

## SATURN OIL & GAS INC.

### 2024 MANAGEMENT DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is a review of the operational and financial results and outlook for Saturn Oil & Gas Inc. ("Saturn" or the "Company") as at December 31, 2024 and 2023 and for the three months and years ended December 31, 2024 and 2023. This MD&A is dated and based on information available as at March 13, 2025 and should be read in conjunction with the Company's audited consolidated financial statements ("financial statements") and the notes thereto as at December 31, 2024 and 2023 and for the years ended December 31, 2024 and 2023. Additional information relating to Saturn, including Saturn's Annual Information Form for the year ended December 31, 2024, is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and Saturn's website at [www.saturnoil.com](http://www.saturnoil.com).

Throughout this MD&A and in other materials disclosed by the Company, Saturn adheres to generally accepted accounting principles ("GAAP") and IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB"), however the Company also uses various specified financial measures (as defined in National Instrument 51-112 - *Non-GAAP and Other Financial Measures* ("NI 51-112") including "non-GAAP financial measures", "non-GAAP ratios", "capital management measures" and "supplementary financial measures" to analyze financial performance including: "adjusted EBITDA" "adjusted funds flow", "annualized quarterly adjusted funds flow", "free funds flow", "capital expenditures", "capital expenditures net of A&D", "gross petroleum and natural gas sales", "net operating expense", "operating netbacks", "operating netbacks, net of derivatives", "adjusted working capital", "net debt", "net debt to annualized quarterly adjusted funds flow" and "enterprise value". These non-GAAP and other financial measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other entities. The non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as net income (loss), cash flow from operating activities, and cash flow used in investing activities, as indicators of Saturn's performance.

Readers are cautioned that the MD&A should be read in conjunction with disclosures in the sections entitled "Non-GAAP and Other Financial Measures" and "Advisories and forward-looking information".

### DESCRIPTION OF THE BUSINESS

Saturn is a Canadian resource company engaged in the business of acquisition, exploration and development of petroleum and natural gas resource deposits in Western Canada. The Company's focus is to advance the development of its oil and gas properties in Alberta and Saskatchewan.

### Q4 2024 HIGHLIGHTS

- Achieved record quarterly average production of 41,051 boe/d, compared to 26,891 boe/d in the fourth quarter of 2023 reflecting production contributions from the South Saskatchewan Acquisition in the second quarter of 2024 and new well production from the 2024 drilling program;
- Recognized petroleum and natural gas sales of \$268.8 million, up from \$185.4 million in the fourth quarter of 2023;
- Generated quarterly adjusted EBITDA<sup>(1)</sup> of \$152.8 million, compared to \$100.1 million in the fourth quarter of 2023;
- Achieved quarterly adjusted funds flow<sup>(1)</sup> of \$129.2 million, up from \$80.2 million in the fourth quarter of 2023;
- Invested \$105.4 million in capital expenditures<sup>(1)</sup> during the fourth quarter of 2024, drilling 33 gross (26.2 net) wells; including 22 in Southeast Saskatchewan; 4 in Southwest Saskatchewan; 1 in West Central Saskatchewan; and 6 in Central Alberta;
- Generated free funds flow<sup>(1)</sup> of \$23.8 million, up from \$23.1 million in the fourth quarter of 2023;
- Exited the fourth quarter of 2024 with \$860.2 million of net debt<sup>(1)</sup>, equating to a net debt to annualized quarterly adjusted funds flow<sup>(1)</sup> of 1.7x;
- Repurchased 3,385,052 shares for cancellation under the Company's inaugural Normal Course Issuer Bid ("NCIB") at a weighted average price of \$2.21 per share for a total cost of \$7.5 million.
- On October 1, 2024, the Company closed the acquisition of certain oil and natural gas properties in the Brazeau area of Alberta for total cash consideration of \$20.5 million, prior to customary closing adjustments.

<sup>(1)</sup> See Non-GAAP and Other Financial Measures

## FINANCIAL AND OPERATING HIGHLIGHTS

| (\$000s, except per share amounts)                   | Three months ended |                    |                   | December 31, 2024 | Year ended December 31, 2023 |
|--|--------------------|--------------------|-------------------|-------------------|------------------------------|
|  | December 31, 2024  | September 30, 2024 | December 31, 2023 |                   |                              |
| <b>FINANCIAL HIGHLIGHTS</b>                          |                    |                    |                   |                   |                              |
| Petroleum and natural gas sales                      | <b>268,845</b>     | 262,379            | 185,384           | <b>908,296</b>    | 693,891                      |
| Cash flow from operating activities                  | <b>91,157</b>      | 100,013            | 75,380            | <b>311,937</b>    | 283,988                      |
| Operating netback, net of derivatives <sup>(1)</sup> | <b>152,616</b>     | 118,550            | 104,328           | <b>472,236</b>    | 382,890                      |
| Adjusted EBITDA <sup>(1)</sup>                       | <b>152,823</b>     | 135,842            | 100,092           | <b>482,997</b>    | 363,143                      |
| Adjusted funds flow <sup>(1)</sup>                   | <b>129,205</b>     | 94,065             | 80,247            | <b>380,091</b>    | 278,138                      |
| per share - Basic                                    | <b>0.64</b>        | 0.46               | 0.58              | <b>2.10</b>       | 2.20                         |
| - Diluted  | <b>0.63</b>        | 0.45               | 0.56              | <b>2.05</b>       | 2.15                         |
| Free funds flow <sup>(1)</sup>                       | <b>23,785</b>      | 9,684              | 23,072            | <b>133,775</b>    | 147,565                      |
| per share - Basic                                    | <b>0.12</b>        | 0.05               | 0.17              | <b>0.74</b>       | 1.17                         |
| - Diluted  | <b>0.12</b>        | 0.05               | 0.16              | <b>0.72</b>       | 1.14                         |
| Net income (loss)                                    | <b>(26,318)</b>    | 101,601            | 131,456           | <b>54,106</b>     | 290,623                      |
| per share - Basic                                    | <b>(0.13)</b>      | 0.50               | 0.94              | <b>0.30</b>       | 2.30                         |
| - Diluted  | <b>(0.13)</b>      | 0.49               | 0.92              | <b>0.29</b>       | 2.25                         |
| Acquisitions, net of cash acquired                   | <b>26,011</b>      | (4,749)            | -                 | <b>564,407</b>    | 466,662                      |
| Proceeds from dispositions                           | <b>576</b>         | -                  | -                 | <b>(25,132)</b>   | -                            |
| Capital expenditures <sup>(1)</sup>                  | <b>105,420</b>     | 84,381             | 57,175            | <b>246,316</b>    | 130,573                      |
| Total assets   | <b>2,161,578</b>   | 2,155,632          | 1,335,216         | <b>2,161,578</b>  | 1,335,216                    |
| Net debt <sup>(1)</sup> , end of period              | <b>860,155</b>     | 779,018            | 460,483           | <b>860,155</b>    | 460,483                      |
| Shareholders' equity                                 | <b>803,972</b>     | 837,560            | 608,662           | <b>803,972</b>    | 608,662                      |
| Common shares outstanding, end of period             | <b>199,555</b>     | 203,103            | 139,313           | <b>199,555</b>    | 139,313                      |
| Weighted average, basic                              | <b>201,484</b>     | 203,916            | 139,313           | <b>180,864</b>    | 126,230                      |
| Weighted average, diluted                            | <b>206,205</b>     | 209,359            | 142,292           | <b>185,607</b>    | 129,225                      |
| <b>OPERATING HIGHLIGHTS</b>                          |                    |                    |                   |                   |                              |
| <b>Average production volumes</b>                    |                    |                    |                   |                   |                              |
| Crude oil (bbls/d)                                   | <b>30,449</b>      | 28,994             | 19,407            | <b>24,885</b>     | 18,177                       |
| NGLs (bbls/d)  | <b>3,381</b>       | 3,407              | 2,533             | <b>2,954</b>      | 1,992                        |
| Natural gas (mcf/d)                                  | <b>43,328</b>      | 39,885             | 29,704            | <b>38,093</b>     | 24,559                       |
| Total boe/d  | <b>41,051</b>      | 39,049             | 26,891            | <b>34,188</b>     | 24,262                       |
| % Oil and NGLs                                       | <b>82%</b>         | 83%                | 82%               | <b>81%</b>        | 83%                          |
| <b>Average realized prices</b>                       |                    |                    |                   |                   |                              |
| Crude oil (\$/bbl)                                   | <b>89.13</b>       | 92.51              | 95.09             | <b>92.63</b>      | 96.75                        |
| NGLs (\$/bbl)  | <b>46.74</b>       | 43.94              | 44.21             | <b>44.89</b>      | 43.75                        |
| Natural gas (\$/mcf)                                 | <b>1.41</b>        | 0.74               | 2.49              | <b>1.43</b>       | 2.77                         |
| Processing expenses (\$/boe)                         | <b>(0.27)</b>      | (0.25)             | (0.61)            | <b>(0.31)</b>     | (0.53)                       |
| Petroleum and natural gas sales (\$/boe)             | <b>71.18</b>       | 73.04              | 74.93             | <b>72.59</b>      | 78.35                        |
| <b>Operating netback (\$/boe)</b>                    |                    |                    |                   |                   |                              |
| Petroleum and natural gas sales                      | <b>71.18</b>       | 73.04              | 74.93             | <b>72.59</b>      | 78.35                        |
| Royalties  | <b>(8.71)</b>      | (9.47)             | (9.75)            | <b>(9.12)</b>     | (9.10)                       |
| Net operating expenses <sup>(1)</sup>                | <b>(18.35)</b>     | (19.86)            | (18.17)           | <b>(19.01)</b>    | (20.33)                      |
| Transportation expenses                              | <b>(1.07)</b>      | (1.70)             | (1.25)            | <b>(1.39)</b>     | (1.28)                       |
| Operating netback <sup>(1)</sup>                     | <b>43.05</b>       | 42.01              | 45.76             | <b>43.07</b>      | 47.64                        |
| Realized loss on derivatives                         | <b>(2.64)</b>      | (9.01)             | (3.59)            | <b>(5.33)</b>     | (4.41)                       |
| Operating netback, net of derivatives <sup>(1)</sup> | <b>40.41</b>       | 33.00              | 42.17             | <b>37.74</b>      | 43.23                        |

<sup>(1)</sup> See Non-GAAP and Other Financial Measures.

## ACQUISITIONS AND DISPOSITIONS

### South Saskatchewan Acquisition

On June 14, 2024, the Company completed the strategic acquisition of two oil-weighted asset packages in Southern Saskatchewan (the “South Saskatchewan Acquisition”) for total cash consideration of \$534.2 million, after final customary closing adjustments. The South Saskatchewan Acquisition is comprised of two distinct asset packages that offset existing core properties, including the Battrum area assets in Southwest Saskatchewan and the Flat Lake area assets in Southeast Saskatchewan. The purchase price was funded through the partial proceeds following the Company’s US\$650 million Senior Notes offering and a bought-deal equity offering for gross proceeds of \$100 million.

The determination of the purchase price, based on management’s estimate of fair values, is as follows:

| (\$000s)                           | June 14, 2024  |
|------------------------------------|----------------|
| Fair value of net assets acquired: |                |
| Property, plant and equipment      | 621,381        |
| Deferred income tax liability      | (13,826)       |
| Decommissioning obligations        | (31,911)       |
| Gain on acquisition                | (41,478)       |
| <b>Total</b>                       | <b>534,166</b> |
| Consideration:                     |                |
| Cash                               | 534,166        |
| <b>Total</b>                       | <b>534,166</b> |

Had the South Saskatchewan Acquisition occurred on January 1, 2024, the incremental Adjusted Funds Flow, petroleum and natural gas sales, net income for the period ended December 31, 2024 and the pro forma results would have been as follows:

| (\$000s)                        | As stated | Acquisition prior to close date | (Unaudited) Pro Forma |
|---------------------------------|-----------|---------------------------------|-----------------------|
| Adjusted funds flow             | 380,091   | 102,145                         | 482,236               |
| Petroleum and natural gas sales | 908,296   | 179,588                         | 1,087,884             |
| Net income                      | 54,106    | 41,190                          | 95,296                |

The estimated acquisition date fair value attributed to PP&E was calculated from a blend of reserve values and relevant market metrics. The reserve values were derived from the estimate of proved developed producing oil and gas reserves and the related cash flows prepared by independent third-party reserve evaluators as at December 31, 2023 and updated internally by management to the date of the acquisition. The estimated proved developed producing oil and gas reserves and the related cash flows were discounted at a rate based on what a market participant would have paid, as well as market metrics in the prevailing area at that time. The fair value of decommissioning obligations was estimated using a credit adjusted risk free rate of 10.0%.

