
- the existence, operations and strategy of the Corporation's commodity price risk management program;
- adjusted funds flow sensitivities to commodity price, production, foreign exchange and interest rate changes;
- operating, general and administrative, and other expenses;
- amount and timing of future abandonment and reclamation costs, decommissioning and environmental obligations;
- the use of exploration and development activity, asset management and acquisitions to sustain, replace or add to reserves and production or expand the Corporation's asset base;
- the Corporation's acquisition strategy and the existence of acquisition opportunities, the criteria to be considered in connection therewith and the benefits to be derived therefrom;
- the Corporation's s divestiture strategy;
- the Corporation's business plan and strategic priorities;
- future growth in the Corporation's adjusted funds flow;
- the Corporation's ability to benefit from the combination of growth opportunities and the ability to grow through the capital markets;
- expected book value and related tax value of the Corporation's assets and prospect inventory and estimates of net asset value;
- ability to fund exploration and development;
- expectations regarding the Corporation's access to capital to fund its acquisition, exploration and development activities;
- deferred income tax and its effect on funds flow;
- intentions with respect to preservation of tax pools and taxes payable by the Corporation;
- funding of and anticipated results from capital expenditure programs;
- future debt levels, financial capacity, liquidity and capital resources;
- future contractual commitments;
- drilling, completion, facilities and construction plans;
- future drilling, workovers and recompletions estimated in Rubellite's prospect inventory;
- the impact of Canadian federal and provincial governmental regulation on the Corporation relative to other issuers;
- Crown royalty rates;
- cybersecurity threats and risks associated with technology (including artificial intelligence);
- the Corporation's treatment under governmental regulatory regimes;
- business strategies and plans of management;
- reliance on third parties in the industry to develop and expand the Corporation's assets and operations; and
- the potential impacts of any tariffs imposed on Canadian exports into the United States by the Trump administration and any retaliatory steps taken by the Canadian federal government.

The forward-looking information contained in this Annual Information Form reflect several material factors and expectations and assumptions of the Corporation including, without limitation, that Rubellite will conduct its operations in a manner consistent with its expectations and, where applicable, consistent with past practice; the general continuance of current or, where applicable, assumed industry conditions; the continuance of existing, and in certain circumstances, the implementation of proposed tax, royalty and regulatory regimes; the ability of Rubellite to obtain equipment, services, and supplies in a timely manner to carry out its activities; the accuracy of the estimates of Rubellite's reserve volumes; the timely receipt of required regulatory approvals; certain commodity price and other cost assumptions; the ability to secure adequate product transportation; the continued availability of adequate debt and/or equity financing and funds flow to fund the Corporation's capital and operating requirements as needed; and the extent of Rubellite's liabilities.

Rubellite believes the material factors, expectations and assumptions reflected in the forward-looking information are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct. The forward-looking information included in this Annual Information Form are not guarantees of future performance and should not be unduly relied upon. Such forward-looking information involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information including, without limitation:

- limited, unfavourable, or a lack of access to capital markets;
- increased debt levels or debt service requirements;
- changes in exploration or development plans by Rubellite or by third party operators of Rubellite's properties;
- reliance on industry partners;
- volatility in market prices for crude oil, natural gas, NGL, power and other products;
- supply and demand regarding Rubellite's products;
- risks inherent in Rubellite's operations, such as production declines, unexpected results, geological, technical, or drilling and process problems;
- unanticipated operating events that can reduce production or cause production to be shut-in or delayed, including plant upsets, transportation bottlenecks and market disruptions;
- unanticipated well or facility operating performance;
- uncertainties or inaccuracies associated with estimating reserves and resource volumes;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands, skilled personnel, equipment for drilling, completions, facilities and pipeline construction and maintenance;
- increased service and operational costs;
- incorrect assessments of the value of acquisitions;
- industry conditions including fluctuations in the price of natural gas and related commodities;
- royalties payable in respect of Rubellite's production;
- governmental regulation of the oil and gas industry, including environmental regulation;
- fluctuation in foreign exchange or interest rates;
- the need to obtain required approvals from regulatory authorities;
- changes in laws applicable to the Corporation, royalty rates, or other regulatory matters;
- general economic conditions in Canada, the United States and globally;
- stock market volatility and market valuations; and
- certain other risks detailed from time to time in Rubellite's public disclosure documents including, without limitation, those risks and contingencies described above and under "Risk Factors" in this Annual Information Form. The foregoing list of risk factors should not be considered exhaustive.

