



SATURN
OIL + GAS INC.

ANNUAL INFORMATION FORM

For the Year Ended December 31, 2024



DATED MARCH 13, 2025

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SCHEDULES

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ABBREVIATIONS

OIL AND NATURAL GAS LIQUIDS

Bbl or bbl	barrel
Bbls or bbls	barrels
Mbbls	thousand barrels
Mmbbl	million barrels
MSTB or mstb	thousand stock tank barrels
Bbl/d or bbl/d	barrels per day
STB/d	stock barrels of oil per day
NGLs	natural gas liquids

NATURAL GAS

Mcf or mcf	thousand cubic feet
Mmcf	million cubic feet
Mcf/d or mcf/d	thousand cubic feet per day
MMcf/d	million cubic feet per day
Mbtu/d	thousand British Thermal Units per day
MMBTU or mmbtu	million British Thermal Units
Bcf or bcf	billion standard cubic feet
GJ	gigajoule

OTHER

BOE or boe	barrel of oil equivalent of natural gas and crude oil on the basis of 1 Bbl of crude oil for 6 Mcf of natural gas. Disclosure provided herein in respect of boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 Bbl 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 the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6 Mcf:1 Bbl, utilizing a conversion ratio at 6 Mcf:1 Bbl may be misleading as an indication of value.
BOE/d, boe/d or boepd	barrel of oil equivalent per day.
m³	cubic metres

In this annual information form (the “**Annual Information Form**”), references to “dollars” and “\$” are to the currency of Canada, unless otherwise indicated and M or M\$ means thousands of dollars.

FORWARD-LOOKING STATEMENTS

Certain information contained in this Annual Information Form constitutes forward-looking statements and forward-looking information within the meaning of applicable securities legislation. The use of any of the words “expect”, “anticipate”, “continue”, “estimate”, “may”, “will”, “should”, “believe”, “intend”, “forecast”, “plans”, “guidance” and similar expressions is intended to identify forward-looking statements or information.

More particularly and without limitation, this Annual Information Form and the documents incorporated by reference herein contain forward-looking statements and information relating to the following:

- business objectives and strategies;
- the performance characteristics of the Corporation's oil and natural gas properties, including the assets acquired through acquisitions;
- oil and natural gas production levels;
- projections of market prices and costs;
- supply and demand for oil and natural gas;
- expectations regarding the ability to raise capital and to complete acquisitions, exploration and development activities;
- expectations regarding commodity prices;
- future development and drilling plans;
- future funds from operations;



- capital programs;
- debt levels;
- future royalty rates;
- future depletion, depreciation and accretion rates;
- treatment under, and changes to, governmental regulatory regimes and tax laws;
- our business plans and strategy;
- the completion timelines, results and benefits of infrastructure projects in Canada;
- the ability of Canadian oil and natural gas producers to benefit from trade agreements;
- abandonment and reclamation initiatives; and
- capital expenditure programs and the timing and method of financing thereof.

Statements relating to “reserves” and “resources” are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

Forward-looking statements are subject to risks, uncertainties and assumptions, including those discussed below and elsewhere in this Annual Information Form. Although we believe that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Some of the risks which could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include the following:

- volatility in the oil and natural gas industry;
- commodity prices, markets and marketing;
- adverse economic conditions, regulatory rulings, orders and decisions;
- alternatives to, and changing demand for and sentiment surrounding oil petroleum products;
- exploration, development and production risks;
- operational risks and liabilities inherent in oil and natural gas operations;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- our ability to market our oil and natural gas;
- geological, technical, drilling and processing problems;
- fluctuation in foreign exchange or interest rates;
- government and regulatory volatility and uncertainty;
- stock market volatility;
- environmental and climate change risks;
- inflation and high interest rates;
- the inability to access sufficient capital from internal and external sources or on acceptable terms;
- changes in general economic, market and business conditions;
- uncertainties and changes in royalty regimes;
- the accuracy of oil and gas reserves estimates and estimated production levels as they are affected by exploration and development drilling and estimated decline rates;
- incorrect assessments and uncertainties of the value of acquisitions and our exploration and development program;
- Saturn's business and acquisition strategy generally, the criteria to be considered in connection therewith and the benefits to be derived therefrom;
- political or economic developments, including, without limitation, the risk that (i) the Canadian and/or U.S. governments increase the rate or scope of announced tariffs, impose new tariffs or retaliatory tariffs on the import of goods from one country to the other, including oil and natural gas; (ii) the U.S. and/or Canada imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other, including oil and natural gas; and (iii) the tariffs imposed by the U.S. and/or Canada on other countries and responses thereto could have a material adverse effect on the Canadian, U.S., and global economies, and by extension the Canadian oil and natural gas industry and the Corporation;
- availability and costs of insurance;
- ability to obtain regulatory and other third party consents and approvals, when required;
- the occurrence of unexpected events;