### Adonai Resources II Corp.

On May 6, 2024, the Company completed the acquisition of Adonai Resources II Corp. (the “Adonai Acquisition”) for total cash consideration of \$8.3 million. The Company applied the optional IFRS 3 concentration test which resulted in the acquisition being accounted for as an asset acquisition recorded at cost.

| (\$000s)                           | May 6, 2024  |
|------------------------------------|--------------|
| Fair value of net assets acquired: |              |
| Cash and cash equivalents          | 2,012        |
| Net working capital                | (339)        |
| Property, plant and equipment      | 6,948        |
| Decommissioning obligations        | (302)        |
| <b>Total</b>                       | <b>8,319</b> |
| Consideration:                     |              |
| Cash                               | 8,319        |
| <b>Total</b>                       | <b>8,319</b> |

### Brazeau Acquisition

On October 1, 2024, the Company closed the acquisition of certain oil and natural gas properties in the Brazeau area of Alberta (the “Brazeau Acquisition”) for total cash consideration of \$20.5 million, prior to customary closing adjustments. The acquired properties included approximately 700 boe/d of production and 63.0 net drilling locations, which surround Saturn’s current asset base in the area, providing synergistic opportunities based on proximity to existing infrastructure and amalgamation prospects. The Company applied the optional IFRS 3 concentration test which resulted in the acquisition being accounted for as an asset acquisition recorded at cost.

| (\$000s)                           | October 1, 2024 |
|------------------------------------|-----------------|
| Fair value of net assets acquired: |                 |
| Property, plant and equipment      | 22,768          |
| Decommissioning obligations        | (2,228)         |
| <b>Total</b>                       | <b>20,540</b>   |
| Consideration:                     |                 |
| Cash                               | 20,540          |
| <b>Total</b>                       | <b>20,540</b>   |

### Swan Hills Disposition

On June 4, 2024, the Company completed the disposition of non-core Deer Mountain assets (the “Swan Hills Disposition”) in North Alberta for gross proceeds of \$27.0 million (net cash proceeds of \$25.1 million after adjustments), including decommissioning liabilities of \$1.2 million. The assets had a net carrying value of \$25.6 million, resulting in a loss of \$0.5 million.

| (\$000s)                           | June 4, 2024    |
|------------------------------------|-----------------|
| Fair value of net assets disposed: |                 |
| Property, plant and equipment      | (32,968)        |
| Accumulated depletion              | 6,222           |
| Decommissioning obligations        | 1,157           |
| Loss on disposition                | 457             |
| <b>Total</b>                       | <b>(25,132)</b> |
| Consideration:                     |                 |
| Cash                               | (25,132)        |
| <b>Total</b>                       | <b>(25,132)</b> |

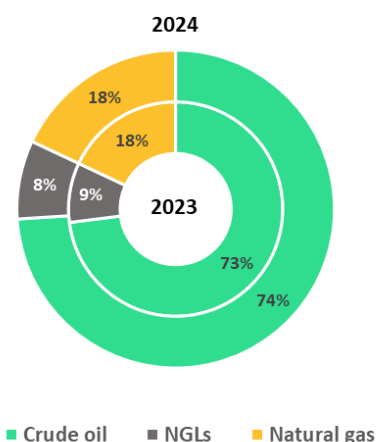
### Ridgeback Resources Inc.

On February 28, 2023, the Company completed the acquisition (the “Ridgeback Acquisition”) of Ridgeback Resources Inc. (“Ridgeback”) for total consideration of \$525.9 million, comprised of \$476.4 million in cash, and 19,406,167 common shares of Saturn (“Common Shares”). The cash portion of the purchase price was funded through the net proceeds of a \$125.0 million bought deal equity financing and a \$375.0 million expansion to the Company’s Senior Term Loan.

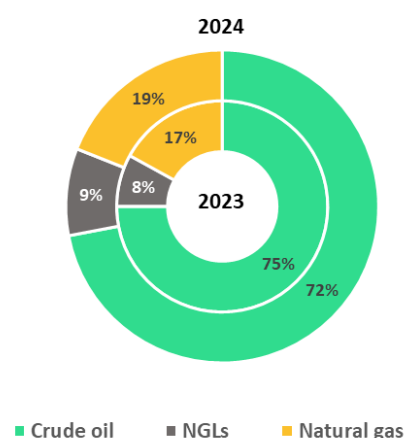
### PRODUCTION

|                     | Three months ended |                    |                   | Year ended        |                   |
|---------------------|--------------------|--------------------|-------------------|-------------------|-------------------|
|                     | December 31, 2024  | September 30, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| Crude oil (bbls/d)  | 30,449             | 28,994             | 19,407            | 24,885            | 18,177            |
| NGLs (bbls/d)       | 3,381              | 3,407              | 2,533             | 2,954             | 1,992             |
| Natural gas (mcf/d) | 43,328             | 39,885             | 29,704            | 38,093            | 24,559            |
| Total boe/d         | 41,051             | 39,049             | 26,891            | 34,188            | 24,262            |
| Oil and liquids %   | 82%                | 83%                | 82%               | 81%               | 83%               |

**Production by Volume  
Three Months Ended December 31,**



**Production by Volume  
Year Ended December 31,**



Production volumes increased to 41,051 boe/d for the three months ended December 31, 2024 from 26,891 boe/d in the comparative quarter of 2023. The increase is attributed to production contribution from the South Saskatchewan Acquisition and new well production additions from a successful 2024 capital program.

Production volumes increased to 34,188 boe/d for the year ended December 31, 2024 from 24,262 boe/d in the prior year comparative period. The increase is attributable to production contribution from the South Saskatchewan Acquisition, a full year of production contribution from the acquired Ridgeback assets, compared to only ten months of production contributed by the acquired Ridgeback assets during the year ended 2023 as well as the Company's successful 2024 drilling program.

Production volumes increased by 2,002 boe/d during the three months ended December 31, 2024 compared to the three months ended September 30, 2024, largely due to strong incremental production from four new Kaybob wells in Central Alberta brought on-stream in early September 2024 coupled with ongoing production optimization initiatives.

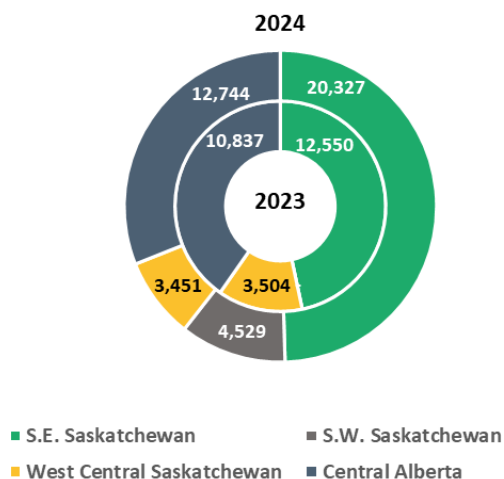
The following table summarizes Saturn's average production by business unit for the three and twelve months ended December 31, 2024 and 2023:

|                                | Three months ended December 31, 2024 |               |                     |               | Three months ended December 31, 2023 |               |                     |               |
|--------------------------------|--------------------------------------|---------------|---------------------|---------------|--------------------------------------|---------------|---------------------|---------------|
|                                | Crude oil (bbls/d)                   | NGLs (bbls/d) | Natural gas (mcf/d) | Total (boe/d) | Crude oil (bbls/d)                   | NGLs (bbls/d) | Natural gas (mcf/d) | Total (boe/d) |
| Southeast Saskatchewan         | 17,387                               | 1,610         | 7,979               | 20,327        | 10,832                               | 939           | 4,673               | 12,550        |
| Southwest Saskatchewan         | 4,491                                | 2             | 218                 | 4,529         | -                                    | -             | -                   | -             |
| West Central Saskatchewan      | 3,356                                | 25            | 419                 | 3,451         | 3,389                                | 29            | 514                 | 3,504         |
| Central Alberta <sup>(1)</sup> | 5,215                                | 1,744         | 34,712              | 12,744        | 5,186                                | 1,565         | 24,517              | 10,837        |
| <b>Total boe/d</b>             | <b>30,449</b>                        | <b>3,381</b>  | <b>43,328</b>       | <b>41,051</b> | <b>19,407</b>                        | <b>2,533</b>  | <b>29,704</b>       | <b>26,891</b> |

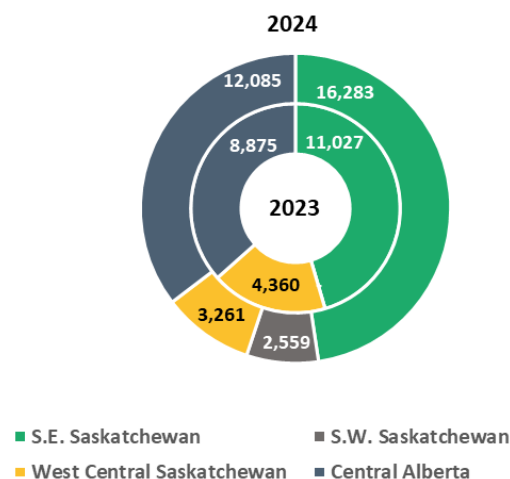
|                                | Year ended December 31, 2024 |               |                     |               | Year ended December 31, 2023 |               |                     |               |
|--------------------------------|------------------------------|---------------|---------------------|---------------|------------------------------|---------------|---------------------|---------------|
|                                | Crude oil (bbls/d)           | NGLs (bbls/d) | Natural gas (mcf/d) | Total (boe/d) | Crude oil (bbls/d)           | NGLs (bbls/d) | Natural gas (mcf/d) | Total (boe/d) |
| Southeast Saskatchewan         | 14,023                       | 1,255         | 6,031               | 16,283        | 9,596                        | 770           | 3,968               | 11,027        |
| Southwest Saskatchewan         | 2,545                        | -             | 83                  | 2,559         | -                            | -             | -                   | -             |
| West Central Saskatchewan      | 3,150                        | 27            | 502                 | 3,261         | 4,262                        | 20            | 468                 | 4,360         |
| Central Alberta <sup>(1)</sup> | 5,167                        | 1,672         | 31,477              | 12,085        | 4,319                        | 1,202         | 20,123              | 8,875         |
| <b>Total boe/d</b>             | <b>24,885</b>                | <b>2,954</b>  | <b>38,093</b>       | <b>34,188</b> | <b>18,177</b>                | <b>1,992</b>  | <b>24,559</b>       | <b>24,262</b> |

<sup>(1)</sup> As a result of the Deer Mountain Disposition, the Company aggregated the North Alberta and Central Alberta business units. Certain prior period amounts have been reclassified to conform to current presentation.

**Production by Area**  
Three Months Ended December 31,



**Production by Area**  
Year Ended December 31,



### Southeast Saskatchewan

The Company's core producing properties in Southeast Saskatchewan include our Oxbow assets, which are geologically concentrated within the Mississippian-aged, Midale and Frobisher oil formations and also the Bakken and Flat Lake assets geologically concentrated in the Bakken formation of Southeast Saskatchewan. For the three months ended December 31, 2024, Southeast Saskatchewan produced 20,327 boe/d, an increase of 62% from 12,550 boe/d in the prior year comparative period. The increase is attributed to new well production from our 2024 capital program and 7,572 boe/d from the acquired Flat Lake assets. For the year ended December 31, 2024, Southeast Saskatchewan produced 16,283 boe/d, an increase of 48% from 11,027 boe/d in the comparative 2023 period. The increase is primarily due to 4,254 boe/d of production contributed from the Flat Lake assets with the balance due to a full year of production from the Ridgeback assets, which contributed an average of 5,331 boe/d in Southeast Saskatchewan during 2024 compared to an average of 4,193 boe/d in 2023.

### Southwest Saskatchewan

The core producing properties in Southwest Saskatchewan include our acquired low decline oil-weighted Battrum assets, which are geologically concentrated within the Success and Roseway formations. For the three months and year ended December 31, 2024, Southwest Saskatchewan produced 4,529 boe/d and 2,559 boe/d respectively.

### West Central Saskatchewan

The core producing properties in West Central Saskatchewan consist of our Viking assets, which produced 3,451 boe/d for the three months ended December 31, 2024, compared to 3,504 boe/d in the prior year comparative period. For the year ended December 31, 2024, West Central Saskatchewan produced 3,261 boe/d, a 25% decrease from 4,360 boe/d in the comparative 2023 period. The decrease is attributed to natural declines exceeding new well production additions on account of minimal development capital spending directed towards the West Central Saskatchewan business unit until the second half of 2024.

### Central Alberta

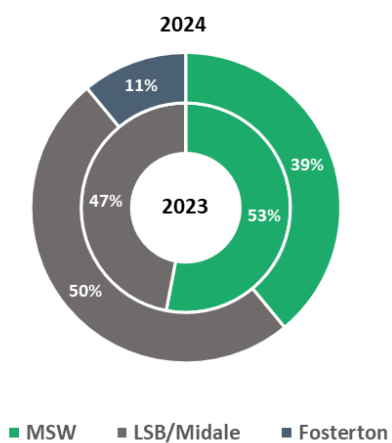
The core producing properties in Central Alberta consist of our Cardium assets and our Kaybob assets located in the Montney formation, which were both acquired as part of the Ridgeback Acquisition. For the three months ended December 31, 2024, Central Alberta produced 12,744 boe/d, an increase of 18% from 10,837 boe/d in the prior year comparative period. The increase is attributed to new well production additions in Kaybob and the Brazeau area of the Cardium, which more than offset the decrease in production volumes associated with the Deer Mountain Disposition completed in the second quarter. For the year ended December 31, 2024, Central Alberta produced 12,085 boe/d, an increase of 36% from 8,875 boe/d in the comparative 2023 period, which consisted of only ten months of production following the acquisition of Ridgeback on February 28, 2023. The increase is also attributed to strong initial production from a new four well pad in Kaybob brought on-stream during the third quarter of 2024.