The forward-looking information contained in this Annual Information Form speak only as of the date of this Annual Information Form, and the Corporation does not assume any obligation to publicly update or revise them to reflect new events or circumstances, unless expressly required to do so by applicable securities laws.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR+ at www.sedarplus.ca including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans which is contained in the Corporation's information circular for the Corporation's most recent annual meeting of security holders that involved the election of directors.

Additional financial information is contained in the Financial Statements and MD&A for the Corporation's most recently completed financial year.

APPENDIX A

REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE IN ACCORDANCE WITH FORM 51-101F3

Management of Rubellite Energy Corp. (the "**Company**") is responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data.

McDaniel & Associates Consultants Ltd., an independent qualified reserves evaluator, has evaluated the Company's reserves data. The report of the independent qualified reserves evaluator is presented below.

The Reserves Committee of the Board of Directors of the Company has:

(a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;

(b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and

(c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Reserves Committee of the Board of Directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The Board of Directors has, on the recommendation of the Reserves Committee, approved:

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;

(b) the filing of Form 51-102F2 which is the report of the independent qualified reserves evaluator on the reserves data, contingent resources data, or prospective resources data; and

(c) the content and filing of this report.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

DATED as of this 10th day of March, 2026.

"*signed by Susan L. Riddell Rose*"	*"signed by Ryan A. Shay"*
Susan L. Riddell Rose	Ryan A. Shay
President and Chief Executive Officer	Vice President, Finance and Chief Financial Officer
"*signed by Bruce Shultz*"	*"signed by Geoffrey Merritt*"
Bruce Shultz	Geoffrey Merritt
Director, Chair of the Reserves Committee	Director

APPENDIX B

REPORT ON RESERVES DATA BY MCDANIEL & ASSOCIATES CONSULTANTS LTD. IN ACCORDANCE WITH FORM 51-101F2

To the Board of Directors of Rubellite Energy Corp. (the "**Company**"):

1. We have evaluated the Company's reserves data as at December 31, 2025. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2025 estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "**COGE Handbook**") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).

4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

5. The following table shows the net present value of future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated for the year ended December 31, 2025, and identifies the respective portions thereof that we have evaluated and reported on to the Company's Board of Directors:

			Net Present Value of Future Net Revenue $M (before income taxes, 10% discount rate)			
Independent Qualified Reserves Evaluator	**Effective Date of Evaluation Report**	**Location of Reserves**	**Audited**	**Evaluated**	**Reviewed**	**Total**
McDaniel	December 31, 2025	Canada	–	651,496	–	651,496

6. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

7. We have no responsibility to update our report referred to in paragraph 5 for events and circumstances occurring after the effective date of our report.

8. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

MCDANIEL & ASSOCIATES CONSULTANTS LTD.

"*signed by M. J. Verney* "
Michael J. Verney, P. Eng.
Executive Vice President

Calgary, Alberta, Canada
March 10, 2026

APPENDIX C

AUDIT COMMITTEE MANDATE

RUBELLITE ENERGY CORP.
(the "**Corporation**" or "**Rubellite**")

The Audit Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of Rubellite Energy Corp. ("**Rubellite**" or the "**Corporation**") to which the Board has delegated the responsibility for the matters set forth herein in respect of financial and audit matters including those contained in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**").