- the results of litigation or regulatory proceedings that may be brought against us;
- changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry;
- expected effect of regulatory regimes and controls;
- information technology and cyber-security issues;
- impacts of pandemics, natural disasters or civil unrest; and
- the other factors discussed under “Risk Factors”.

The forward-looking statements and information contained in this Annual Information Form and the documents incorporated by reference herein are based on certain key expectations and assumptions made by the Corporation, including expectations and assumptions relating to (i) prevailing commodity prices and exchange rates; (ii) applicable royalty rates and tax laws; (iii) future well production rates; (iv) the performance of existing wells; (v) the success of drilling new wells; (vi) the availability of capital to undertake planned activities; (vii) the availability and cost of labour and services; and (viii) the U.S. tariffs and the Canadian retaliatory tariffs that came into effect on March 4, 2025 and the threat of additional or future tariffs, the potential impact of such tariffs, and that other than the tariffs that have been implemented, neither the U.S. nor Canada increases the rate or scope of such tariffs or imposes new tariffs on the import of goods from one country to the other, including oil and natural gas, and/or imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other, including oil and natural gas.

Although the Corporation believes that the expectations reflected in the forward-looking statements and information in this Annual Information Form and the documents incorporated by reference herein are reasonable, we can give no assurance that such expectations will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated due to the foregoing list of factors and risks. Readers are cautioned that the foregoing list of factors and risks is not exhaustive.

The forward-looking statements and information contained in this Annual Information Form and the documents incorporated by reference herein are made as of the date hereof, and unless so required by applicable law, the Corporation undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise. The forward-looking statements and information contained in this Annual Information Form and the documents incorporated by reference herein are expressly qualified by this cautionary statement.

NON-GAAP FINANCIAL MEASURES AND RATIOS

This Annual Information Form includes non-GAAP and other financial measures. See “Non-GAAP and Other Financial Measures” in management's discussion and analysis for the year ended December 31, 2024 for additional detail regarding such measures, which section is incorporated by reference in this Annual Information Form.

INCORPORATION AND ORGANIZATION

Saturn Oil & Gas Inc. (the “**Corporation**”, “**Saturn**”, “**we**”, “**us**” or “**our**”) was incorporated under the laws of British Columbia on August 16, 2001 as “Saturn Ventures Inc.”. On May 28, 2003 and December 8, 2016, respectively, the Corporation amended its articles to change Saturn’s name to “Saturn Minerals Inc.” and subsequently to “Saturn Oil & Gas Inc.”. The Corporation was continued into the province of Saskatchewan on December 17, 2018. In connection with the Ridgeback Acquisition (as defined below) on February 28, 2023, Ridgeback was amalgamated with a wholly-owned subsidiary of the Corporation, which was continued into Saskatchewan and was subsequently vertically amalgamated with the Corporation on March 7, 2023. On January 1, 2025, the Corporation completed a vertical short-form amalgamation with our wholly-owned subsidiary, Saturn Holdings SK Ltd., and continued out of the province of Saskatchewan and into the province of Alberta under the *Business Corporations Act* (Alberta) (“**ABCA**”) on January 3, 2025. See “*Business of the Corporation – THREE YEAR HISTORY*”.



Saturn's corporate headquarters is located at Suite 2800, 525 – 8th Avenue SW, Calgary, Alberta, T2P 1G1, and our registered office is located at Suite 1500, 855 – 2nd St. SW., Calgary, Alberta, T2P 0R8.

The issued and outstanding common shares in the capital of the Corporation (the “**Common Shares**”) are listed and posted for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol “SOIL”, on the OTCQX Best Market (“**OTCQX**”) under the symbol “OILSF”, and on the Frankfurt Stock Exchange (the “**FSE**”) under the symbol “SMKA”.