## BENCHMARK AND REALIZED PRICES

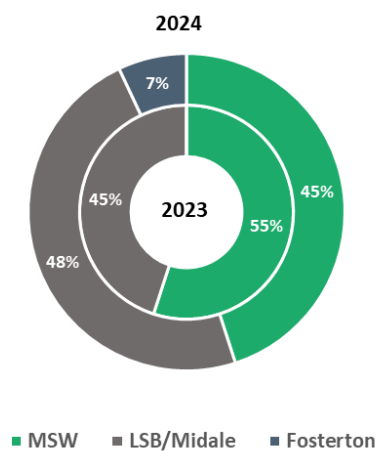
|   | Three months ended |                    |                   | December 31, 2024 | Year ended December 31, 2023 |
|---|--------------------|--------------------|-------------------|-------------------|------------------------------|
|   | December 31, 2024  | September 30, 2024 | December 31, 2023 |                   |                              |
| <b>Average benchmark prices</b>                 |                    |                    |                   |                   |                              |
| WTI (US\$/bbl) <sup>(1)</sup>                   | <b>70.27</b>       | 75.16              | 78.53             | <b>75.72</b>      | 77.60                        |
| Exchange rate (US\$/CA\$)                       | <b>1.40</b>        | 1.36               | 1.36              | <b>1.37</b>       | 1.35                         |
| WTI (CA\$/bbl)                                  | <b>98.31</b>       | 102.52             | 106.80            | <b>103.70</b>     | 104.76                       |
| MSW (\$/bbl) <sup>(2)</sup>                     | <b>94.90</b>       | 97.93              | 99.68             | <b>97.56</b>      | 100.38                       |
| Midale (\$/bbl) <sup>(3)</sup>                  | <b>91.41</b>       | 94.45              | 92.54             | <b>94.01</b>      | 93.76                        |
| LSB (\$/bbl) <sup>(4)</sup>                     | <b>92.55</b>       | 95.86              | 97.20             | <b>95.56</b>      | 98.00                        |
| WCS (\$/bbl) <sup>(5)</sup>                     | <b>80.75</b>       | 84.04              | 76.95             | <b>83.53</b>      | 79.59                        |
| AECO (\$/mcf) <sup>(6)</sup>                    | <b>1.48</b>        | 0.69               | 2.30              | <b>1.46</b>       | 2.64                         |
| <b>Average realized prices</b>                  |                    |                    |                   |                   |                              |
| Crude oil (\$/bbl)                              | <b>89.13</b>       | 92.51              | 95.09             | <b>92.63</b>      | 96.75                        |
| NGLs (\$/bbl)                                   | <b>46.74</b>       | 43.94              | 44.21             | <b>44.89</b>      | 43.75                        |
| Natural gas (\$/mcf)                            | <b>1.41</b>        | 0.74               | 2.49              | <b>1.43</b>       | 2.77                         |
| Processing expenses (\$/boe)                    | <b>(0.27)</b>      | (0.25)             | (0.61)            | <b>(0.31)</b>     | (0.53)                       |
| <b>Petroleum and natural gas sales (\$/boe)</b> | <b>71.18</b>       | 73.04              | 74.93             | <b>72.59</b>      | 78.35                        |

- (1) West Texas Intermediate (“WTI”)  
(2) Mixed Sweet Blend (“MSW”) Par at Edmonton  
(3) Midale Par at Cromer  
(4) Light Sour Blend (“LSB”) Par at Cromer  
(5) Western Canadian Select (“WCS”) at Hardisty  
(6) Alberta Energy Company (“AECO”) 5A Daily Index Price for natural gas

**Crude Oil Sales by Index**  
**Three Months Ended December 31,**



**Crude Oil Sales by Index**  
**Year Ended December 31,**



For the three months and year ended December 31, 2024, the Company realized an average combined price for petroleum and natural gas sales of \$71.18 per boe and \$72.59 per boe versus \$74.93 per boe and \$78.35 per boe in the comparative 2023 periods.

Most of the Company's revenue is from the sale of crude oil which varies based on sales point and certain par prices. The Company's realized price for crude oil from Southeast Saskatchewan is primarily based on the LSB and Midale par prices at Cromer which historically trades at a small discount to the MSW par price at Edmonton. Realized prices for heavier crude oil produced by our Battrum assets in Southwest Saskatchewan are based on Fosterton which historically trades at a small premium to the WCS par price at Hardisty. Realized prices for crude oil in Central Alberta and West Central Saskatchewan are primarily based on the MSW par price at Edmonton.

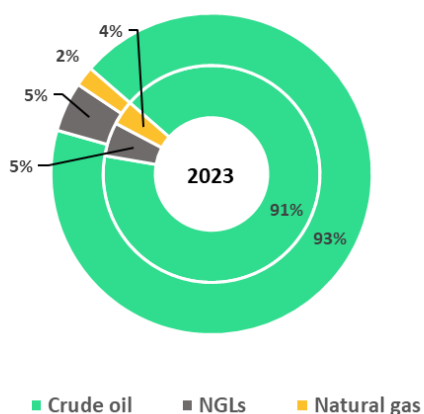
The Company's average realized oil price for the three months ended December 31, 2024 was \$89.13 per bbl, a 6% decrease from \$95.09 per bbl in the prior year comparative period. The Company's average realized oil price for the year ended December 31, 2024 was \$92.63 per bbl, a 4% decrease from \$96.75 per bbl in the comparative 2023 period. The decrease in realized pricing is consistent with the decrease in crude oil benchmark prices. The Company's average realized oil price decreased 4% during the three months ended December 31, 2024 compared to the three months ended September 30, 2024 due to a 7% decrease in the US\$ WTI benchmark price, partially offset by a weaker Canadian dollar.

## PETROLEUM AND NATURAL GAS SALES

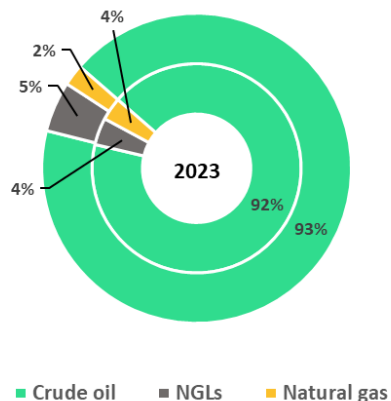
| (\$000s)   | Three months ended |                    |                   | Year ended        |                   |
|--|--------------------|--------------------|-------------------|-------------------|-------------------|
|  | December 31, 2024  | September 30, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| Crude oil  | 249,690            | 246,781            | 169,782           | 843,704           | 641,906           |
| NGLs   | 14,541             | 13,768             | 10,304            | 48,533            | 31,813            |
| Natural gas  | 5,637              | 2,731              | 6,807             | 19,947            | 24,873            |
| Gross petroleum and natural gas sales <sup>(1)</sup> | 269,868            | 263,280            | 186,893           | 912,184           | 698,592           |
| Less: Processing expenses                            | (1,023)            | (901)              | (1,509)           | (3,888)           | (4,701)           |
| Petroleum and natural gas sales                      | 268,845            | 262,379            | 185,384           | 908,296           | 693,891           |

(1) See Non-GAAP and Other Financial Measures

**Petroleum and Natural Gas Sales**  
Three Months Ended December 31,  
2024



**Petroleum and Natural Gas Sales**  
Year Ended December 31,  
2024



Gross petroleum and natural gas sales increased for the three months and year ended December 31, 2024 due primarily to increased volumes associated with the South Saskatchewan Acquisition and new well development, partially offset by lower average realized commodity prices. Gross petroleum and natural gas sales increased for the three months ended December 31, 2024 compared to the three months ended September 30, 2024 due to increased volumes, partially offset by

lower average realized prices. Certain gas processing expenses are deducted from gross realized prices received due to product custody transfer at the gas processing terminal inlet. The Company presents this on a gross and net basis to demonstrate the actual realized prices received prior to netting. The above adjustments do not have an impact on the Company's netback.

## ROYALTIES

| (\$000s, except per boe amounts)                          | Three months ended |                    |                   | Year ended        |                   |
|---|--------------------|--------------------|-------------------|-------------------|-------------------|
|   | December 31, 2024  | September 30, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| Royalties   | <b>32,881</b>      | 34,008             | 24,124            | <b>114,080</b>    | 80,565            |
| % of gross petroleum and natural gas sales <sup>(1)</sup> | <b>12.2%</b>       | 12.9%              | 12.9%             | <b>12.5%</b>      | 11.5%             |
| \$ per boe  | <b>8.71</b>        | 9.47               | 9.75              | <b>9.12</b>       | 9.10              |

(1) See Non-GAAP and Other Financial Measures

Royalties increased for the three months and year ended December 31, 2024, on a total basis, consistent with higher petroleum and natural gas sales. Royalties as a percentage of gross petroleum and natural gas sales decreased for the three months ended December 31, 2024, due to the impact of royalty incentives on newer wells in Alberta. Royalties as a percentage of gross petroleum and natural gas sales increased for the year ended December 31, 2024, reflecting higher royalty rates associated with wells acquired in the South Saskatchewan Acquisition. Royalties decreased for the three months ended December 31, 2024 compared to the three months ended September 30, 2024 due to royalty incentives on six wells drilled in Central Alberta during the fourth quarter. Saturn pays royalties to the provincial governments, freehold landowners and other third parties by way of contractual overriding royalties.

## NET OPERATING EXPENSES

| (\$000s, except per boe amounts)      | Three months ended |                    |                   | Year ended        |                   |
|---------------------------------------|--------------------|--------------------|-------------------|-------------------|-------------------|
|                                       | December 31, 2024  | September 30, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| Operating expenses                    | <b>72,443</b>      | 73,996             | 47,920            | <b>250,394</b>    | 191,336           |
| Less: processing income               | <b>(3,136)</b>     | (2,663)            | (2,975)           | <b>(12,499)</b>   | (11,262)          |
| Net operating expenses <sup>(1)</sup> | <b>69,307</b>      | 71,333             | 44,945            | <b>237,895</b>    | 180,074           |
| \$ per boe                            | <b>18.35</b>       | 19.86              | 18.17             | <b>19.01</b>      | 20.33             |

(1) See Non-GAAP and Other Financial Measures

Net operating expenses increased for the three months and year ended December 31, 2024, due to expanded field activity following the South Saskatchewan Acquisition. Net operating expenses were also higher in 2024 due to a full year of expanded field activity from the Ridgeback Acquisition compared to only ten months of Ridgeback field operations included in 2023. Net operating expenses decreased for the three months ended December 31, 2024 compared to the three months ended September 30, 2024 due to operational efficiencies realized on acquired Flat Lake and Battrum properties combined with increased processing income from higher throughput at Saturn's Innes gas plant in Southeast Saskatchewan. Net operating expenses per boe decreased for the year ended December 31, 2024, primarily due to increased production, as fixed costs are spread over larger production volumes.

## TRANSPORTATION EXPENSES

| (\$000s, except per boe amounts) | Three months ended |                    |                   | Year ended        |                   |
|----------------------------------|--------------------|--------------------|-------------------|-------------------|-------------------|
|                                  | December 31, 2024  | September 30, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| Transportation expenses          | <b>4,056</b>       | 6,124              | 3,094             | <b>17,370</b>     | 11,314            |
| \$ per boe                       | <b>1.07</b>        | 1.70               | 1.25              | <b>1.39</b>       | 1.28              |

Transportation expenses increased for the three months and year ended December 31, 2024, on a total basis due to the increase in pipeline tariffs and clean oil trucking costs associated with increased crude oil production volumes. Transportation expenses decreased for the three months ended December 31, 2024 compared to the three months ended September 30, 2024 due to reduced clean oil trucking costs associated with wells added in the South Saskatchewan

Acquisition. Certain pipeline shipping arrangements result in pipeline tariffs being included in transportation expenses. Conversely, pipeline tariffs incurred by commodity purchasers subsequent to delivery of the Company's product are charged back to Saturn and are netted against petroleum and natural gas sales.

## RISK MANAGEMENT AND COMMODITY FINANCIAL DERIVATIVES

| (\$000s, except per boe amounts)        | Three months ended |                    |                   | Year ended        |                   |
|---|--------------------|--------------------|-------------------|-------------------|-------------------|
|   | December 31, 2024  | September 30, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| Realized loss on derivatives            | (9,985)            | (32,364)           | (8,893)           | (66,715)          | (39,048)          |
| Unrealized gain (loss) on derivatives   | (25,980)           | 96,826             | 156,436           | (20,994)          | 61,609            |
| Realized loss on derivatives \$ per boe | (2.64)             | (9.01)             | (3.59)            | (5.33)            | (4.41)            |

The Company uses commodity risk management contracts which are classified as financial derivatives to manage exposure to commodity price volatility. Details of open commodity contracts as at December 31, 2024 are described in the "Market Risk" section below.

