



**CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED)**

THREE MONTHS ENDED MARCH 31, 2026

RUBELLITE ENERGY CORP.
Condensed Interim Consolidated Statements of Financial Position

As at	March 31, 2026	December 31, 2025
<i>(Cdn\$ thousands, unaudited)</i>		
Assets		
Current assets		
Accounts receivable	\$ 29,778	\$ 22,493
Prepaid expenses, deposits and other	2,660	2,999
Product inventory	3,884	3,861
Risk management contracts (note 15)	1,110	5,828
	37,432	35,181
Property, plant and equipment (note 3)	499,921	495,447
Exploration and evaluation (note 4)	34,448	31,054
Right-of-use asset (note 5)	4,292	4,447
Deferred tax asset (note 13)	18,715	12,380
Risk management contracts (note 15)	2,344	—
Total assets	\$ 597,152	\$ 578,509
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 56,491	\$ 59,913
Risk management contracts (note 15)	27,915	327
Lease liabilities (note 6)	385	389
Share based compensation liability (note 9)	7,430	4,694
Decommissioning obligations (note 7a)	1,340	1,340
Other provision (note 7b)	3,750	3,750
	97,311	70,413
Bank debt (note 11)	107,837	92,583
Term loan (note 12)	19,219	19,173
Lease liabilities (note 6)	4,253	4,340
Share based compensation liability (note 9)	4,442	2,210
Decommissioning obligations (note 7a)	34,729	34,302
Other provision (note 7b)	7,917	11,554
Total liabilities	275,708	234,575
Equity		
Share capital (note 8)	208,254	207,673
Contributed surplus	2,863	2,863
Retained earnings	110,327	133,398
Total equity	321,444	343,934
Total liabilities and equity	\$ 597,152	\$ 578,509

Commitments (note 3)
Subsequent event (notes 3, 11, 15)

See accompanying notes to the condensed interim consolidated financial statements.

RUBELLITE ENERGY CORP.**Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)**

Three months ended March 31,

2026 **2025***(Cdn\$ thousands, except per share amounts, unaudited)*

Revenue			
Oil and natural gas (note 10)	\$	66,243	\$ 66,607
Royalties		(8,750)	(9,449)
		57,493	57,158
Realized loss on risk management contracts (note 15)		(4,740)	(188)
Unrealized loss on risk management contracts (note 15)		(29,962)	(7,607)
Other income		133	102
		22,924	49,465
Expenses			
Production and operating		7,468	7,898
Transportation		5,630	6,231
General and administrative		4,333	4,414
Share based payments (note 9)		6,855	553
Exploration and evaluation (note 4)		577	3,202
Depletion and depreciation (notes 3, 5)		24,909	22,162
Transaction costs		—	132
		(26,848)	4,873
Finance expense (note 14)		(2,590)	(2,903)
Income (loss) before income tax		(29,438)	1,970
Taxes			
Deferred recovery (expense) (note 13)		6,367	(810)
Net income (loss) and comprehensive income (loss)	\$	(23,071)	\$ 1,160
Net income (loss) per share (note 8c)			
Basic	\$	(0.25)	\$ 0.01
Diluted	\$	(0.25)	\$ 0.01

See accompanying notes to the condensed interim consolidated financial statements.

RUBELLITE ENERGY CORP.
Condensed Interim Consolidated Statements of Changes in Equity

	<i>Share Capital</i>		Contributed	Retained	Total
	<i>(thousands)</i>	<i>(\$thousands)</i>	surplus	earnings	Equity
<i>(Cdn\$ thousands, except share amounts, unaudited)</i>					
Balance at December 31, 2025	93,593	\$ 207,673	\$ 2,863	\$ 133,398	\$ 343,934
Net loss	—	—	—	(23,071)	(23,071)
Common shares issued, net of issue costs (note 8)	—	(32)	—	—	(32)
Change in shares held in trust (note 8)	(36)	(87)	—	—	(87)
Common shares issued pursuant to share based plans (note 9)	217	700	—	—	700
Balance at March 31, 2026	93,774	\$ 208,254	\$ 2,863	\$ 110,327	\$ 321,444

	<i>Share Capital</i>		Contributed	Retained	Total
	<i>(thousands)</i>	<i>(\$thousands)</i>	surplus	earnings	Equity
<i>(Cdn\$ thousands, except share amounts, unaudited)</i>					
Balance at December 31, 2024	93,044	\$ 206,313	\$ 2,863	\$ 100,841	\$ 310,017
Net income	—	—	—	1,160	1,160
Common shares issued, net of issue costs (note 8)	—	(43)	—	—	(43)
Common shares issued pursuant to share based plans (note 9)	343	1,213	—	—	1,213
Balance at March 31, 2025	93,387	\$ 207,483	\$ 2,863	\$ 102,001	\$ 312,347

See accompanying notes to the condensed interim consolidated financial statements.