The Corporation does not have any material subsidiaries.

BUSINESS OF THE CORPORATION

GENERAL

Saturn is a Canadian energy company with a proven blueprint for unlocking value by acquiring high-quality assets at attractive valuations and integrating them seamlessly into our portfolio. We focus on the efficient and innovative development of Saturn's diversified, light oil weighted asset base, supported by an acquisition strategy targeting accretive and complementary opportunities. The Corporation's operated assets are free-cash flowing, have a low-decline and are centralized within three core operating areas: (i) Southeast Saskatchewan, (ii) West-Central Saskatchewan, and (iii) Central Alberta. With a deep inventory of long-term economic drilling opportunities across multiple zones, we intend to continue capitalizing on our innovative production optimization and strategic deleveraging capabilities, in order to increase per share reserves, production and cash flow.

THREE YEAR HISTORY

2022

On February 1, 2022, the board of directors (the “**Board**”) approved the adoption of a RSU/DSU Plan (as defined below). The implementation of the RSU/DSU Plan was intended to provide a vehicle by which equity-based incentives may be awarded to the directors, employees, consultants and other persons or companies engaged to provide ongoing services to the Corporation. Pursuant to the RSU/DSU Plan, the Board could grant RSUs (as defined below) and DSUs (as defined below) as incentive payments to eligible persons. The RSU/DSU Plan was approved by disinterested shareholders on September 15, 2022. See “*Description of Capital Structure – LONG TERM INCENTIVE PLAN*” for additional information regarding the RSU/DSU Plan.

On February 3, 2022, the Corporation granted a total of 63,000 RSUs to certain directors of the Corporation (the “**2022 RSU Grant**”). 9,000 RSUs were subsequently forfeited in relation a Board resignation. The remaining 54,000 RSUs granted pursuant to the 2022 RSU Grant were approved by disinterested shareholders on September 15, 2022. An additional 9,000 RSUs were subsequently forfeited (as further described below).

On February 17, 2022, the Corporation announced the repayment of our then outstanding second secured loan note in the amount of approximately \$32.1 million in connection with entering into an amended and restated term loan agreement (the “**A&R Term Loan Agreement**”) with our senior secured lender to Saturn's senior secured credit facility (the “**Senior Secured Term Loan**”) by expanding the principal amount thereunder by approximately \$38 million to a total of approximately \$103.2 million. The Corporation also used a portion of the balance of the expanded principal amount to fund the Plato Acquisition (as defined below) and used the remaining balance in part to fund our capital expenditure programs. See “*Business of the Corporation – 2023*” for additional information concerning the A&R Term Loan Agreement.

On February 28, 2022, the Corporation closed the acquisition of high netback, light oil-weighted assets situated in the Plato area of West-Central Saskatchewan with an effective date of January 1, 2022 (the “**Plato Acquisition**”). Total cash consideration for the Plato Acquisition was \$7.9 million, after closing adjustments.



On March 10, 2022, Saturn completed: (i) a bought-deal short form prospectus financing (the “**March 2022 Bought-Deal Financing**”) of 6,141,000 Units at a price of \$3.00 per Unit for aggregate gross proceeds of \$18,423,000; and (ii) a non-brokered private placement (the “**March 2022 Non-Brokered Financing**”) of 730,000 Units at a price of \$3.00 per Unit for aggregate gross proceeds to the Corporation of \$2,190,000. Each Unit consisted of one Common Share and one common share purchase warrant (the “**March 2022 Warrants**”) with each full March 2022 Warrant entitling the holder thereof to acquire one Common Share at a price of \$4.00 for a period of 36 months. The March 2022 Warrants are governed by the terms and conditions of a warrant indenture, dated March 10, 2022 (the “**March 2022 Warrant Indenture**”). The Corporation directed the proceeds of the March 2022 Bought-Deal Financing and March 2022 Non-Brokered Financing towards the Plato Acquisition as well capital expenditures and general corporate purposes. See “*Description of Capital Structure – March 2022 Warrants*” for additional information concerning the March 2022 Warrants.