For the three months ended December 31, 2024, the Company realized a loss on its financial commodity contracts of \$10.0 million compared to a loss of \$8.9 million in the prior year comparative period. The increased realized loss was attributed to Saturn's MSW differential hedge contracts with narrower differentials than in the prior year. For the year ended December 31, 2024, the Company realized a \$66.7 million loss on its financial commodity contracts compared to a loss of \$39.0 million in the comparable 2023 period. The increased realized loss on derivatives for the year ended December 31, 2024 is primarily due to \$20.4 million of early termination payments the Company elected to make during the year on certain WTI oil derivative contracts which became substantially less expensive to monetize with the drop in benchmark oil prices. The realized loss on derivatives decreased \$22.4 million during the three months ended December 31, 2024 compared to the three months ended September 30, 2024, due to an early termination payment of \$20.0 million made during the third quarter of 2024.

Realized losses occur when market prices for crude oil settle at levels above those set in the Company's derivative contracts. Saturn has not designated any financial commodity contracts as hedges, and as a result the unrealized gains and losses reflect the non-cash change in the mark-to-market values period over period. At December 31, 2024, the outstanding financial commodity contracts had a net liability of \$23.2 million (December 31, 2023 - \$22.2 million liability).

## GENERAL AND ADMINISTRATIVE EXPENSES

| (\$000s, except per boe amounts)    | Three months ended |                    |                   | Year ended        |                   |
|-------------------------------------|--------------------|--------------------|-------------------|-------------------|-------------------|
|                                     | December 31, 2024  | September 30, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| General and administrative expenses | 2,766              | 2,944              | 4,228             | 12,483            | 19,577            |
| \$ per boe                          | 0.73               | 0.82               | 1.71              | 1.00              | 2.21              |

General and administrative ("G&A") expenses decreased for the three months and year ended December 31, 2024, due to lower personnel costs and reduced overhead as a result of synergies realized following both the Ridgeback and South Saskatchewan Acquisitions.

## DEPLETION, DEPRECIATION AND AMORTIZATION

| (\$000s, except per boe amounts)         | Three months ended |                    |                   | Year ended        |                   |
|--|--------------------|--------------------|-------------------|-------------------|-------------------|
|  | December 31, 2024  | September 30, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| Depletion, depreciation and amortization | 75,150             | 63,499             | 43,375            | 229,028           | 148,911           |
| \$ per boe                               | 19.90              | 17.68              | 17.53             | 18.30             | 16.81             |

Saturn records depletion, depreciation and amortization (“DD&A”) on its property, plant and equipment (“PP&E”) over the useful lives of the assets employing the unit of production method using proved plus probable oil and natural gas reserves and associated future development capital required for its petroleum and natural gas assets, and a declining balance method for its corporate administrative assets.

DD&A expense increased for the three months and year ended December 31, 2024, due to an increase in the carrying value of PP&E attributed to the South Saskatchewan Acquisition and associated increase in production volumes. The increase in DD&A on a per boe basis for the three months and year ended December 31, 2024 reflects a higher relative increase in the depletable base compared to reserve value as a result of the South Saskatchewan Acquisition. DD&A expense increased during the three months ended December 31, 2024 compared to the three months ended September 30, 2024 due to increased production volumes.

## SHARE BASED PAYMENTS

| (\$000s, except per boe amounts) | Three months ended |                    |                   | Year ended        |                   |
|----------------------------------|--------------------|--------------------|-------------------|-------------------|-------------------|
|                                  | December 31, 2024  | September 30, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| Share based payments             | 3,075              | 2,136              | 2,238             | 10,351            | 7,545             |
| \$ per boe                       | 0.81               | 0.59               | 0.90              | 0.83              | 0.85              |

The Company has an omnibus Long Term Incentive Plan (“LTIP”), under which it is authorized to grant stock options, Restricted Share Units (“RSUs”), Deferred Share Units (“DSUs”) and Performance Share Units (“PSUs”) to directors, officers and employees of Saturn.

Share based payments expense increased for the three months and year ended December 31, 2024, due to customary annual grants of RSUs and PSUs to directors, officers and employees in the second quarter of 2024 and additional grants of RSUs to new employees who join the Company in a given quarter. Share based payments expense increased for the three months ended December 31, 2024 compared to the three months ended September 30, 2024 due to the quarterly grant of RSUs to new employees in September 2024 and additional share based payments expense associated with the settlement of 666,666 PSUs in accordance with their terms.

## FINANCING EXPENSES

| (\$000s)   | Three months ended |                    |                   | Year ended        |                   |
|--|--------------------|--------------------|-------------------|-------------------|-------------------|
|  | December 31, 2024  | September 30, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| Interest expense, cash                                       | 24,135             | 22,863             | 22,183            | 85,190            | 88,901            |
| Interest income  | (909)              | (979)              | (423)             | (2,714)           | (1,981)           |
| Amortization of original issue discount and debt issue costs | 803                | 759                | 1,067             | 2,926             | 5,098             |
| Accretion, debt instruments                                  | -                  | -                  | 11                | 22                | 95                |
| Accretion, leases  | 1,968              | 2,526              | 242               | 5,399             | 1,068             |
| Accretion, decommissioning obligations                       | 3,934              | 4,075              | 3,649             | 14,824            | 13,759            |
| Financing expenses   | 29,931             | 29,244             | 26,729            | 105,647           | 106,940           |

Financing expenses increased for the three months ended December 31, 2024, due primarily to the foreign exchange impact of a weaker Canadian dollar on debt service costs related to the Company’s Senior Notes denominated in US dollars. Financing expenses decreased for the year ended December 31, 2024, due primarily to lower cash interest expense as the Company’s Senior Term Loan was replaced on June 14, 2024 with Senior Notes that carry a significantly lower interest rate. This was partially offset by increased accretion on leases attributed to a third party gas handling agreement, entered into during the third quarter of 2024, which qualified for lease recognition. Additionally, there was increased accretion on decommissioning obligations attributed to decommissioning obligations added as part of the South Saskatchewan Acquisition. Financing expenses increased for the three months ended December 31, 2024 compared to the three months ended September 30, 2024 due to higher cash interest expense on Saturn’s US dollar denominated Senior Notes associated with continued weakness in the Canadian dollar.

## LOSS ON DEBT EXTINGUISHMENT

On June 14, 2024, the Company early retired its Senior Term Loan with a principal amount outstanding of \$364.7 million and associated early retirement fees of \$27.4 million paid to the lender. In addition, \$4.3 million of non-cash original issue discount and debt issue costs were accelerated and expensed in profit or loss.

## DEFERRED TAXES

For the three months and year ended December 31, 2024, the Company recognized deferred tax expense of \$3.8 million and \$13.7 million respectively, compared to a deferred tax expense of \$49.0 million and \$40.2 million in the comparative 2023 periods. The deferred tax expense relates to the non-cash change in the Company's deferred tax liabilities, resulting from the change in unrealized derivative contracts during the period.

## FINANCIAL RESULTS OF OPERATIONS

| (\$000s, except per boe amounts)    | Three months ended |                    |                   | December 31, 2024 | Year ended December 31, 2023 |
|-------------------------------------|--------------------|--------------------|-------------------|-------------------|------------------------------|
|                                     | December 31, 2024  | September 30, 2024 | December 31, 2023 |                   |                              |
| Cash flow from operating activities | <b>91,157</b>      | 100,013            | 75,380            | <b>311,937</b>    | 283,988                      |
| per share - Basic                   | <b>0.45</b>        | 0.49               | 0.54              | <b>1.72</b>       | 2.25                         |
| - Diluted                           | <b>0.44</b>        | 0.48               | 0.53              | <b>1.68</b>       | 2.20                         |
| Adjusted funds flow <sup>(1)</sup>  | <b>129,205</b>     | 94,065             | 80,247            | <b>380,091</b>    | 278,138                      |
| per share - Basic                   | <b>0.64</b>        | 0.46               | 0.58              | <b>2.10</b>       | 2.20                         |
| - Diluted                           | <b>0.63</b>        | 0.45               | 0.56              | <b>2.05</b>       | 2.15                         |
| Free funds flow <sup>(1)</sup>      | <b>23,785</b>      | 9,684              | 23,072            | <b>133,775</b>    | 147,565                      |
| per share - Basic                   | <b>0.12</b>        | 0.05               | 0.17              | <b>0.74</b>       | 1.17                         |
| - Diluted                           | <b>0.12</b>        | 0.05               | 0.16              | <b>0.72</b>       | 1.14                         |
| Net income (loss)                   | <b>(26,318)</b>    | 101,601            | 131,456           | <b>54,106</b>     | 290,623                      |
| per share - Basic                   | <b>(0.13)</b>      | 0.50               | 0.94              | <b>0.30</b>       | 2.30                         |
| - Diluted                           | <b>(0.13)</b>      | 0.49               | 0.92              | <b>0.29</b>       | 2.25                         |

(1) See Non-GAAP and Other Financial Measures

Adjusted funds flow increased for the three months and year ended December 31, 2024, primarily due to increased petroleum and natural gas sales, offset in part by increased royalties, increased net operating expense, increased transportation expense and an increased realized loss on derivatives. Adjusted funds flow increased during the three months ended December 31, 2024 compared to the three months ended September 30, 2024 due to increased petroleum and natural gas sales, decreased royalties, decreased net operating expenses, decreased transportation expenses and decreased realized loss on derivatives, offset in part by increased interest expense.

For the three months ended December 31, 2024, the Company recognized a net loss of \$26.3 million compared to net income of \$131.5 million during the three months ended December 31, 2023. The decrease in net income for the three months ended December 31, 2024 was primarily due to an unrealized loss on derivatives compared to an unrealized gain in the prior year, an unrealized foreign exchange loss on Saturn's U.S. denominated Senior Notes and increased DD&A, partially offset by increased adjusted funds flow.

For the year ended December 31, 2024, the Company recorded net income of \$54.1 million compared to net income of \$290.6 million during the year ended December 31, 2023. The decrease in net income for the year ended December 31, 2024 was primarily due to a lower gain recognized on the South Saskatchewan Acquisition in the current year compared to the gain recognized on the Ridgeback Acquisition in the prior year, an unrealized loss on derivatives compared to an unrealized gain on derivatives in the prior year, a loss on debt extinguishment related to the repayment of the Senior Term Loan, and higher DD&A, partially offset by increased adjusted funds flow.

The decrease in net income for the three months ended December 31, 2024 compared to the three months ended September 30, 2024 is primarily due to an unrealized loss on derivative contracts compared to an unrealized gain in the prior quarter, an unrealized foreign exchange loss on the Company's US denominated Senior Notes compared to an unrealized gain in the prior quarter and increased DD&A, partially offset by increased adjusted funds flow.

## CAPITAL EXPENDITURES

| (\$000s)                                    | Three months ended |                    |                   | Year ended        |                   |
|---|--------------------|--------------------|-------------------|-------------------|-------------------|
|   | December 31, 2024  | September 30, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| Drilling and Completions                    | 76,063             | 69,501             | 43,486            | 183,403           | 92,786            |
| Facilities                                  | 21,654             | 9,257              | 10,074            | 40,515            | 25,475            |
| Land and lease                              | 3,299              | 2,108              | 278               | 8,368             | 887               |
| Seismic                                     | 792                | (28)               | 311               | 1,149             | 646               |
| E&E expenditures                            | -                  | -                  | 355               | -                 | 1,033             |
| <b>F&amp;D expenditures<sup>(1)</sup></b>   | <b>101,808</b>     | <b>80,838</b>      | <b>54,504</b>     | <b>233,435</b>    | <b>120,827</b>    |
| Capitalized G&A and other                   | 3,612              | 3,543              | 2,671             | 12,881            | 9,746             |
| <b>Capital expenditures</b>                 | <b>105,420</b>     | <b>84,381</b>      | <b>57,175</b>     | <b>246,316</b>    | <b>130,573</b>    |
| Capitalized G&A and other                   | (3,612)            | (3,543)            | (2,671)           | (12,881)          | (9,746)           |
| Corporate acquisition, net of cash acquired | -                  | -                  | -                 | 8,319             | 465,223           |
| Property acquisitions                       | 26,011             | (4,749)            | -                 | 556,088           | 1,439             |
| Property disposition                        | 576                | -                  | -                 | (25,132)          | -                 |
| <b>FD&amp;A expenditures<sup>(1)</sup></b>  | <b>128,395</b>     | <b>76,089</b>      | <b>54,504</b>     | <b>772,710</b>    | <b>587,489</b>    |

(1) See Non-GAAP and Other Financial Measures

Capital expenditures increased for the three months and year ended December 31, 2024, due primarily to an increased drilling program and increased facility infrastructure development on Saturn's expanded asset base resulting from the South Saskatchewan Acquisition. Capital expenditures increased during the three months ended December 31, 2024 compared to the three months ended September 30, 2024 due to increased drilling and completion activity in addition to increased spending on various facilities projects, including construction of a new treating facility and gathering system in West Central Saskatchewan and pipeline expansion projects within the acquired Flat Lake and Battrum properties.