RUBELLITE ENERGY CORP.
Condensed Interim Consolidated Statements of Cash Flows

Three months ended March 31,
2026 2025

(Cdn\$ thousands, unaudited)

Cash flows from operating activities

Net income (loss)	\$	(23,071)	\$	1,160
Adjustments to add (deduct):				
Depletion and depreciation (notes 3, 5)		24,909		22,162
Share based payments (note 9)		6,855		553
Deferred tax expense (recovery) (note 13)		(6,367)		810
Unrealized loss on risk management contracts (note 15)		29,962		7,607
Non-cash finance expense (note 14)		502		444
Non-cash exploration and evaluation expense (note 4)		577		3,198
Payment for share based compensation (note 9)		(729)		(196)
Payment for other provision (note 7b)		(3,750)		(3,750)
Decommissioning obligations settled (note 7a)		(443)		(773)
Change in non-cash working capital		(3,866)		(4,080)
Net cash flows from operating activities		24,579		27,135

Cash flows from (used in) financing activities

Common shares issues, net of fees		(436)		—
Payment for lease liabilities (note 6)		(91)		(109)
Change in shares held in trust		(109)		—
Change in bank debt (note 11)		15,254		(5,198)
Net cash flows from (used in) financing activities		14,618		(5,307)

Cash flows used in investing activities

Development and production expenditures (note 3)		(28,600)		(21,858)
Corporate expenditures (note 3)		(93)		(141)
Exploration and evaluation expenditures (note 4)		(3,971)		(2,933)
Change in non-cash working capital		(6,533)		549
Net cash flows used in investing activities		(39,197)		(24,383)

Change in cash		—		(2,555)
Cash, beginning of period		—		2,555
Cash, end of period	\$	—	\$	—

See accompanying notes to the condensed interim consolidated financial statements.

RUBELLITE ENERGY CORP.
Notes to the Condensed Interim Consolidated Financial Statements (unaudited)
For the three months ended March 31, 2026 and 2025
(All tabular amounts are in Cdn\$ thousands, except where otherwise noted)

1. REPORTING ENTITY

Rubellite Energy Corp. ("Rubellite" or the "Company") is an oil and natural gas exploration and production company headquartered in Calgary, Alberta.

The address of the Company's registered office is 3200, 605 – 5 Avenue S.W., Calgary, Alberta, T2P 3H5.

The condensed interim consolidated financial statements presented for the three months ended March 31, 2026 and 2025 represent the results of Rubellite Energy Corp. and its wholly owned subsidiaries Rubellite Energy Inc., Ukalta GP Inc., Ukalta Limited Partnership, Perpetual Operating Corp. and Perpetual Energy Partnership.

2. BASIS OF PREPARATION

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all of the information required for full annual financial statements. These condensed interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements as at and for the year ended December 31, 2025 which were prepared in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board.

The accounting policies, basis of measurement, critical accounting judgements and significant estimates used to prepare the annual consolidated financial statements as at and for the year ended December 31, 2025 have been applied in the preparation of these condensed interim consolidated financial statements.

These financial statements were approved and authorized for issue by the Board of Directors on May 8, 2026.

NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*

The Company adopted amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* on January 1, 2026. The amendments clarify the date of recognition and derecognition of financial assets and liabilities. The adoption did not have a material impact on the Company's financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

a) Property, Plant And Equipment

	Development and Production Assets	Corporate Assets	Total
Cost			
December 31, 2024	\$ 549,982	\$ 5,834	\$ 555,816
Additions	122,600	529	123,129
Change in decommissioning obligations related to PP&E (note 7a)	4,572	—	4,572
December 31, 2025	\$ 677,154	\$ 6,363	\$ 683,517
Additions	28,600	93	28,693
Change in decommissioning obligations related to PP&E (note 7a)	527	—	527
March 31, 2026	\$ 706,281	\$ 6,456	\$ 712,737
Accumulated depletion and depreciation			
December 31, 2024	\$ (93,270)	\$ (550)	\$ (93,820)
Depletion and depreciation	(92,812)	(1,438)	(94,250)
December 31, 2025	\$ (186,082)	\$ (1,988)	\$ (188,070)
Depletion and depreciation ⁽¹⁾	(24,362)	(384)	(24,746)
March 31, 2026	\$ (210,444)	\$ (2,372)	\$ (212,816)
Carrying amount			
December 31, 2025	\$ 491,072	\$ 4,375	\$ 495,447
March 31, 2026	\$ 495,837	\$ 4,084	\$ 499,921

(1) During the three months ended March 31, 2026, depletion, as presented in the table, excludes a nominal amount which has been capitalized to inventory (December 31, 2025 - \$0.7 million).