In connection with the March 2022 Bought-Deal Financing, the Corporation entered into an underwriting agreement with a syndicate of underwriters dated February 24, 2022, whereby the underwriters were issued broker warrants (“**March 2022 Broker Warrants**”) equal to 6.5% of the number of Units sold in the March 2022 Bought-Deal Financing (for a total of 399,165 March 2022 Broker Warrants) expiring March 10, 2024. Each March 2022 Broker Warrant entitled the holder thereof to acquire one compensation unit at \$3.00 per unit with each compensation unit entitling the holder thereof to acquire one Common Share and one March 2022 Warrant.

On March 18, 2022, the March 2022 Warrants commenced trading on the TSX Venture Exchange (“**TSXV**”) under the trading symbol “SOIL.WT.A”. The March 2022 Warrants expired on March 10, 2025.

On April 29, 2022, the Corporation announced the resignation of Mr. Glenn Hamilton from the Corporation's Board.

On June 8, 2022, the Corporation completed a bought-deal public offering (the “**June 2022 Bought-Deal Financing**”) of 21,181,860 subscription receipts (each a “**June 2022 Subscription Receipt**”) at a price of \$2.75 per June 2022 Subscription Receipt for aggregate gross proceeds of approximately \$75 million. Each June 2022 Subscription Receipt converted automatically into a unit (each a “**July 2022 Unit**”) upon the closing of the acquisition of certain oil and gas assets in the Viking area of West-Central Saskatchewan (the “**Viking Acquisition**”). Each July 2022 Unit consisted of one Common Share and one half of one common share purchase warrant (each whole warrant a “**July 2022 Warrant**”), with each whole July 2022 Warrant entitling the holder thereof to acquire one Common Share at a price of \$3.20 (subject to adjustment in certain events) until July 7, 2023.

Each June 2022 Subscription Receipt converted automatically into a July 2022 Unit upon closing of the Viking Acquisition, resulting in the issuance of an aggregate of 21,181,860 July 2022 Units to subscribers in the June 2022 Bought-Deal Financing.

On July 6, 2022, the Corporation closed the Viking Acquisition with an effective date of July 6, 2022. Total cash consideration for the Viking Acquisition was \$248 million, after closing adjustments and was funded from: (i) the Second A&R Term Loan Agreement (as defined below); (ii) the June 2022 Bought-Deal Financing; (iii) and July 2022 Non-Brokered Financing (as defined below). See “*SIGNIFICANT ACQUISITIONS*”.

On July 6, 2022, the Corporation entered into a second amended and restated senior secured loan agreement with our senior secured lender to the existing Senior Secured Term Loan, as further amended by the A&R Term Loan Agreement, by expanding the principal amount by approximately \$200 million to a total of approximately \$294.6 million (the “**Second A&R Term Loan Agreement**”). See “*Business of the Corporation – 2023*” and for additional information concerning the Second A&R Term Loan Agreement.

On July 6, 2022, the Corporation completed a non-brokered private placement (the “**July 2022 Non-Brokered Financing**”) of 145,537 July 2022 Units at a price of \$2.75 per July 2022 Unit for aggregate gross proceeds to the Corporation of \$400,326. The Corporation directed the proceeds of the Second A&R Term Loan Agreement, June 2022 Bought-Deal Financing, and July 2022 Non-Brokered Financing towards the Viking Acquisition as well as drilling and completions work, working capital, and general corporate purposes.



In connection with the June 2022 Bought-Deal Financing, the Corporation entered into an underwriting agreement with a syndicate of underwriters dated June 2, 2022, pursuant to which the underwriters were issued broker warrants ("**July 2022 Broker Warrants**") equal to 6.0% of the number of Units sold in the June 2022 Bought-Deal Financing (for a total of 1,619,962 July 2022 Broker Warrants). Each July 2022 Broker Warrant entitled the holder thereof to acquire one compensation unit at \$2.75 per compensation unit, with each compensation unit entitling the holder thereof to acquire one Common Share and one half of one July 2022 Warrant for a period of 12 months plus one day from their date of issuance.