During the three months ended December 31, 2024, the Company drilled 33 gross (26.2 net) wells: 22 in Southeast Saskatchewan; 4 in Southwest Saskatchewan; 1 in West Central Saskatchewan; and 6 in Central Alberta compared to 19 gross (16.9 net) wells in the prior year comparative period: 9 in Southeast Saskatchewan; 4 in West Central Saskatchewan; and 6 in Central Alberta. For the year ended December 31, 2024, the Company drilled 97 gross (81.6 net) wells: 54 in Southeast Saskatchewan; 4 in Southwest Saskatchewan; 23 in West Central Saskatchewan; and 16 in Central Alberta compared to 59 gross (48.8 net) wells in the prior year comparative period: 28 in Southeast Saskatchewan; 19 in West Central Saskatchewan; and 12 in Central Alberta.

|       | Three months ended December 31, |      |       |      | Year ended December 31, |      |       |      |
|-------|---------------------------------|------|-------|------|-------------------------|------|-------|------|
|       | 2024                            |      | 2023  |      | 2024                    |      | 2023  |      |
|       | Gross                           | Net  | Gross | Net  | Gross                   | Net  | Gross | Net  |
| Wells | 33                              | 26.2 | 19    | 16.9 | 97                      | 81.6 | 59    | 48.8 |

## CAPITAL RESOURCES AND LIQUIDITY

### Senior Notes

The Company has US\$617.5 million of Senior Notes outstanding. The Senior Notes bear interest at 9.625% per annum, payable semi-annually in arrears, have mandatory prepayments of 10% per annum, payable quarterly, and have a 5-year term maturing on June 15, 2029. As at December 31, 2024, the principal balance on the Senior Notes was \$888.5 million (US\$617.5 million). The mandatory prepayments are due quarterly, no later than 30 days after the end of each fiscal quarter, beginning September 30, 2024 at a redemption price of 104.813%.

## Revolving Credit Facility

On June 14, 2024, Saturn entered into a \$150.0 million credit facility with a syndicate of banks, which is secured by a first priority security interest on all present and after acquired property of the Company and is senior in priority to the Senior Notes. The new facility consists of a \$100.0 million reserve-based credit facility and a \$50.0 million operating facility, (together the "Credit Facility"), which is committed and available on a revolving basis until June 14, 2026, at which time it may be extended at the lenders' option. The Credit Facility is subject to a semi-annual borrowing base review, occurring by June 30<sup>th</sup> and November 30<sup>th</sup> of each year, with the first borrowing base review to occur by June 30, 2025.

Amounts borrowed under the Credit Facility bear interest at a floating rate based on the applicable Canadian prime rate, US base rate, Canadian Overnight Repo Rate Average ("CORRA"), or Secured Overnight Financing Rate ("SOFR") plus a margin and standby fee based on the Company's Net Debt to Consolidated EBITDA Ratio as defined in the Credit Agreement, currently between 2.75% to 3.75% and 0.94%, respectively.

As at December 31, 2024 and the date of this MD&A, the Company had no amounts drawn nor any of letters of credit outstanding under the Credit Facility.

## Unsecured Letter of Credit Facility

The Company has a \$20.0 million unsecured demand letter of credit facility (the "LC Facility") with a Canadian bank. Saturn's obligations under the LC Facility are supported by a performance security guarantee ("PSG") from Export Development Canada. At December 31, 2024, \$7.9 million was drawn under the LC Facility (December 31, 2023 – \$8.6 million). The PSG is subject to annual renewal with the next scheduled renewal date of June 30, 2025.

## Liquidity

| (\$000s)                                | December 31, 2024 | December 31, 2023 |
|---|-------------------|-------------------|
| Credit Facility <sup>(1)</sup>          | 150,000           | -                 |
| LC Facility <sup>(2)</sup>              | 12,100            | 1,400             |
| Adjusted working capital <sup>(3)</sup> | 14,433            | (8,240)           |
| <b>Total Liquidity</b>                  | <b>176,533</b>    | <b>(6,840)</b>    |

(1) Represents \$nil drawn on the \$150.0 million Credit Facility.

(2) Represents \$7.9 million drawn on the \$20.0 million LC Facility (December 31, 2023 - \$8.6 million).

(3) Adjusted working capital is calculated as cash, accounts receivable, deposits and prepaids net of accounts payable.

The Company relies on a combination of internal profitability measured by adjusted funds flow, undrawn balance on its Credit Facility, debt financing and equity issuances to fund its capital requirements and provide liquidity. To the extent possible, Saturn has attempted to mitigate certain risks by entering into financial derivative commodity contracts to reduce the financial impact of downward commodity price movements on a portion of the Company's anticipated production. Future liquidity depends primarily on profitability and the ability to access debt and equity markets. All principal repayments on the Senior Notes that are due within twelve months are presented as current liabilities on the balance sheet with the remainder classified as non-current. The Company believes that the capital structure of the Company coupled with the projected adjusted funds flow will satisfy Saturn's continuing operations.

Further discussion on the equity offerings completed by the Company in 2024 are described in "Share Capital" section below.

## Net Debt, Leverage and Enterprise Value

Management considers net debt a key measure in assessing the Company's liquidity. Saturn's net debt totaled \$860.2 million as at December 31, 2024 compared to \$460.5 million as at December 31, 2023. The Company's net debt to annualized quarterly adjusted funds flow was 1.7x at December 31, 2024.

| (\$000s)  | December 31, 2024 | December 31, 2023 |
|---|-------------------|-------------------|
| Net debt <sup>(1)</sup>                                 | 860,155           | 460,483           |
| Total market capitalization <sup>(2)</sup>              | 431,039           | 306,489           |
| Enterprise value <sup>(1)</sup>                         | 1,291,194         | 766,972           |
| Net debt as a percentage of enterprise value            | 67%               | 60%               |
| Annualized quarterly adjusted funds flow <sup>(1)</sup> | 516,820           | 320,988           |
| Net debt to annualized quarterly adjusted funds flow    | 1.7x              | 1.4x              |

(1) See Non-GAAP and Other Financial Measures.

(2) Calculated as 199,555,053 Common Shares outstanding multiplied by the TSX closing share price on the last day of trading of the period.

## Off-balance Sheet Transactions

The Company is not party to any material arrangements that would be excluded from the balance sheets other than disclosed in the commitments section of this MD&A.

## SHARE CAPITAL

The Company is authorized to issue an unlimited number of Common Shares without par value.

On August 23, 2024, the TSX approved the commencement of the Company's Normal Course Issuer Bid ("NCIB"). Pursuant to the NCIB, the Company will purchase for cancellation, from time to time, as it considers advisable, up to a maximum of 11,306,825 Common Shares between August 27, 2024 and August 26, 2025. For the year ended December 31, 2024, the Company repurchased 4,480,288 Common Shares under its NCIB at a weighted average price of \$2.28 per share for a total cost of \$10.2 million. Subsequent to December 31, 2024, the Company repurchased an additional 2,241,140 Common Shares at a weighted average price of \$2.11 per share for a total cost of \$4.7 million.

On June 14, 2024, the Company completed a bought-deal equity offering for gross proceeds of \$100.0 million resulting in the issuance of 42,554,000 Common Shares at a price of \$2.35 per share and incurred associated share issue costs of \$5.2 million.

On February 22, 2024, the Company completed a bought-deal equity offering for gross proceeds of \$50.0 million resulting in the issuance of 22,223,000 Common Shares at a price of \$2.25 per share and incurred associated share issue costs of \$2.6 million.

On February 28, 2023, the Company completed a bought-deal equity financing issuing 59,242,000 Common Shares at a price of \$2.11 per share for gross proceeds of \$125.0 million and incurred associated share issue costs of \$8.3 million. As partial consideration for the Ridgeback Acquisition the Company issued 19,406,167 Common Shares to the previous shareholders of Ridgeback.

As at the date of this MD&A, December 31, 2024 and December 31, 2023, the following Common Shares are outstanding and/or remain issuable upon exercise of the underlying securities.

| (000s) Number of securities      | March 13, 2025 | December 31, 2024 | December 31, 2023 |
|----------------------------------|----------------|-------------------|-------------------|
| Common Shares outstanding        | 197,241        | 199,555           | 139,313           |
| Warrants <sup>(1)</sup>          | -              | 6,871             | 6,871             |
| Performance warrants             | 7,000          | 7,000             | 7,000             |
| Broker options                   | -              | -                 | 798               |
| Restricted share units           | 4,035          | 4,088             | 2,282             |
| Stock options                    | 714            | 718               | 1,048             |
| Convertible notes                | -              | -                 | 363               |
| Performance share units          | 622            | 622               | 667               |
| Fully diluted shares outstanding | 209,612        | 218,854           | 158,342           |

(1) Warrants expired on March 10, 2025

## COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The Company has the following contractual obligations and commitments as at March 13, 2025:

| (\$000s)                         | Less than<br>1 year | 1-3<br>years   | 3-5<br>years   | Greater than<br>5 years | Total            |
|----------------------------------|---------------------|----------------|----------------|-------------------------|------------------|
| Senior Notes <sup>(1)</sup>      | 93,529              | 187,057        | 607,934        | -                       | 888,520          |
| Interest payments <sup>(2)</sup> | 86,123              | 145,518        | 85,659         | -                       | 317,300          |
| Lease liabilities <sup>(3)</sup> | 6,455               | 8,893          | 6,046          | 556                     | 21,950           |
| Gas processing contracts         | 13,838              | 24,432         | 21,775         | 52,634                  | 112,679          |
|                                  | <b>199,945</b>      | <b>365,900</b> | <b>721,414</b> | <b>53,190</b>           | <b>1,340,449</b> |

- (1) Represents the remaining principal repayments of US\$617.5 million on the Company's Senior Notes converted at the period end exchange rate of 1.4389
- (2) The Senior Notes bear interest at 9.625% per annum, payable semi-annually in arrears, have mandatory prepayments of 10% per annum, payable quarterly.
- (3) Represents the remaining undiscounted minimum lease payments on the Company's lease liabilities, excluding gas processing contracts subject to IFRS 16

## RISKS AND UNCERTAINTIES

Factors beyond Saturn's control may determine whether any oil and gas reserves the Company discovers are sufficiently economic to be developed. The determination of whether petroleum and natural gas deposits are economic is affected by numerous factors beyond Saturn's control. These factors include market fluctuations for oil and gas; the costs of access and surface rights; and government regulations governing prices, taxes, royalties, land tenure, land use, importing and exporting of resources and environmental protection.

Land reclamation requirements for exploration and development properties may be burdensome. Although variable depending on location and the governing authority, land reclamation requirements are generally imposed on companies in extractive industries such as oil and gas or mining in order to minimize long-term effects of land disturbance. Reclamation may include requirements to control dispersion of potentially deleterious effluents and reasonably re-establish pre-disturbance landforms and vegetation. In order to carry out reclamation obligations imposed on the Company in connection with ongoing exploration and development, Saturn must allocate financial resources that might otherwise be spent on further exploration and development programs.

### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. While the Company is exposed to liquidity risk, that risk is actively managed through strategies such as prudent capital spending, an active commodity risk management program; shown in the market risk section below, and by continuously monitoring forecast and actual cash flows from operating, financing and investing activities. Management believes it will have sufficient funding to meet foreseeable liquidity requirements.

### Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations that arise principally from the Company's accounts receivable from oil and natural gas marketers and joint operators in the oil and gas industry. Receivables from oil and natural gas marketers are normally collected on the 25<sup>th</sup> day of the month following production.

The Company's policy to mitigate credit risk going forward is to maintain marketing relationships with large, established and reputable purchasers that are considered to be creditworthy. The Company attempts to mitigate the risk from joint venture receivables by obtaining partner approval of significant capital and operating expenditures prior to expenditure and in certain circumstances may require cash deposits in advance of incurring financial obligations on behalf of joint venture partners. Joint venture receivables are from partners in the petroleum and natural gas industry who are subject to the risks and conditions of the industry. Significant changes in industry conditions and risks that negatively impact partners' ability to generate cash flow will increase the risk of not collecting receivables. The Company does not request letters of credit in its

favor from joint venture partners; however the Company has the ability to withhold production from joint operating partners in the event of non-payment or is able to register security on the assets of joint operating partners.

Counterparties to financial instruments expose the Company to credit losses in the event of non-performance. Counterparties for derivative instrument transactions are limited to investment grade counterparties.