As at March 31, 2026, future development costs of \$435.8 million (December 31, 2025 – \$457.6 million) associated with proved and probable oil and gas reserves were included in the depletion calculation and an estimated \$12.4 million (December 31, 2025 – \$12.4 million) of salvage value for production equipment was excluded. Depletion expense was \$24.4 million (December 31, 2025 - \$92.8 million) on development and production assets for the period ended March 31, 2026.

During the period ended March 31, 2026, the Company added \$0.1 million of corporate assets (December 31, 2025 - \$0.5 million) and recorded depreciation expense of \$0.4 million (December 31, 2024 - \$1.4 million).

The Company has a drilling commitment on certain gross overriding royalty ("GORR") lands that must be fulfilled by September 28, 2026 (the "Commitment Date"). If WTI settles below USD \$60.00/bbl for a period of thirty consecutive days the agreement shall automatically extend for an additional 90 days. In the event the Company fails to fulfill the drilling commitment, the Company is required to pay \$0.1 million per well not spud by the Commitment Date. As at March 31, 2026, the Company had spud 36 (36.0 net) of the 59 (59.0 net) wells that are required to meet the drilling commitment. Subsequent to March 31, 2026, the Company spud an additional 5 (5.0 net) wells for a total of 41 (41.0 net) wells required to meet the drilling commitment.

b) Impairment

Eastern Heavy Oil CGU

There were no triggers for impairment as at March 31, 2026 and December 31, 2025, and therefore no impairment test was required.

West Central CGU

There were no triggers for impairment as at March 31, 2026 and therefore no impairment test was required.

At December 31, 2025, the Company completed an assessment to determine if indicators of impairment existed within the West Central CGU. As a result of the assessment, the Company determined that indicators of impairment existed at December 31, 2025 as the carrying amount of the CGU may exceed the recoverable amount. The Company performed the required impairment test using the value-in use ("VIU") approach incorporating benchmark pricing based on the average of the three independent reserve evaluators' forecast and utilizing a discount rate of 15%. The test determined that the recoverable amount of the West Central CGU exceeded its carrying value as at December 31, 2025 and as a result, no impairment was recognized.

4. EXPLORATION AND EVALUATION

	March 31, 2026	December 31, 2025
Balance, beginning of period	\$ 31,054	\$ 29,106
Additions	3,971	7,373
Exploration and evaluation expense	(577)	(5,425)
Balance, end of period	\$ 34,448	\$ 31,054

Exploration and evaluation ("E&E") expense was \$0.6 million (March 31, 2025 - \$3.2 million) for the three months ended March 31, 2026, related to expiring land costs that were previously recorded as E&E.

Impairment of E&E assets

E&E assets are tested for impairment when internal or external indicators of impairment exist or upon transfer to oil and gas interests in PP&E. At March 31, 2026, management's assessment determined there were no indicators of impairment.

5. RIGHT-OF-USE ASSETS

The Company leases certain assets including office space, vehicles, and other leases. Information about lease obligations for which the Company is a lessee is presented below:

	Head office	Vehicles	Other leases	Total
Cost				
January 1, 2025	\$ 4,782	\$ 190	\$ 64	\$ 5,036
Additions	—	140	—	140
December 31, 2025 and March 31, 2026	\$ 4,782	\$ 330	\$ 64	\$ 5,176
Accumulated depreciation				
January 1, 2025	\$ (77)	\$ (23)	\$ (6)	\$ (106)
Depreciation	(459)	(127)	(37)	(623)
December 31, 2025	\$ (536)	\$ (150)	\$ (43)	\$ (729)
Depreciation	(115)	(31)	(9)	(155)
March 31, 2026	\$ (651)	\$ (181)	\$ (52)	\$ (884)
Carrying amount				
December 31, 2025	\$ 4,246	\$ 180	\$ 21	\$ 4,447
March 31, 2026	\$ 4,131	\$ 149	\$ 12	\$ 4,292

6. LEASE LIABILITIES

	March 31, 2026	December 31, 2025
Balance, beginning of year	\$ 4,729	\$ 4,965
Additions	—	140
Interest on lease liabilities (note 14)	76	316
Payments	(167)	(692)
Total lease liabilities	\$ 4,638	\$ 4,729
Current	\$ 385	\$ 389
Non-current	4,253	4,340
Total lease liabilities	\$ 4,638	\$ 4,729

Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. Incremental borrowing rates used to measure the present value of the future lease payments at March 31, 2026 were between 4.3% and 6.6% (December 31, 2025 - 4.3% and 6.6%).