On September 14, 2022, the Corporation entered into new executive employment agreements with John Jeffrey, President and Chief Executive Officer and Justin Kaufmann, Chief Development Officer. Messrs. Jeffrey and Kaufmann's legacy employment contracts, which were entered into when the Corporation was of a significantly smaller scale, provided, among other things, for a lump sum payment of 5% or 2% of the market capitalization of the Corporation on certain termination or change of control events. As the Corporation has grown, these payments were viewed by the Board as "off-market" and new employment agreements were negotiated. In consideration of foregoing these legacy contracts, the Corporation entered into new agreements with Messrs. Jeffrey and Kaufmann, providing for the issuance of performance warrants ("**Performance Warrants**"). Messrs. Jeffrey and Kaufmann received 5,000,000 and 2,000,000 Performance Warrants (respectively), exercisable for Common Shares with an exercise price of \$2.50 each and vesting as to 1/3 when the Corporation's share price equals \$4.00 per share, 1/3 at a price of \$6.00 per share and 1/3 at a price of \$8.00 per share with a 7-year term. The Performance Warrants were issued on January 20, 2023. The new contracts provide for a minimum payment on severance or change of control of \$5,000,000 or \$2,000,000, respectively, less the value of any "in-the-money" Performance Warrants, if applicable.

On September 19, 2022, the Corporation announced the election of two new directors, Mr. Grant MacKenzie and Mr. Thomas Gutschlag, to the Board at the annual general and special meeting of shareholders held on September 15, 2022. Mr. Calvin Payne did not seek re-election to the Board and ceased to be a director of the Corporation effective September 15, 2022. See "*Directors and Officers of the Corporation*".

On September 22, 2022, the Corporation began trading on the OTCQX under the symbol "OILSF".

2023

On January 31, 2023, the Corporation completed a bought-deal public offering (the "**January 2023 Bought-Deal Financing**") of 59,242,000 subscription receipts (each a "**January 2023 Subscription Receipt**") at a price of \$2.11 per January 2023 Subscription Receipt for aggregate gross proceeds of approximately \$125,000,620. Each January 2023 Subscription Receipt converted automatically into one Common Share upon the closing of the Ridgeback Acquisition (as defined below) ultimately resulting in the issuance of an aggregate of 59,242,000 Common Shares to subscribers in the January 2023 Bought-Deal Financing.

The January 2023 Subscription Receipts were issued pursuant to the terms of a subscription receipt agreement dated January 31, 2023.

On February 28, 2023, the Corporation closed the acquisition (the "**Ridgeback Acquisition**") of Ridgeback Resources Inc. ("**Ridgeback**"), a privately held oil and gas producer focused on light oil production in Saskatchewan and Alberta, for a transaction value of approximately \$516 million pursuant to a plan of arrangement (the "**Ridgeback Plan of Arrangement**") and an arrangement agreement dated January 20, 2023 (the "**Ridgeback Arrangement Agreement**"). Consideration for the Ridgeback Acquisition was comprised of \$475 million in cash, and the issuance of 19,406,167 Common Shares. The cash portion of the purchase price was funded from the net proceeds of the January 2023 Bought-Deal Financing and a \$375 million expansion to our senior secured loan agreement. The third amended and restated loan agreement was entered into on February 28, 2023 for a total of approximately \$608 million (the "**Third A&R Term Loan Agreement**"). See "*Description of Capital Structure – CREDIT FACILITY*" for additional information concerning the Third A&R Term Loan Agreement.



In connection with the Ridgeback Acquisition, and pursuant to the terms of the Ridgeback Arrangement Agreement, the Corporation entered into a registration rights agreement dated February 28, 2023 (the “**Registration Rights Agreement**”) granting limited registration rights to certain former significant Ridgeback shareholders. A copy of the Registration Rights Agreement is available on Saturn's SEDAR+ profile at www.sedarplus.ca. No such holder still holds 5% or more of the Common Shares and therefore the Registration Rights Agreement is no longer of any force or effect.

Pursuant to the Ridgeback Plan of Arrangement, Ridgeback was amalgamated with a wholly-owned subsidiary of the Corporation, which was subsequently amalgamated into the Corporation on March 7, 2023.

Effective May 30, 2023, the Board approved the Corporation's omnibus Long Term Incentive Plan (defined below), which was subsequently approved by the shareholders of the Corporation on June 29, 2023, and superseded the prior RSU/DSU Plan and the prior Stock Option Plan (as defined below). See “*Description of Capital Structure – LONG TERM INCENTIVE PLAN*” for additional information regarding the RSU/DSU Plan and the Stock Option Plan.