Purpose

The purpose of the Committee is to: (a) assist the Board in fulfilling its responsibilities with respect to oversight and due diligence by reviewing, reporting and making recommendations to the Board on the development and implementation of the policies, standards and practices of the Corporation; and (b) assist the Board in satisfying its responsibilities in respect of the Corporation meeting its legal, regulatory, industry and community obligations, pertaining to financial and audit matters including, among other things, the nature and scope of the annual audit and audit and non-audit services, the oversight of management's reporting on internal accounting standards and practices, the review of financial information and reporting in public disclosure, accounting systems and procedures, and auditor independence.

Composition, Procedures and Organization

1. The Committee will be comprised of three or more directors as determined from time to time by the Board.

2. Each member of the Committee must be "independent" within the meaning of applicable securities laws and as such must be free from any material relationship that may interfere with the exercise of his or her independent judgment as a member of the Committee.

3. Consistent with the appointment of other Board committees, the Chair and members of the Committee will be appointed by the Board at the first meeting of the Board following each AGM or at such other time as may be determined by the Board.

4. If the Chair is not present, the Committee will designate an acting Chair for meetings of the Committee by majority vote. The presence in person or by telephone or video conference of a majority of the Committee's members constitutes a quorum for any meeting.

5. All actions of the Committee will require a vote of the majority of its members present at a meeting of the Committee at which a quorum is present.

6. All members of the Committee must be familiar with audit and financial reporting procedures, guidelines and processes (including those established by the Canadian Securities Administrators and relevant individual securities regulatory authorities) at the time of their appointment or become so within a reasonable period of time following such appointment.

7. All members of the Committee must be financially literate at the time of their appointment or have become financially literate within a reasonable period of time after such appointment. NI 52-110 sets out that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Rubellite's financial statements.

8. The Committee shall have access to such officers and employees of the Corporation and to such information respecting the Corporation, and may engage independent audit or financial consultants and advisors at the expense of the Corporation, all as it considers to be necessary or advisable in order to perform its duties and responsibilities. The Committee will notify the President and Chief Executive Officer as well as the Vice President, Finance and Chief Financial Officer whenever independent consultants are engaged.

Meeting

1. The Committee will meet on a quarterly basis to review and recommend for approval to the Board the interim and year-end financial statements and management's discussion & analysis ("**MD&A**"), related financial public disclosure and regulatory filings including any financial information contained in Rubellite's Annual Information Form or other continuous disclosure documentation (collectively, the "**Continuous Disclosure Documents**") as described in NI 51-102; and to report to the Board on same.

2. In addition to regularly scheduled quarterly meetings, the Committee may meet on other occasions with the Auditors in order to be advised of current practices in the industry and to discuss and review other matters including the annual work plans, processes and procedures.

3. The Committee must meet at least quarterly with the Auditors in the absence of Rubellite's management and Officers and employees to discuss any matters that the Committee or a committee member believes should be discussed privately.

4. The Chair of the Committee will appoint a Director, Officer or employee of Rubellite to act as secretary for the purposes of recording the minutes of each meeting.

5. Management, advisors, the Auditors and other Directors may be invited to participate in meetings.

6. The Committee shall hold *in camera* sessions, without management present, at every meeting of the Committee.

Accountability and Reporting

1. The Committee is accountable to the Board.

2. The Committee must provide the Board with a summary of all meetings and its recommendations together with a copy of the minutes of each such meeting. If applicable, the Chair will provide written or oral reports as requested.

3. All information reviewed and discussed by the Committee at any meeting must be retained and made available for examination by the Board.

4. Rubellite's Auditors report directly to the Committee.

Responsibilities

The Committee's responsibilities are as follows:

Financial Accounting and Reporting

- Review and, if appropriate, recommend to the Board the approval of the annual and quarterly financial statements, MD&A, annual and interim earnings press releases and the financial information contained in Continuous Disclosure Documents, prior to public disclosure;
- Liaise with the Reserves Committee on matters relating to reserves valuations which impact the financial statements of Rubellite;
- Monitor the selection and application of proper accounting principles and practices, as well as any changes thereto, and to review the status of all relevant financial and related fiduciary aspects of Rubellite including ensuring that there are adequate resources for management to carry out their duties;