7. PROVISIONS

a) Decommissioning obligations

	March 31, 2026	December 31, 2025
Balance, beginning of period	\$ 35,642	\$ 31,817
Liabilities settled	(443)	(1,851)
Obligations incurred	458	2,813
Revisions to estimates	69	1,759
Accretion (note 14)	343	1,104
Total decommissioning obligations, end of period	\$ 36,069	\$ 35,642
Decommissioning obligations - current	\$ 1,340	\$ 1,340
Decommissioning obligations - non-current	34,729	34,302
Total decommissioning obligations	\$ 36,069	\$ 35,642

Decommissioning obligations are estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities, and the estimated timing of the costs to be incurred in future periods.

The increase in the provision due to the passage of time, which is referred to as accretion, is recognized as non-cash finance expense in the consolidated statements of income (loss) and comprehensive income (loss). Decommissioning obligations are further adjusted at each period end date for changes in the risk-free interest rate, after considering additions and dispositions of PP&E. Decommissioning obligations are also adjusted for revisions to future cost estimates and the estimated timing of costs to be incurred in future periods.

The following significant assumptions were used to estimate the Company's decommissioning obligations:

	March 31, 2026	December 31, 2025
Undiscounted obligations	\$ 49,447	\$ 49,432
Average risk-free rate	3.9%	3.9%
Inflation rate	2.1%	2.0%
Expected timing of settling obligations	1 to 25 years	1 to 25 years

b) Other provision

	March 31, 2026	December 31, 2025
Balance, beginning of period	\$ 15,304	\$ 18,574
Payments	(3,750)	(3,750)
Accretion (note 14)	113	480
Total other provision, end of period	\$ 11,667	\$ 15,304
Other provision - current	\$ 3,750	\$ 3,750
Other provision - non-current	7,917	11,554
Total other provision⁽¹⁾⁽²⁾	\$ 11,667	\$ 15,304

- (1) The other provision was assumed through a business combination and relates to a settlement agreement to resolve litigation by providing amounts to settle asset retirement obligations without any party admitting liability, wrongdoing or violation of laws, regulations, public policy or fiduciary duties.
- (2) The other provision is a second-lien obligation of the Company.

The Company is required to make annual principal payments of \$3.75 million until the principal of the other provision is fully repaid. Annual scheduled payments were made on March 28, 2026 and March 28, 2025. As of March 28, 2026, interest accrues on the outstanding principal and is payable annually at an interest rate equal to the applicable Bank of Canada prime rate on the date of payment. The Company is able to pre-pay all, or any portion, of the outstanding principal at any time without bonus or penalty.

The following assumptions were used to estimate the Company's other provision:

	March 31, 2026	December 31, 2025
Undiscounted obligation - principal	\$ 12,441	\$ 16,191
Average risk-free rate	3.0%	3.0%
Expected timing of settling obligation	4.0 years	4.3 years

8. SHARE CAPITAL

a) Authorized

Authorized capital consists of an unlimited number of common shares.

b) Issued and outstanding

	March 31, 2026		December 31, 2025	
	Shares (thousands)	Amount (\$thousands)	Shares (thousands)	Amount (\$thousands)
Balance, beginning of period	93,593	\$ 207,673	92,877	\$ 206,313
Change in shares held in trust (note 9)	(36)	(87)	—	—
Issued pursuant to share based plans	217	700	716	1,533
Share issue costs ⁽²⁾	—	(32)	—	(173)
Balance, end of period⁽¹⁾	93,774	\$ 208,254	93,593	\$ 207,673

(1) The Company has compensation agreements in place with employees whereby they may be entitled to receive shares of the Company purchased on the open market by an independent trustee. Share capital is presented net of the shares held in trust. As at March 31, 2026, there were 0.1 million shares held in trust (December 31, 2025 - 0.1 million).

(2) Share issue costs for the period ended March 31, 2026 are net of a nominal amount of deferred tax (December 31, 2025 - \$0.2 million).

During the period ended March 31, 2026, the Company issued 0.2 million common shares (December 31, 2025 - 0.7 million common shares) pursuant to share based compensation plans.

c) Per share information

<i>(thousands, except per share amounts)</i>	Three months ended March 31,	
	2026	2025
Net income (loss)	\$ (23,071)	\$ 1,160
Issued common shares, net of shares held in trust ⁽¹⁾	93,774	93,272
Weighted average common shares outstanding – basic	93,590	92,930
Weighted average common shares outstanding – diluted	93,590	95,068
Net income (loss) per share – basic	\$ (0.25)	\$ 0.01
Net income (loss) per share – diluted	\$ (0.25)	\$ 0.01

(1) Share capital is presented net of the shares held in trust by the independent trustee. As at March 31, 2026 there were 0.1 million shares held in trust (December 31, 2025 - 0.1 million).

Per share amounts have been calculated using the weighted average number of common shares outstanding. Due to the net loss reported in the Company's net income (loss) and comprehensive income (loss) for the three months ended March 31, 2026, all of the of the 9.9 million common shares issuable upon the exercise or settlement of share based compensation instruments (December 31, 2025 - 10.9 million instruments) were excluded from diluted earnings per share, including share units which the Company can elect to settle in cash, as the effect was anti-dilutive.