On June 13, 2023, the Corporation announced that our securities had been approved for listing on the TSX. On June 15, 2023, the Common Shares and March 2022 Warrants ceased trading on the TSXV and commenced trading on the TSX.

In September 2023, the Corporation entered into a first and second amendment to our Third A&R Term Loan Agreement, providing for the deferral of certain principal payments to fund the Corporation's third and fourth quarter drilling and development programs.

In December 2023, the Corporation entered into a third amendment to our Third A&R Term Loan Agreement, providing for a reduction in Saturn's December 31, 2023 current ratio covenant.

2024

In February 2024, the Corporation entered into a fourth and fifth amendment to our Third A&R Term Loan Agreement, providing for the approval of our 2024 capital expenditures program, a reduction in 2024 current ratio covenant calculations, and the option to defer up to \$55 million of principal payments in 2024.

On February 22, 2024, the Corporation completed a bought deal financing (the “**2024 Financing**”) for the sale, on a private placement basis, of 22,223,000 Common Shares at a price of \$2.25 per Common Share, for total gross proceeds of \$50,001,750. The proceeds of the 2024 Financing were used for capital expenditures and general working capital requirements.

On April 2, 2024, the Corporation announced the issuance of Saturn's annual employee incentive grant awards under the Long Term Incentive Plan, issuing 2,653,518 RSUs and 622,530 PSUs to directors, officers, employees and consultants of the Corporation.

On May 15, 2024, the Corporation completed a bought-deal public offering (the “**2024 Subscription Receipt Financing**”) of 42,554,000 subscription receipts (each a “**2024 Subscription Receipt**”) at a price of \$2.35 per 2024 Subscription Receipt for aggregate gross proceeds of approximately \$100 million. Pursuant to the terms of a subscription receipt agreement dated May 15, 2024, each 2024 Subscription Receipt converted automatically into one Common Share upon the closing of the Battrum/Flat Lake Acquisition (as defined below), ultimately resulting in the issuance of an aggregate of 42,554,000 Common Shares to subscribers in the 2024 Subscription Receipt Financing.

On June 4, 2024, the Corporation announced that we had closed the sale of Saturn's non-core Deer Mountain property in Northern Alberta for cash consideration of \$26.0 million, after customary closing adjustments. The proceeds from the sale of the Deer Mountain assets were used to reduce Net Debt.

On June 14, 2024, the Corporation closed the strategic acquisition of two oil-weighted asset packages in Southern Saskatchewan (the “**Battrum/Flat Lake Acquisition**”) for total net cash consideration of approximately \$525 million with an effective date of January 1, 2024. The Battrum/Flat Lake Acquisition is comprised of two distinct asset packages that directly offset existing core properties, which include Battrum area assets located in Southwest Saskatchewan



and Flat Lake area assets located in Southeast Saskatchewan and was completed by way of an asset purchase agreement (the “**Battrum/Flat Lake Acquisition Agreement**”) dated May 6, 2024.

The Battrum/Flat Lake Acquisition and concurrent debt restructuring was funded through the issuance of US\$650 million of 9.625% high yield notes (the “**Senior Secured Notes**”) due 2029, together with the \$100 million proceeds of the 2024 Subscription Receipt Financing. Saturn also entered into an agreement dated June 14, 2024 (the “**Credit Agreement**”) with a syndicate of lenders led by National Bank of Canada (“**NBC**”) and including ATB Financial and Goldman Sachs Bank USA for a \$150 million reserves-based loan facility consisting of a \$50 million bi-lateral revolving operating facility and a \$100 million syndicated revolving credit facility (the “**Credit Facility**”), which was not drawn upon. See “*Description of Capital Structure – CREDIT FACILITY*” for additional information concerning the Credit Agreement and Credit Facility.

The Senior Secured Notes were issued pursuant to an indenture (the “**Note Indenture**”) entered into among Computershare Trust Company, N.A., as US Secured Notes Indenture Trustee, Computershare Trust Company of Canada, as Canadian Secured Notes Indenture Trustee, and the Corporation, dated June 14, 2024.

In connection with the Battrum/Flat Lake Acquisition, the Corporation repaid and retired the entire principal amount of our previously outstanding Senior Secured Term Loan.