Auditors

- Review and recommend to the Board the nomination, appointment, retention and termination of, and the compensation to be paid to, the external auditors ("**Auditors**");
- Oversee the work and performance of the Auditors, including approval of the Auditor's audit plan, planning report, and annual engagement letter, review the independence of the Auditors and report to the Board on these matters;
- Resolve disagreements between management and the Auditors regarding financial reporting;
- Inform the Auditors of whether the Committee has knowledge of any actual, suspected or alleged fraud affecting Rubellite, including complaints regarding financial reporting and confidential submissions by employees;
- Review the Auditors' report on the annual audited financial statements and the Auditor's review letters on interim financial statements;
- Meet with the Auditors, without management being present, at each time the interim and financial statements are being considered, to ensure that no management restrictions have been placed on the scope of the Auditors' work and to discuss the working relationship between the Auditors and management and other matters that the Committee or the Auditors may wish to raise;
- Review and pre-approve or recommend to the Board all non-audit services provided by the Auditors prior to the performance of those services;
- Evaluate the performance of the Auditors;
- Review and approve Rubellite's hiring policies regarding former and existing partners and employees of past or present Auditors of the issuer;

Public Disclosure and Compliance

- Be satisfied that adequate procedures are in place for the review of Rubellite's public disclosure of financial information extracted or derived from the financial statements, and must periodically assess the adequacies of those procedures;
- Receive periodic certificates and reports from management with respect to compliance with financial, regulatory, taxation and continuous disclosure requirements, and satisfy itself (a) that adequate procedures are in place to ensure timely and full public disclosure of Continuous Disclosure Documents; and, (b) that a system of internal controls over financial reporting has been implemented and is being maintained in accordance with applicable Rubellite policies; and additionally, must consider whether any identified deficiencies in internal controls are significant or are material weaknesses;
- Review annual ESTMA report and recommend to the Board for approval;
- Review and monitor the implementation and adequacy of various corporate policies which pertain to financial disclosure and audit matters including the Delegation of Authority Policy, Disclosure Policy, Executive Compensation and Recoupment Policy, GAAR Compliance and Voluntary Disclosure Policy, Hedging and Commodity Price Risk Management Policy, Investment Policy, Management Responsibility for Internal Control Policy and Whistleblower Policy (collectively, the "**Audit Committee Related Policies**") annually and update as necessary to reflect changes in law, guidance, or corporate strategy;
- Review compliance with applicable laws, regulations and policies;

Whistleblower Reporting and Investigations

- Establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, or auditing matters, and for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters (the "**Whistleblower Process**");

- Ensure that Rubellite management regularly advises employees of the existence of the Whistleblower Process;
- Receive regular reports respecting complaints made under the Whistleblower Process;
- Be notified in writing within three business days of any fraud, litigation or regulatory investigation which, in the opinion of the Corporation's management, is material. Confirmation of receipt of such notification by each member of the Committee will additionally be required. Any fraud, material litigation or regulatory investigation not reported as outlined above will be reported quarterly to the Board at the March, May, August, and November meetings immediately following the discovery of such occurrence;

Internal Controls

- Review programs and policies regarding the maintenance and effectiveness of disclosure controls and internal controls over the Corporation's accounting and financial reporting systems;
- Be advised of and review the results of any internal audits of Rubellite and report on same to the Board;

Risk Management

- Review Rubellite's insurance coverage, including Directors' and Officers' liability insurance;
- Review and monitor the implementation and adequacy of hedging policies and controls;
- Review and validate Rubellite management's annual review of fraud risk assessment;
- Review and monitor the implementation and adequacy of cyber-security policies and procedures;
- Review and monitor the implementation and adequacy of Enterprise Risk Management policies and procedures;

Governance and Administration

- Annually review this Mandate and the accompanying Annual Work Plan and recommend any changes to the Corporate Governance Committee; and
- If required by the Committee, review, in consultation with corporate counsel, the laws, rules and regulations that pertain to the operation of the Committee and this Mandate.