9. SHARE BASED PAYMENTS

The Company applies the cash-settled method under IFRS 2 to all compensation awards and uses an intrinsic pricing model, or Black-Scholes pricing model, to estimate the fair value at each reporting period. The share based compensation liability reflects an estimated forfeiture rate of 5% for outstanding awards and was revalued at March 31, 2026 using Rubellite's closing share price of \$3.54 per share (December 31, 2025 - \$2.40 per share). For more details on the fair value assumption for each compensation award, refer to notes "A" through "E" below.

The following table summarizes the changes in the share based compensation liability, which can be settled through the issuance of cash or shares:

	March 31, 2026	December 31, 2025
Balance, beginning of period	\$ 6,904	\$ 6,271
Share based payment expense	6,855	5,368
Cash settlement	(729)	(3,202)
Equity settlement	(1,158)	(1,533)
Balance, end of period	\$ 11,872	\$ 6,904
Share based compensation liability - current	\$ 7,430	\$ 4,694
Share based compensation liability - non-current	4,442	2,210
Total share based compensation liabilities	\$ 11,872	\$ 6,904

The following table summarizes information about options, rights and awards outstanding under the Rubellite Incentive Plan and under plans acquired through a business combination (the "Acquired Plans") with Perpetual Energy Inc. ("Perpetual") in the fourth quarter of 2024 (the "Recombination Transaction"):

Compensation Awards - Rubellite Incentive Plan

<i>(number of awards, thousands)</i>	Share options	Performance share units⁽¹⁾	Restricted share units	Total
December 31, 2025	3,301	1,944	3,315	8,560
Granted	—	—	37	37
Exercised for common shares	(125)	(249)	—	(374)
Exercised for cash	—	—	(8)	(8)
Performance adjustment	—	(74)	—	(74)
Forfeited	(8)	—	(32)	(40)
March 31, 2026	3,168	1,621	3,312	8,101

(1) During Q1 2026, the Performance Share Units were exercised using a performance multiplier of 0.77.

During the three months ended March 31, 2026, the Company granted a nominal amount of restricted share units.

Compensation Awards - Acquired Plans

<i>(number of awards, thousands)</i>	Deferred options	Deferred shares	Share options	Performance share rights⁽¹⁾	Total
December 31, 2025	931	259	789	311	2,290
Exercised for common shares	(10)	—	(90)	—	(100)
Exercised for shares held in trust	(21)	—	—	—	(21)
Exercised for cash	(34)	(30)	—	(174)	(238)
Performance adjustment	—	—	—	(137)	(137)
Forfeited	(3)	—	—	—	(3)
March 31, 2026⁽²⁾	863	229	699	—	1,791

(1) During Q1 2026, Performance Share Rights under the Acquired Plans were exercised using a performance multiplier of 0.56.

(2) Of the 1.8 million share based awards under the Acquired Plans outstanding, 1.1 million awards may be settled for cash or from shares in the employee trust as opposed to treasury issuance. Shares held in the trust as at March 31, 2026 were 0.1 million (December 31, 2025 - 0.1 million) (note 8c).

a) Share options

The Rubellite Incentive Plan allows for the issuance of share options to directors, executive officers, employees or consultants. Options are granted at an exercise price equal to the weighted average trading price of the Company's common shares over the five trading days preceding the grant date. Share options granted generally vest evenly over four years, commencing on the first anniversary, with expiry occurring five years after issuance. Options granted under the Acquired Plans were awarded on the same terms.

b) Restricted share units ("RSUs")

The Rubellite Incentive Plan allows for the issuance of RSUs to directors, officers, employees or consultants. RSUs granted prior to November 1, 2024 vest proportionately over two years, while RSUs granted after November 1, 2024 vest proportionately over three years. Vested RSUs may be settled in cash or common shares, at the Company's discretion.

c) Performance share units ("PSUs")

The Rubellite Incentive Plan provides for the granting of PSUs for the Company's executive officers. PSUs granted in 2023 and 2024 vest two years after the grant date, while PSUs granted in 2025 vest three years after the grant date. Upon vesting, PSUs become redeemable for equivalent common shares based on a performance multiplier dependent upon the achievement of certain performance metrics over the vesting period. Vested performance share units can be settled in cash or in common shares of the Company at the discretion of the Board of Directors. PSUs are forfeited if a participant leaves the Company prior to vesting, other than through retirement or termination without cause.