### Currency Risk

Currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. All of the Company's petroleum and natural gas sales are conducted in Canada and are denominated in Canadian dollars. Canadian commodity prices are influenced by fluctuations in the Canada to US dollar exchange rate. Prices for oil are determined in global markets and generally denominated in US dollars. The Company is exposed to currency risk in relation to its US dollar denominated financial derivatives and Senior Notes. A ten percent change in the US dollar would have resulted in a \$89.4 million change to net income (loss) before tax (December 31, 2023 – \$3.6 million) assuming all other variables remain constant. The exposure of realized price fluctuations of the US dollar and Canadian dollar exchange rate, serves as a natural hedge to US dollar denominated financial derivatives.

The Company is exposed to currency risk in relation to its US dollar denominated Senior Notes. To mitigate its exposure to changes in the Canadian to US dollar exchange rate, the Company has entered into foreign exchange contracts with respect to its US denominated interest and principal repayments.

The Company had the following outstanding foreign exchange contracts as at March 13, 2025:

| Period  | Forward Rate Contracts- USD/CAD |         |                            |
|---------|---------------------------------|---------|----------------------------|
|         | Notional Amount (\$000s, US\$)  | Rate    | Contract Type              |
| Q1 2025 | 17,100                          | 1.33935 | Average rate currency swap |
| Q2 2025 | 46,600                          | 1.33935 | Average rate currency swap |
| Q3 2025 | 17,100                          | 1.33935 | Average rate currency swap |
| Q4 2025 | 45,000                          | 1.33935 | Average rate currency swap |
| Q1 2026 | 17,100                          | 1.33935 | Average rate currency swap |
| Q2 2026 | 43,500                          | 1.33935 | Average rate currency swap |
| Q3 2026 | 17,100                          | 1.33935 | Average rate currency swap |
| Q4 2026 | 41,900                          | 1.33935 | Average rate currency swap |
| Q1 2027 | 17,100                          | 1.33935 | Average rate currency swap |
| Q2 2027 | 23,300                          | 1.33935 | Average rate currency swap |

### Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company's commodity price risk is also impacted by its derivative contracts. The ability of the Company to explore its resource properties and future profitability of the Company are directly related to the market price of commodities. Prices for oil and gas are impacted not only by the relationship between the Canadian and US dollars but also worldwide economic events that influence supply and demand.

### Market Risk

Saturn manages the risks associated with changes in commodity prices by entering into a variety of risk management commodity contracts classified as financial derivatives. The Company assesses the effects of movement in commodity prices on income before tax. A ten percent increase or decrease in commodity prices would have resulted in a \$58.1 million change to unrealized gains or (losses) on risk management contracts and net income (loss) before tax assuming all other variables remain constant.

The Company had the following outstanding financial derivative commodity contracts as at March 13, 2025:

| Period  | WTI Collars      |                                     |                  |                                  | WTI Swaps        |                                  |                  |                                  |
|---------|------------------|-------------------------------------|------------------|----------------------------------|------------------|----------------------------------|------------------|----------------------------------|
|         | Volume<br>bbls/d | Price <sup>(1)(2)</sup><br>US\$/bbl | Volume<br>bbls/d | Price <sup>(1)</sup><br>CA\$/bbl | Volume<br>bbls/d | Price <sup>(1)</sup><br>US\$/bbl | Volume<br>bbls/d | Price <sup>(1)</sup><br>CA\$/bbl |
| Q1 2025 | 12,865           | 64.75-84.14                         | 3,278            | 100.00-110.00                    | 1,206            | 72.24                            | 1,413            | 98.36                            |
| Q2 2025 | 8,456            | 63.41-83.51                         | 5,000            | 100.00-110.00                    | 1,707            | 70.52                            | 1,136            | 92.56                            |
| Q3 2025 | 6,729            | 67.23-84.37                         | 5,000            | 100.00-110.00                    | 2,753            | 69.05                            | 4,923            | 89.10                            |
| Q4 2025 | 1,684            | 65.00-68.10                         | 5,000            | 100.00-110.00                    | 2,637            | 68.99                            | 4,674            | 89.05                            |
| Q1 2026 | 1,080            | 65.00-68.10                         | -                | -                                | 3,077            | 67.21                            | 4,481            | 85.46                            |
| Q2 2026 | -                | -                                   | -                | -                                | 4,028            | 67.30                            | 4,320            | 85.47                            |
| Q3 2026 | -                | -                                   | -                | -                                | -                | -                                | 8,048            | 83.08                            |
| Q4 2026 | -                | -                                   | -                | -                                | -                | -                                | 7,733            | 83.06                            |
| Q1 2027 | -                | -                                   | -                | -                                | -                | -                                | 5,150            | 79.85                            |

(1) Weighted average prices for the period.

(2) For the reporting periods Q1 2025 to Q4 2025, the Company has a weighted average option premium of US\$2.21/bbl.

| Period  | WTI/MSW Differential |                                  | WTI/WCS Differential |                                  | Natural Gas Swaps |                                 |                |                                 |
|---------|----------------------|----------------------------------|----------------------|----------------------------------|-------------------|---------------------------------|----------------|---------------------------------|
|         | Volume<br>bbls/d     | Price <sup>(1)</sup><br>US\$/bbl | Volume<br>bbls/d     | Price <sup>(1)</sup><br>US\$/bbl | Volume<br>GJ/d    | Price <sup>(1)</sup><br>CA\$/GJ | Volume<br>GJ/d | Price <sup>(2)</sup><br>CA\$/GJ |
| Q1 2025 | 13,795               | (4.93)                           | 2,360                | (16.85)                          | 10,000            | 2.73                            | 10,550         | Index                           |
| Q2 2025 | 14,097               | (4.91)                           | 3,489                | (15.36)                          | 15,000            | 2.49                            | 10,550         | Index                           |
| Q3 2025 | 14,500               | (3.65)                           | 4,000                | (12.91)                          | 15,000            | 2.49                            | 10,550         | Index                           |
| Q4 2025 | -                    | -                                | 4,000                | (13.95)                          | 11,685            | 2.62                            | 10,550         | Index                           |
| Q1 2026 | -                    | -                                | -                    | -                                | 10,000            | 2.73                            | 10,550         | Index                           |
| Q2 2026 | -                    | -                                | -                    | -                                | 15,000            | 2.69                            | 10,550         | Index                           |
| Q3 2026 | -                    | -                                | -                    | -                                | 15,000            | 2.69                            | 10,550         | Index                           |
| Q4 2026 | -                    | -                                | -                    | -                                | 18,315            | 2.95                            | 3,555          | Index                           |
| Q1 2027 | -                    | -                                | -                    | -                                | 10,000            | 3.35                            | -              | -                               |

(1) Weighted average prices for the period.

(2) Physically settled derivative contracts based off US natural gas index prices (Malin index minus US\$1.98/GJ minus AECO 5A) and (NW Rocky index minus US\$1.99/GJ minus AECO 5A).

## General Risks

Petroleum and natural gas exploration and production can involve environmental risks such as litigation, physical and regulatory risks. Physical risks include the pollution of the environment, climate change and destruction of natural habitat, as well as safety risks such as personal injury. The Company works hard to identify the potential environmental impacts of its new projects in the planning stage and during operations. The Company conducts its operations with high standards in order to protect the environment, its employees and consultants, and the general public. Saturn maintains current insurance coverage for comprehensive and general liability as well as limited pollution liability. The amount and terms of this insurance are reviewed on an ongoing basis and adjusted as necessary to reflect current corporate requirements, as well as industry standards and government regulations. Without such insurance, and if the Company becomes subject to environmental liabilities, the payment of such liabilities could reduce or eliminate its available funds or could exceed the funds the Company has available and result in financial distress.

## Climate Change Risks

Saturn's exploration and production infrastructure and other operations and activities emit greenhouse gasses ("GHG") which may require the Company to comply with federal and/or provincial GHG emissions legislation. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place to prevent climate change or mitigate the effects. The direct or indirect costs of compliance with GHG-related regulations may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Some of Saturn's significant facilities may ultimately be subject to future regional, provincial and/or federal climate change regulations to manage GHG emissions. In addition, climate change has been linked to long-term shifts in climate patterns and extreme weather conditions both of which pose the risk of causing operational difficulties.

## SUMMARY OF ANNUAL RESULTS

| (\$000s, except per boe amounts)    | 2024             | 2023      | 2022    |
|-------------------------------------|------------------|-----------|---------|
| <b>Financial:</b>                   |                  |           |         |
| Petroleum and natural gas sales     | <b>908,296</b>   | 693,891   | 367,957 |
| Cash flow from operations           | <b>311,937</b>   | 283,988   | 102,314 |
| Adjusted funds flow <sup>(1)</sup>  | <b>380,091</b>   | 278,138   | 118,658 |
| Basic (\$/share)                    | <b>2.10</b>      | 2.20      | 2.67    |
| Diluted (\$/share)                  | <b>2.05</b>      | 2.15      | 2.64    |
| Net income (loss)                   | <b>54,106</b>    | 290,623   | 74,815  |
| Basic (\$/share)                    | <b>0.30</b>      | 2.30      | 1.68    |
| Diluted (\$/share)                  | <b>0.29</b>      | 2.25      | 1.66    |
| Acquisitions                        | <b>564,407</b>   | 466,662   | 248,367 |
| Dispositions                        | <b>(25,132)</b>  | -         | -       |
| Capital expenditures <sup>(1)</sup> | <b>246,316</b>   | 130,573   | 89,105  |
| Total assets                        | <b>2,161,578</b> | 1,335,216 | 582,907 |
| Common shares outstanding (000s)    | <b>199,555</b>   | 139,313   | 59,892  |
| <b>Operational:</b>                 |                  |           |         |
| Average daily production            |                  |           |         |
| Crude oil (bbls/d)                  | <b>24,885</b>    | 18,177    | 8,841   |
| NGLs (bbls/d)                       | <b>2,954</b>     | 1,992     | 353     |
| Natural gas (mcf/d)                 | <b>38,093</b>    | 24,559    | 2,392   |
| Total (boe/d)                       | <b>34,188</b>    | 24,262    | 9,593   |

(1) See Non-GAAP and Other Financial Measures

During the year ended 2024, the Company continued its growth trajectory through increased acquisitions and dispositions (“A&D”) activity and a reorganization of its debt structure. As a result, the Company surpassed several operating and financial milestones. Saturn’s annual results were enhanced by several acquisitions including the Adonai Acquisition for \$8.3 million and the South Saskatchewan Acquisition for cash consideration of \$534.2 million, both closing in the second quarter of 2024, and the Brazeau Acquisition for \$20.5 million closing in the fourth quarter of 2024. Additional liquidity was provided through the disposition of non-core assets in Deer Mountain for net cash proceeds of \$25.1 million also during the second quarter. Concurrent with the second quarter acquisitions, the Company completed a refinancing issuing US\$650 in Senior Notes, closed a \$100.0 million equity financing and extinguished its Senior Term Loan. The Company achieved record annual adjusted funds flow of \$380.1 million driven by record annual production of 34,188 boe/d and an operating netback, net of derivatives of \$37.74 per boe. The Company invested \$246.3 million in capital expenditures, drilling 97 wells (81.6 net). Principal repayments of \$45.3 million (US\$32.6 million) were made on the Senior Notes, resulting in net debt of \$860.2 million at year end.

During the year ended 2023, the Company delivered strong operating and financial results. Saturn’s annual results include ten months of operations following the Ridgeback Acquisition for total consideration of \$525 million, comprised of \$475 million in cash, and 19,406,167 Common Shares. The cash portion of the purchase price was funded through the net proceeds of a \$125 million bought deal equity financing and a \$375 million expansion to the Senior Term Loan. The Company achieved record adjusted funds flow of \$278.1 million driven by record production of 24,262 boe/d and an operating netback, net of derivatives of \$43.23 per boe. We invested \$130.6 million in capital expenditures, drilling 59 wells (48.8 net). Principal repayments on the Senior Term Loan of \$164.5 million were made resulting in net debt of \$460.5 million at year end.

During the year ended 2022, the Company invested \$248.4 million in two separate property acquisitions, the Plato and Viking acquisitions, which enhanced the Company’s light oil production growth. Commodity prices strengthened to multi-year highs in 2022 contributing to strong adjusted funds flow of \$118.7 million driven by an operating netback, net of derivatives of \$43.82 per boe. Saturn’s capital expenditure program totaled \$89.1 million resulting in 58 gross (57.5 net) wells drilled during the year. The Company exited 2022 with \$219.8 million net debt, which increased from \$71.1 million net debt at the end of 2021, resulting primarily from acquisitions completed in the year.