The fair value of a performance share unit award is determined by using the closing price of common shares multiplied by the estimated performance multiplier. Fluctuations in share based payments may occur due to changes in estimates of performance outcomes which may change the multiplier from one period to the next. As at March 31, 2026, a performance factor of 1.0 has been assumed for unvested performance share units.

d) Deferred options

The Company has deferred option agreements from the Acquired Plans with certain employees, whereby they may be entitled to receive cash, or Company shares purchased on the open market by an independent trustee, provided they remain employed and exercise their deferred options. The deferred options vest over four years, with one quarter vesting annually, and expire five years after issuance. Shares purchased by the independent trustee are reported as shares held in trust (note 8c).

e) Deferred shares

The Company has deferred share agreements from the Acquired Plans with directors and certain employees. Deferred shares granted to directors vest upon retirement from the Board, while deferred shares granted to employees vest over a two-year period, provided they remain employed by the Company during the vesting period. Upon vesting, directors and employees may be entitled, at the discretion of the Board of Directors, to receive cash, a grant of restricted rights (note 9b), or shares of the Company purchased on the open market by an independent trustee. Shares purchased by the independent trustee are reported as shares held in trust (note 8c).

10. OIL AND GAS REVENUE

The Company's properties currently produce heavy crude oil, natural gas and NGL volumes which are mostly sold under floating contracts of varying price and volume terms of up to one year with established creditworthy counterparties. Revenues are typically collected on the 25th day of the month following production and delivery to sales points. Included in accounts receivable at March 31, 2026 is \$29.0 million of revenue related to March 2026 sales production (December 31, 2025 - \$17.8 million of revenue related to December 2025 sales production).

	Three months ended March 31,	
	2026	2025
Oil	\$ 57,875	\$ 60,061
Natural gas	5,830	4,290
NGL	2,538	2,256
Oil and natural gas revenue	\$ 66,243	\$ 66,607

11. BANK DEBT

As at March 31, 2026, the Company's first lien credit facility had a borrowing limit of \$140.0 million (December 31, 2024 - \$140.0 million). The initial term is to May 31, 2026 and may be extended for a further twelve months to May 31, 2027 subject to lender approval. If not extended by May 31, 2026, all outstanding advances would be repayable on May 31, 2027. The next semi-annual borrowing base redetermination is scheduled on or before May 31, 2026.

As at March 31, 2026, \$107.8 million was drawn against the credit facility (December 31, 2025 - \$92.6 million) and \$1.4 million (December 31, 2025 - \$1.4 million) of letters of credit were issued. Borrowings under the credit facility bear interest at the lenders' prime rate or CORRA rates, plus applicable margins and standby fees. The applicable CORRA margins range between 2.8% and 6.3%. The effective aggregate interest rate on the credit facility at March 31, 2026 was 5.6% per annum. For the three months ended March 31, 2026, if interest rates changed by 1% with all other variables held constant, the impact on cash finance expense and net income (loss) and comprehensive income (loss) would be \$0.8 million.

The credit facility is secured by general first lien security agreements covering all present and future property of the Company.

At March 31, 2026, the credit facility was not subject to any financial covenants and the Company was in compliance with all customary non-financial covenants.

Subsequent to March 31, 2026, the Company's credit facility has been increased to \$160.0 million. The initial term was extended to May 31, 2027 and may be extended a further twelve months subject to lender approval. The next semi-annual borrowing base redetermination is scheduled on or before November 30, 2026.

12. TERM LOAN

	Maturity date	Interest rate	March 31, 2026		December 31, 2025	
			Principal	Carrying Amount	Principal	Carrying amount
Term loan	August 2, 2029	11.5%	\$ 20,000	\$ 19,219	\$ 20,000	\$ 19,173

Rubellite has a \$20.0 million senior secured third-lien term loan placed, directly or indirectly, with certain directors, officers and employees, and their affiliates, of Rubellite and the Company's significant shareholder. The term loan bears interest at 11.5% annually with interest payments to be paid quarterly, matures in five years from the date of issue, and can be repaid by the Company without penalty at any time.

During the three months ended March 31, 2026, Rubellite paid \$0.6 million in cash interest payments to the holders of the term loan (March 31, 2025 - \$0.6 million).

At March 31, 2026, the term loan was recorded at the present value of future cash flows, net of \$0.8 million (December 31, 2025 - \$0.8 million) in issue and discount costs which are amortized over the remaining term using a weighted average effective interest rate of 13.0%.

The term loan is not subject to any financial covenants and the Company was in compliance with all customary non-financial covenants.

At March 31, 2026 and December 31, 2025, entities controlled or directed by the Company's Chief Executive Officer ("CEO") hold \$18.4 million of the outstanding term loan.

13. DEFERRED TAXES

The following table summarizes the continuity of the net deferred tax asset of the Company:

	December 31, 2025	Recognized in earnings	Recognized in equity	March 31, 2026
Deferred tax assets (liabilities):				
Property, plant and equipment	\$ (38,100)	\$ (442)	\$ —	(38,542)
Decommissioning obligations	8,198	98	—	8,296
Fair value of derivatives	(1,265)	6,891	—	5,626
Other liabilities	2,820	(828)	—	1,992
Share and debt issue costs	414	(23)	(32)	359
Non-capital losses	40,313	671	—	40,984
Deferred tax asset	\$ 12,380	\$ 6,367	\$ (32)	18,715

14. FINANCE EXPENSE

	Three months ended March 31,	
	2026	2025
Interest on bank debt (note 11)	\$ 1,445	\$ 1,812
Interest on term loan (note 12)	567	567
Interest on lease liabilities (note 6)	76	80
Total cash finance expense	2,088	2,459
Amortization of debt issue costs (note 12)	46	39
Accretion on decommissioning obligations (note 7a)	343	265
Accretion on other provision (note 7b)	113	140
Total non-cash finance expense	502	444
Finance expense	\$ 2,590	\$ 2,903

15. FINANCIAL RISK MANAGEMENT

The following table summarizes the mark to market value of outstanding risk management contract assets (liabilities):

	March 31, 2026	December 31, 2025
Financial oil contracts	\$ (25,054)	\$ 3,208
Financial natural gas contracts	1,110	306
Financial foreign exchange contracts	(517)	1,987
Risk management contracts	\$ (24,461)	\$ 5,501
Risk management contracts – current asset	\$ 1,110	\$ 5,828
Risk management contracts – non-current asset	2,344	—
Risk management contracts – current liability	(27,915)	(327)
Risk management contracts	\$ (24,461)	\$ 5,501

(1) Risk management contract assets and liabilities presented in the consolidated statement of financial position are shown net of offsetting assets or liabilities where the arrangement provides for the legal right of offset and the intention to settle net.

The following table details the gains (losses) on risk management contracts:

		Three months ended March 31,	
		2026	2025
Unrealized loss on oil contracts	\$	(28,262)	\$ (5,816)
Unrealized gain (loss) on natural gas contracts		804	(2,587)
Unrealized gain (loss) on foreign exchange contracts		(2,504)	796
Unrealized loss on risk management contracts	\$	(29,962)	\$ (7,607)
Realized loss on oil contracts		(5,480)	(1,086)
Realized gain on natural gas contracts		313	1,840
Realized gain (loss) on foreign exchange contracts		427	(942)
Realized loss on risk management contracts	\$	(4,740)	\$ (188)
Loss on risk management contracts	\$	(34,702)	\$ (7,795)

Oil risk management contracts

At March 31, 2026, the Company had in place the following oil commodity risk management contracts:

Commodity	Volumes Sold (bbl/d)	Term	Reference/Index	Contract Traded Bought/Sold	Average Price (\$/bbl)
Crude Oil	5,750 bbl/d	Apr 2026	WTI (US\$/bbl)	Swap - sold	\$68.94
Crude Oil	5,000 bbl/d	May 2026	WTI (US\$/bbl)	Swap - sold	\$67.51
Crude Oil	5,000 bbl/d	Jun 2026	WTI (US\$/bbl)	Swap - sold	\$66.96
Crude Oil	4,550 bbl/d	Jul 2026 - Sep 2026	WTI (US\$/bbl)	Swap - sold	\$65.00
Crude Oil	4,600 bbl/d	Oct 2026 - Dec 2026	WTI (US\$/bbl)	Swap - sold	\$67.53
Crude Oil	2,450 bbl/d	Jan 2027 - Dec 2027	WTI (US\$/bbl)	Swap - sold	\$70.40
Crude Oil	1,000 bbl/d	Jan 2028 - Dec 2028	WTI (US\$/bbl)	Swap - sold	\$70.00
Crude Oil	4,000 bbl/d	Apr 2026	WCS Differential (US\$/bbl)	Swap - sold	(\$12.61)
Crude Oil	5,500 bbl/d	May 2026 - Jun 2026	WCS Differential (US\$/bbl)	Swap - sold	(\$12.44)
Crude Oil	4,800 bbl/d	Jul 2026 - Sep 2026	WCS Differential (US\$/bbl)	Swap - sold	(\$12.41)
Crude Oil	3,000 bbl/d	Oct 2026 - Dec 2026	WCS Differential (US\$/bbl)	Swap - sold	(\$13.18)

Subsequent to March 31, 2026, the Company entered into the following oil commodity risk management contracts:

Commodity	Volumes Sold (bbl/d)	Term	Reference/Index	Contract Traded Bought/Sold	Average Price (\$/bbl)
Crude Oil	250 bbl/d	Jul 2026 - Sep 2026	WTI (US\$/bbl)	Swap - sold	\$87.75
Crude Oil	300 bbl/d	Oct 2026 - Dec 2026	WTI (US\$/bbl)	Swap - sold	\$77.00
Crude Oil	1,000 bbl/d	Jan 2027 - Dec 2027	WTI (US\$/bbl)	Swap - sold	\$71.51
Crude Oil	200 bbl/d	Jan 2028 - Dec 2028	WTI (US\$/bbl)	Swap - sold	\$70.00

As at March 31, 2026, if future WTI and WCS oil prices changed by \$5.00 per bbl with all other variables held constant, net income (loss) and comprehensive income (loss) for the period would change by \$13.1 million due to changes in the fair value of risk management contracts.