## SUMMARY OF QUARTERLY RESULTS

| (\$000s, except per boe amounts)    | 2024             |           |           |           | 2023      |           |           |           |
|-------------------------------------|------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                     | Q4               | Q3        | Q2        | Q1        | Q4        | Q3        | Q2        | Q1        |
| <b>Financial:</b>                   |                  |           |           |           |           |           |           |           |
| Petroleum and natural gas sales     | <b>268,845</b>   | 262,379   | 208,853   | 168,219   | 185,384   | 201,066   | 176,034   | 131,407   |
| Cash flow from operations           | <b>91,157</b>    | 100,013   | 50,545    | 70,222    | 75,380    | 70,466    | 94,232    | 46,794    |
| Adjusted funds flow <sup>(1)</sup>  | <b>129,205</b>   | 94,065    | 88,643    | 68,178    | 80,247    | 76,477    | 66,954    | 54,454    |
| Basic (\$/share)                    | <b>0.64</b>      | 0.46      | 0.52      | 0.46      | 0.58      | 0.55      | 0.48      | 0.58      |
| Diluted (\$/share)                  | <b>0.63</b>      | 0.45      | 0.51      | 0.45      | 0.56      | 0.54      | 0.47      | 0.58      |
| Net income (loss)                   | <b>(26,318)</b>  | 101,601   | 41,805    | (62,982)  | 131,456   | (111,156) | 51,273    | 219,050   |
| Basic (\$/share)                    | <b>(0.13)</b>    | 0.50      | 0.25      | (0.42)    | 0.94      | (0.80)    | 0.37      | 2.52      |
| Diluted (\$/share)                  | <b>(0.13)</b>    | 0.49      | 0.24      | (0.42)    | 0.92      | (0.80)    | 0.36      | 2.51      |
| Acquisitions                        | <b>26,011</b>    | (4,749)   | 543,145   | -         | -         | -         | 1,439     | 465,223   |
| Dispositions                        | <b>576</b>       | -         | (25,708)  | -         | -         | -         | -         | -         |
| Capital expenditures <sup>(1)</sup> | <b>105,420</b>   | 84,381    | 22,549    | 33,966    | 57,175    | 35,271    | 13,845    | 24,283    |
| Total assets                        | <b>2,161,578</b> | 2,155,632 | 2,024,432 | 1,326,721 | 1,335,216 | 1,376,271 | 1,332,816 | 1,397,679 |
| Common shares outstanding (000s)    | <b>199,555</b>   | 203,103   | 204,041   | 161,206   | 139,313   | 139,313   | 138,634   | 138,634   |
| <b>Operational:</b>                 |                  |           |           |           |           |           |           |           |
| Average daily production            |                  |           |           |           |           |           |           |           |
| Crude oil (bbls/d)                  | <b>30,449</b>    | 28,994    | 21,010    | 18,981    | 19,407    | 19,132    | 19,425    | 14,680    |
| NGLs (bbls/d)                       | <b>3,381</b>     | 3,407     | 2,673     | 2,344     | 2,533     | 2,287     | 2,137     | 992       |
| Natural gas (mcf/d)                 | <b>43,328</b>    | 39,885    | 38,664    | 30,416    | 29,704    | 29,077    | 26,553    | 12,666    |
| Total (boe/d)                       | <b>41,051</b>    | 39,049    | 30,127    | 26,394    | 26,891    | 26,265    | 25,988    | 17,783    |

(1) See Non-GAAP and Other Financial Measures

In the fourth quarter of 2024, the Company closed the Brazeau Acquisition for \$20.5 million. The Company achieved record adjusted funds flow of \$129.2 million driven by record quarterly production of 41,051 boe/d and an operating netback, net of derivatives of \$40.41 per boe. The Company invested a record \$105.4 million in capital expenditures, drilling 33 wells (26.2 net). The Company repurchased 3,385,052 Common Shares for cancellation under its NCIB at a weighted average price of \$2.21 per share for a total cost of \$7.5 million. The Company made principal repayments of \$23.4 million (US\$16.3 million) on the Senior Notes, reducing net debt to \$860.2 million. Changes in quarterly sales, pricing, production, net income, cash flow from operations, adjusted funds flow and capital expenditures are all discussed in the previous sections of this MD&A.

In the third quarter of 2024, the Company achieved adjusted funds flow of \$94.1 million driven by quarterly production of 39,049 boe/d in the first full quarter following the South Saskatchewan Acquisition. The Company invested \$84.4 million in capital expenditures, drilling 48 wells (41.2 net). The Company received TSX approval for the commencement of the NCIB and repurchased 1,095,236 Common Shares for cancellation at a weighted average price of \$2.50 per share for a total cost of \$2.7 million. The Company's initial principal repayment of US\$16.3 million was made on the Senior Notes, reducing net debt to \$779.0 million.

In the second quarter of 2024, the Company closed the Adonai Acquisition for \$8.3 million, closed the South Saskatchewan Acquisition for cash consideration of \$534.8 million and closed the non-core Deer Mountain Disposition for net cash proceeds of \$25.7 million. Concurrent with the acquisitions, the Company completed a refinancing issuing US\$650 in Senior Notes, closed a \$100.0 million equity financing and extinguished its Senior Term Loan. The Company realized adjusted funds flow of \$88.6 million and invested \$22.5 million in capital expenditures. The Company generated quarterly petroleum and natural gas sales of \$208.9 million, driven primarily by record average production of 30,127 boe/d.

In the first quarter of 2024, the Company achieved adjusted funds flow of \$68.2 million driven by strong production of 26,394 boe/d and an operating netback, net of derivatives of \$38.18 per boe. The Company invested \$34.0 million in capital expenditures, drilling 9 wells (8.3 net). Principal repayments on the Senior Term Loan of \$76.1 million were made resulting in net debt of \$386.4 million. The Company enhanced liquidity with the completion of a bought-deal equity financing, issuing 22,223,000 Common Shares for gross proceeds of \$50.0 million.

In the fourth quarter of 2023, the Company achieved record adjusted funds flow of \$80.2 million driven by record production of 26,891 boe/d and an operating netback, net of derivatives of \$42.17 per boe. The Company invested \$57.2 million in capital expenditures, drilling 19 wells (16.9 net). Principal repayments on the Senior Term Loan of \$50.7 million were made resulting in net debt of \$460.5 million.

In the third quarter of 2023, the Company achieved adjusted funds flow of \$76.5 million driven by production of 26,265 boe/d and an operating netback, net of derivatives of \$43.74 per boe. The Company invested \$35.3 million in capital expenditures, drilling 20 wells (15.7 net). Principal repayments on the Senior Term Loan of \$50.7 million were made resulting in net debt of \$473.8 million.

In the second quarter of 2023, despite the Alberta wildfires impacting operations, the Company achieved adjusted funds flow of \$67.0 million driven by production of 25,988 boe/d and an operating netback, net of derivatives of \$41.87 per boe. The Company made \$50.7 million in principal repayments on the Senior Term Loan and invested \$13.8 million in capital expenditures resulting in an ending net debt balance of \$510.2 million.

In the first quarter of 2023, the Company completed the Ridgeback Acquisition. The Company realized adjusted funds flow of \$54.5 million, made \$12.3 million in principal repayments on the Senior Term Loan and invested \$24.3 million in capital expenditures resulting in net debt of \$556.6 million. The Company generated quarterly petroleum and natural gas sales of \$131.4 million, driven primarily by record production of 17,783 boe/d.

## **STANDARDS ISSUED BUT NOT YET EFFECTIVE**

In April 2024, the International Accounting Standards Board ("IASB") issued IFRS 18 *Presentation and Disclosure in Financial Statements* which replaces IAS 1 *Presentation of Financial Statements* effective for annual reporting periods beginning on or after January 1, 2027 and is required to be adopted retrospectively with early adoption permitted. The standard introduces a defined structure to the Statement of Net Income and Comprehensive Income with related specific disclosure requirements. The Company is assessing the impact of IFRS 18 on its consolidated financial statements.

In June 2023, the International Sustainability Standards Board ("ISSB") issued IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* which are effective for annual reporting periods beginning on or after January 1, 2024. These standards provide for transition relief in IFRS S1 that allow reporting entity to report on only climate-related risks and opportunities in the first year of reporting under the sustainability standards.

The Canadian Securities Administrators ("CSA") are responsible for determining the reporting requirements for public companies in Canada and are responsible for decisions related to the adoption of the sustainability disclosure standard, including the effective annual reporting dates. The CSA issued proposed National Instrument NI-51-107 – *Disclosure of Climate-related Matters in October 2021*. The CSA intends to consider the ISSB standards in addition to development in United States reporting requirements in its decision relating to development of climate-related disclosure requirements for Canadian reporting issuers. The CSA will involve the Canadian Sustainability Standards Board ("CSSB") for a combined review of the suitability of the adopting the ISSB standards in Canada. There is no requirement for public companies in Canada to adopt the ISSB standards until the CSA and CSSB have issued a decision on reporting requirements in Canada. While Saturn is actively reviewing the ISSB standards it has not yet determined the impact on future financial statements, nor has the Company quantified the costs to comply with such standards.

## **DISCLOSURE CONTROLS AND PROCEDURES**

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), together with management, evaluated the design and operating effectiveness of Saturn's disclosure controls and procedures as at the financial year ended December 31, 2024. Based on that evaluation, the CEO and the CFO concluded that the design and operation of these disclosure controls and procedures were effective as at December 31, 2024 to provide reasonable assurance that material information relating to Saturn would be made known to them by others, and that information required to be disclosed by Saturn in its annual

and interim filings and other reports submitted under securities legislation was recorded, processed, summarized and reported within the periods specified in securities legislation.

## **INTERNAL CONTROLS OVER FINANCIAL REPORTING (“ICFR”)**

ICFR is a set of processes designed to provide reasonable assurance that all assets are safeguarded, transactions are appropriately authorized, and facilitate the preparation of relevant, reliable, and timely information. Because of its inherent limitations, ICFR may not prevent or detect misstatements. Management has designed and assessed the effectiveness of Saturn’s ICFR as defined in Canada by National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings* (“NI 52-109”). The assessment was based on the framework in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. NI 52-109 requires that Saturn disclose in its MD&A any material weaknesses relating to design existing at the end of the period in Saturn’s ICFR and/or any changes in Saturn’s ICFR that occurred during the period that have materially affected, or are reasonably likely to materially affect, Saturn’s ICFR. Management confirms there were no changes in Saturn’s ICFR during the year ended December 31, 2024 that materially affected, or are reasonably likely to materially affect, the Company’s ICFR.

## **USE OF ESTIMATES**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheets date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made relate to, but are not limited to, the following:

- The recoverability of accounts receivable, which is included in the consolidated balance sheets;
- The determination of the fair value of stock options, RSUs, PSUs, or warrants using stock pricing models requires the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate; therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company’s outstanding stock based compensation;
- Fair values of petroleum and natural gas properties, depletion and depreciation expense and amounts used in impairment calculations are based on estimates of proved and probable oil and gas reserves are based upon a number of significant assumptions, such as forecasted production volumes, forecasted oil and gas commodity prices, forecasted operating costs, forecasted royalty costs and forecasted future development costs. By their nature, estimates of proved and probable oil and gas reserves and the related future cash flows are subject to measurement uncertainty, and the impact of differences between actual and estimated amounts on the consolidated financial statements of future periods could be material;
- Amounts recorded for asset retirement obligation liabilities including estimates around timing and amount of expenditures required to settle liabilities and the credit-adjusted risk free discount rate used;
- Financial derivative commodity and foreign exchange contracts are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include Black-Scholes valuation model and forward pricing and swap models. The models incorporate various inputs including the credit quality of counterparties, forecast benchmark commodity prices, and foreign exchange; and
- The determination of the estimated acquisition-date fair value of oil and gas properties involves significant estimates, including proved and probable oil and gas reserves and discount rates. The estimate of proved and probable reserves includes significant assumptions related to forecasted oil and gas commodity prices, forecasted production volumes, forecasted operating costs, forecasted royalty costs and forecasted future development costs. Changes in the assumptions or estimates used in determining the estimated acquisition date fair value of the acquired assets and liabilities could impact the allocation of the purchase price between assets and liabilities recorded on the balance sheets and revenue and expenses recorded on the statement of comprehensive income (loss).

- The determination of income tax liabilities includes estimates around future utilization of tax pools. All tax filings are subject to audit and potential reassessment after the lapse of considerable time.

## NON-GAAP AND OTHER FINANCIAL MEASURES

Throughout this MD&A and in other materials disclosed by the Company, Saturn employs certain measures to analyze financial performance, financial position, and cash flow. These non-GAAP and other financial measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other entities. The non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as net income (loss), cash flow from operating activities, and cash flow used in investing activities, as indicators of Saturn's performance.

### Non-GAAP Financial Measures and Ratios

NI 52-112 defines a non-GAAP financial measure as a financial measure that: (i) depicts the historical or expected future financial performance, financial position or cash flow of an entity, (ii) with respect to its composition, excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in the primary financial statements of the entity, (iii) is not disclosed in the financial statements of the entity, and (iv) not a ratio, fraction, percentage or similar representation. NI 52-112 defines a non-GAAP ratio as a financial ratio that: (i) is in the form of a ratio, fraction, percentage or similar representation, (ii) has a non-GAAP financial measure as one or more of its components, and (iii) is not disclosed in the financial statements of the entity. The Company has presented the following non-GAAP financial measures and ratios within this MD&A.