Natural gas risk management contracts

At March 31, 2026, the Company had in place the following natural gas commodity risk management contracts:

Commodity	Volumes Sold	Term	Reference/Index	Contract Traded Bought/Sold	Average Price (\$/GJ)
Natural gas	5,275 GJ/d	Apr 2026	AECO 5A (CAD\$/GJ)	Swap - sold	\$2.83
Natural gas	5,275 GJ/d	Jul 2026 - Oct 2026	NYMEX (US\$/GJ)	Swap - sold	\$3.89

Subsequent to March 31, 2026, the Company entered into the following oil commodity risk management contracts:

Commodity	Volumes Sold	Term	Reference/Index	Contract Traded Bought/Sold	Average Price (\$/GJ)
Natural gas	5,275 GJ/d	May 2026	AECO 5A (CAD\$/GJ)	Swap - sold	\$2.61
Natural gas	5,275 GJ/d	June 2026	AECO 5A (CAD\$/GJ)	Swap - sold	\$3.03

As at March 31, 2026, if future AECO gas prices changed by \$0.25 per GJ with all other variables held constant, net income (loss) and comprehensive income (loss) for the period would change by \$1.4 million due to changes in the fair value of risk management contracts.

Foreign exchange risk management contracts

At March 31, 2026, the Company had in place the following CAD/USD foreign exchange risk management contracts:

Fixed Contract	Notional amount	Term	Price (CAD\$/US\$)
Average rate forward (CAD\$/US\$)	\$2,500,000 US\$/month	Apr - Dec 2026	1.4066
Average rate forward (CAD\$/US\$) ⁽¹⁾	\$5,000,000 US\$/month	Apr - Dec 2026	1.3890

(1) At expiry on December 31, 2026 if the calendar 2027 forward strip is above 1.3890 CAD\$/US\$, Rubellite knocks into a \$5.0 million US\$/month contract at 1.3890 CAD\$/US\$ for the 2027 calendar year.

As at March 31, 2026, if future CAD\$/US\$ exchange rate changed by \$0.05 with all other variables held constant, net income (loss) and comprehensive income (loss) for the period would change by \$3.4 million due to changes in the fair value of risk management contracts.

Fair value of financial assets and liabilities

The Company's fair value measurements are classified into one of the following levels of the fair value hierarchy:

Level 1 – inputs represent unadjusted quoted prices in active markets for identical assets and liabilities. An active market is characterized by a high volume of transactions that provides pricing information on an ongoing basis.

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These valuations are based on inputs that can be observed or corroborated in the marketplace, such as market interest rates or forecasted commodity prices.

Level 3 – inputs for the asset or liability are not based on observable market data.

The Company aims to maximize the use of observable inputs when preparing calculations of fair value. Classification of each measurement into the fair value hierarchy is based on the lowest level of input that is significant to the fair value calculation.

The fair value of cash, accounts receivable, prepaid deposits and accounts payable and accrued liabilities, which makes up working capital, approximate their carrying amounts due to their short terms to maturity. They are classified at amortized cost, level 1.

The fair value of bank debt and term loan approximate their carrying amounts due to time to maturity and current market rates for similar credit risk and terms. They are classified at amortized cost, level 2.

The fair value of risk management contracts are classified as fair value through profit or loss ("FVTPL"), level 2.

The fair value of financial assets and liabilities, excluding working capital, is attributable to the following fair value hierarchy levels:

As of March 31, 2026	Gross	Netting ⁽¹⁾	Carrying Amount	Fair value		
				Level 1	Level 2	Level 3
Financial assets						
Fair value through profit and loss						
Risk management contracts	\$ 6,175	\$ (2,721)	\$ 3,454	\$ —	\$ 3,454	\$ —
Financial liabilities						
Financial liabilities at amortized cost						
Bank debt	(107,837)	—	(107,837)	\$ —	(107,837)	—
Term loan	(19,219)	—	(19,219)	\$ —	(19,219)	—
Fair value through profit and loss						
Risk management contracts	(30,636)	2,721	(27,915)	—	(27,915)	—

(1) Risk management contract assets and liabilities presented in the consolidated statement of financial position are shown net of offsetting assets or liabilities where the arrangement provides for the legal right and intention for net settlement exists.