### Capital Expenditures

Saturn uses capital expenditures to monitor its capital investments relative to those budgeted by the Company on an annual basis. Saturn's capital budget excludes acquisition and disposition activities as well as the accounting impact of any accrual changes or payments under certain lease arrangements. The most directly comparable GAAP measure for capital expenditures is cash flow used in investing activities. The following table reconciles capital expenditures and capital expenditures, net A&D to the nearest GAAP measure, cash flow used in investing activities.

| (\$000s)                               | Three months ended |                    |                   | Year ended        |                   |
|--|--------------------|--------------------|-------------------|-------------------|-------------------|
|  | December 31, 2024  | September 30, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| Cash flow used in investing activities | 114,533            | 32,951             | 38,725            | 749,533           | 576,405           |
| Change in non-cash working capital     | 17,474             | 46,681             | 18,450            | 36,058            | 20,830            |
| Capital expenditures, net A&D          | 132,007            | 79,632             | 57,175            | 785,591           | 597,235           |
| Acquisitions, net of cash acquired     | (26,011)           | 4,749              | -                 | (564,407)         | (466,662)         |
| Proceeds from disposition              | (576)              | -                  | -                 | 25,132            | -                 |
| Capital expenditures                   | 105,420            | 84,381             | 57,175            | 246,316           | 130,573           |

### F&D and FD&A Expenditures

Saturn uses finding and development ("F&D") and finding, development, and acquisition ("FD&A") expenditures as a basis to monitor its capital efficiency. The Company's F&D expenditures are calculated by removing certain capitalized overhead costs from capital expenditures. The Company's FD&A expenditures are calculated by adding A&D to FD&A expenditures. Both measures calculate the capital cost outlay associated with the Company's exploration and development activities for the purposes of finding, developing and, when desired, acquiring its reserves.

### Free Funds Flow

Saturn uses free funds flow as an indicator of the efficiency and liquidity of its business, measuring its funds after capital investment available to manage debt levels, pursue acquisitions and gauge optionality to pay dividends and/or and return capital to shareholders through activities such as share repurchases. Saturn calculates free funds flow as adjusted funds

flow in the period less capital expenditures. By removing the impact of current period capital expenditures from adjusted funds flow, management monitors its free funds flow to inform its capital allocation decisions. The following table reconciles adjusted funds flow to free funds flow.

| (\$000s)             | Three months ended |                    |                   | Year ended        |                   |
|----------------------|--------------------|--------------------|-------------------|-------------------|-------------------|
|                      | December 31, 2024  | September 30, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| Adjusted funds flow  | 129,205            | 94,065             | 80,247            | 380,091           | 278,138           |
| Capital expenditures | (105,420)          | (84,381)           | (57,175)          | (246,316)         | (130,573)         |
| Free funds flow      | 23,785             | 9,684              | 23,072            | 133,775           | 147,565           |

### Gross Petroleum and Natural Gas Sales

Gross petroleum and natural gas sales is calculated by adding oil, natural gas and NGLs revenue, before deducting certain gas processing expenses in arriving at petroleum and natural gas revenue as required under IFRS 15. These processing expenses associated with the processing of natural gas and NGLs revenue are a result of the Company transferring custody of the product at the terminal inlet, and therefore receiving net prices. This metric is used by management to quantify and analyze the realized price received before required processing deductions, against benchmark prices. The calculation of the Company's gross petroleum and natural gas sales is shown within the petroleum and natural gas sales section within this MD&A.

### Net Operating Expenses

Net operating expense is calculated by deducting processing income primarily generated by processing third party production at processing facilities where the Company has an ownership interest, from operating expenses presented on the Statement of income (loss). Where the Company has excess capacity at one of its facilities, it will process third-party volumes to reduce the cost of ownership in the facility. The Company's primary business activities are not that of a midstream entity whose activities are focused on earning processing and other infrastructure-based revenues, and as such third-party processing revenue is netted against operating expenses in the MD&A. This metric is used by management to evaluate the Company's net operating expenses on a unit of production basis. Net operating expense per boe is a non-GAAP financial ratio and is calculated as net operating expense divided by total barrels of oil equivalent produced over a specific period of time. The calculation of the Company's net operating expenses is shown within the net operating expenses section within this MD&A.

### Operating Netback and Operating Netback, Net of Derivatives

The Company's operating netback is determined by deducting royalties, net operating expenses and transportation expenses from petroleum and natural gas sales. The Company's operating netback, net of derivatives is calculated by adding or deducting realized financial derivative commodity contract gains or losses from the operating netback. Derivative contract termination payments are excluded from realized financial derivative commodity contract gains or losses for the purposes of calculating the operating netback. The Company's operating netback and operating netback, net of derivatives are used in operational and capital allocation decisions. Presenting operating netback and operating netback, net of derivatives on a per boe basis is a non-GAAP financial ratio and allows management to better analyze performance against prior periods on a per unit of production basis. The calculation of the Company's operating netbacks and operating netback, net of derivatives are summarized as follows.

| (\$000s)  | Three months ended |                    |                   | December 31, 2024 | Year ended December 31, 2023 |
|---|--------------------|--------------------|-------------------|-------------------|------------------------------|
|   | December 31, 2024  | September 30, 2024 | December 31, 2023 |                   |                              |
| Petroleum and natural gas sales                       | 268,845            | 262,379            | 185,384           | 908,296           | 693,891                      |
| Royalties   | (32,881)           | (34,008)           | (24,124)          | (114,080)         | (80,565)                     |
| Net operating expenses                                | (69,307)           | (71,333)           | (44,945)          | (237,895)         | (180,074)                    |
| Transportation expenses                               | (4,056)            | (6,124)            | (3,094)           | (17,370)          | (11,314)                     |
| Operating netback                                     | 162,601            | 150,914            | 113,221           | 538,951           | 421,938                      |
| Realized loss on financial derivatives <sup>(1)</sup> | (9,985)            | (32,364)           | (8,893)           | (66,715)          | (39,048)                     |
| Operating netback, net of derivatives                 | 152,616            | 118,550            | 104,328           | 472,236           | 382,890                      |
| (\$ per boe amounts)                                  |                    |                    |                   |                   |                              |
| Petroleum and natural gas sales                       | 71.18              | 73.04              | 74.93             | 72.59             | 78.35                        |
| Royalties   | (8.71)             | (9.47)             | (9.75)            | (9.12)            | (9.10)                       |
| Net operating expenses                                | (18.35)            | (19.86)            | (18.17)           | (19.01)           | (20.33)                      |
| Transportation expenses                               | (1.07)             | (1.70)             | (1.25)            | (1.39)            | (1.28)                       |
| Operating netback                                     | 43.05              | 42.01              | 45.76             | 43.07             | 47.64                        |
| Realized loss on financial derivatives                | (2.64)             | (9.01)             | (3.59)            | (5.33)            | (4.41)                       |
| Operating netback, net of derivatives                 | 40.41              | 33.00              | 42.17             | 37.74             | 43.23                        |

(1) Includes early termination payments on certain WTI oil derivative contracts for the three months and year ended December 31, 2024 of \$0.4 million and \$20.4 million respectively.

### Enterprise value

The Company's enterprise value is calculated as total market capitalization plus net debt. Enterprise value is used to assess the valuation of the Company. Refer to the *Liquidity and Capital Resources* section in this MD&A for further information.

### Capital Management Measures

NI 52-112 defines a capital management measure as a financial measure that: (i) is intended to enable an individual to evaluate an entity's objectives, policies and processes for managing the entity's capital; (ii) is not a component of a line item disclosed in the primary financial statements of the entity; (iii) is disclosed in the notes to the financial statements of the entity; and (iv) is not disclosed in the primary financial statements of the entity. Please refer to note 16 "Capital Management" in Saturn's financial statements for additional disclosure on: adjusted working capital, net debt, adjusted EBITDA, adjusted funds flow, free funds flow, annualized quarterly adjusted funds flow and net debt to annualized quarterly adjusted funds flow each of which are capital management measures used by the Company in this MD&A.

### Supplementary Financial Measures

NI 52-112 defines a supplementary financial measure as a financial measure that: (i) is, or is intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of an entity; (ii) is not disclosed in the financial statements of the entity; (iii) is not a non-GAAP financial measure; and (iv) is not a non-GAAP ratio. The supplementary financial measures used in this MD&A are either a per unit disclosure of a corresponding GAAP measure, or a component of a corresponding GAAP measure, presented in the financial statements. Supplementary financial measures that are disclosed on a per unit basis are calculated by dividing the aggregate GAAP measure (or component thereof) by the applicable unit for the period. Supplementary financial measures that are disclosed on a component basis of a corresponding GAAP measure are a granular representation of a financial statement line item and are determined in accordance with GAAP.

## Product Type Information

The Company's aggregate average production for the years ended December 31, 2024, 2023, and 2022, and the references to "crude oil", "NGLs", and "natural gas" reported in this MD&A consist of the following product types, as defined in NI 51-101 and using a conversion ratio of 1 Bbl : 6 Mcf where applicable:

|                                   | 2024   | 2023   | 2022  |
|-----------------------------------|--------|--------|-------|
| Average daily production          |        |        |       |
| Light & medium crude oil (bbls/d) | 22,877 | 18,177 | 8,841 |
| Heavy crude oil (bbls/d)          | 2,008  | -      | -     |
| NGLs (bbls/d)                     | 2,954  | 1,992  | 353   |
| Natural gas (mcf/d)               | 38,093 | 24,559 | 2,392 |
| Total (boe/d)                     | 34,188 | 24,262 | 9,593 |

The Company's aggregate average production for the past eight quarters and the references to "crude oil", "NGLs", and "natural gas" reported in this MD&A consist of the following product types, as defined in NI 51-101 and using a conversion ratio of 1 Bbl : 6 Mcf where applicable:

|                                   | 2024   |        |        |        | 2023   |        |        |        |
|-----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                                   | Q4     | Q3     | Q2     | Q1     | Q4     | Q3     | Q2     | Q1     |
| Average daily production          |        |        |        |        |        |        |        |        |
| Light & medium crude oil (bbls/d) | 27,330 | 24,992 | 18,346 | 18,981 | 19,407 | 19,132 | 19,425 | 14,680 |
| Heavy crude oil (bbls/d)          | 3,119  | 4,002  | 2,664  | -      | -      | -      | -      | -      |
| NGLs (bbls/d)                     | 3,381  | 3,407  | 2,673  | 2,344  | 2,533  | 2,287  | 2,137  | 992    |
| Natural gas (mcf/d)               | 43,328 | 39,885 | 38,664 | 30,416 | 29,704 | 29,077 | 26,553 | 12,666 |
| Total (boe/d)                     | 41,051 | 39,049 | 30,127 | 26,394 | 26,891 | 26,265 | 25,988 | 17,783 |

## BOE PRESENTATION

Boe means barrel of oil equivalent. All boe conversions in this MD&A are derived by converting gas to oil at the ratio of six thousand cubic feet ("Mcf") of natural gas to one barrel ("Bbl") of oil. Boe may be misleading, particularly if used in isolation. A Boe conversion rate of 1 Bbl : 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio of oil compared to natural gas based on currently prevailing prices is significantly different than the energy equivalency ratio of 1 Bbl : 6 Mcf, utilizing a conversion ratio of 1 Bbl : 6 Mcf may be misleading as an indication of value.

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary in the determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements.

**DIRECTORS AND EXECUTIVE OFFICERS**

As of the date of this report the Company had the following directors and executive officers:

|                  |                                      |
|------------------|--------------------------------------|
| John Jeffrey     | Chief Executive Officer and Director |
| Scott Sanborn    | Chief Financial Officer              |
| Justin Kaufmann  | Chief Development Officer            |
| Grant MacKenzie  | Chief Legal Officer and Director     |
| Andrew Claugus   | Director                             |
| Thomas Gutschlag | Director                             |
| Ivan Bergerman   | Director                             |
| Jim Payne        | Director                             |
| Christopher Ryan | Director                             |
| S. Janet Yang    | Director                             |

## ADVISORIES AND FORWARD-LOOKING INFORMATION

Certain information in this MD&A, including all statements that are not historical facts, constitutes forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking information may include, but is not limited to, information which reflect management's expectations regarding the Company's future growth, the effects of the Company's acquisitions and dispositions on the Company's strategy, land holdings and profitability, including the South Saskatchewan, Adonai and Brazeau Acquisitions and Deer Mountain Disposition, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial), the impact of hedging on the Company's operations and business prospects (including the timing and development of new reserves and the success of exploration activities) and opportunities. Often, this information includes words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

In making and providing the forward-looking information included in this MD&A the Company's assumptions may include among other things: (i) that there are no material delays in the optimization of operations at the properties; (ii) assumptions about operating costs and expenditures; (iii) assumptions about future production recovery and cash flows; (iv) that there is no unanticipated fluctuation in foreign exchange rates; (v) the realization of anticipated benefits of acquisitions, and (vi) that there is no material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the following: (i) the risk that additional financing will not be obtained as and when required; (ii) material increases in operating costs; (iii) adverse fluctuations in foreign exchange rates; (iv) commodity price fluctuations; and (v) environmental risks and changes in environmental legislation.

This MD&A (See "*Risks and Uncertainties*") contains information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.