The Corporation sought and received a rating in connection with the Note issuance and was issued Corporate and Bond Credit Ratings of:

- B corporate family rating and BB- rating on the Senior Secured Notes from S&P Global Ratings (“**S&P**”); and
- B2 corporate family rating and B2 rating on the Senior Secured Notes from Moody's Investor Services, Inc. (“**Moody's**”).

On August 23, 2024, Saturn announced the launch of our inaugural normal course issuer bid (“**NCIB**”), providing for the purchase and cancellation of up to 11,306,825 Common Shares during the one-year period from August 27, 2024 to August 27, 2025.

RECENT DEVELOPMENTS

Amalgamation and Continuance

On January 1, 2025, the Corporation completed a vertical short-form amalgamation with our wholly-owned subsidiary, Saturn Holdings SK Ltd. On January 3, 2025, the Corporation completed a continuance out of the jurisdiction of Saskatchewan under *The Business Corporations Act, 2021* (Saskatchewan) and into the jurisdiction of Alberta under the ABCA.

March 2022 Warrants

On March 10, 2025, the March 2022 Warrants expired and ceased trading on the TSX.

SIGNIFICANT ACQUISITIONS

The Battrum/Flat Lake Acquisition

As detailed above, on June 14, 2024, Saturn completed the Battrum/Flat Lake Acquisition. The Battrum/Flat Lake Acquisition constituted a significant acquisition under Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”). Saturn filed a Form 51-102F4 (Business Acquisition Report) for the Battrum/Flat Lake Acquisition on September 20, 2024 (the “**Battrum/Flat Lake Acquisition BAR**”). The Battrum/Flat Lake Acquisition BAR is available on Saturn's SEDAR+ profile at www.sedarplus.ca.



DESCRIPTION OF THE BUSINESS

General

Saturn is an innovative Canadian energy company executing our proven blueprint for unlocking value by acquiring high-quality assets at attractive valuations and integrating them seamlessly into our portfolio. The Corporation is focused on the continued efficient and responsible development of high-quality, light oil-weighted assets supported by an acquisition strategy that targets accretive, complementary opportunities. Saturn has assembled an attractive portfolio of free-cash-flowing, low-decline operated assets in Saskatchewan and Alberta that provide a deep inventory of long-term economic drilling opportunities across multiple zones. Saturn's goal is to increase reserves, production and cash flows at an attractive return on invested capital.

For the fourth quarter and year ended December 31, 2024, Saturn averaged production of 41,051 boe/d and 34,188 boe/d, respectively, and exited the year with average December month production of 41,908 boe/d. As at December 31, 2024, Saturn held approximately 1.4 million gross (1.14 million net) acres of land, including approximately 409,400 gross (338,500 net) undeveloped acres of land. See "Statement of Reserves Data and Other Oil and Gas Information" in this Annual Information Form.

Business Objectives and Strategy

The Corporation's disciplined blueprint represents a strategy of acquiring undervalued mid-life cycle assets that were non-core to other operators yet have significant untapped development and optimization potential when integrated within Saturn's portfolio. The Corporation intends to continue maintaining a prudent balance between development and selective acquisition opportunities that meet Saturn's business parameters, all in the context of our stated debt repayment schedule. To achieve sustainable and profitable per share growth, Saturn will control the timing and costs of our projects wherever possible and will seek to operate our properties to the greatest extent possible. Further, to minimize competition within the Corporation's geographic areas of interest, Saturn will, after giving consideration to our risk profile, strive to further acquire lands that fit our geologic model, upside development potential, and 'core-up' strategy. While the Corporation believes we have the skills and resources necessary to achieve our objectives, the oil and natural gas industry has a number of inherent risks. See "Risk Factors".

In reviewing potential drilling or acquisition opportunities, the Corporation gives consideration to the following criteria:

- a) risk capital required to secure or evaluate the investment opportunity;
- b) the potential return on the project, if successful;
- c) the likelihood of success; and
- d) the risked return versus cost of capital.

In general, Saturn has targeted light oil development across our portfolio of assets in Saskatchewan and Alberta, balancing risk profiles across each core area in an attempt to generate sustainable high levels of profitable production.

As of the date hereof, Saturn's core operating assets and land holdings are primarily in: (i) Southeast Saskatchewan, (ii) West-Central Saskatchewan, and (iii) Central Alberta, primarily targeting light oil development in each area. See "Statement of Reserves Data and Other Oil and Gas Information – PROPERTY OVERVIEW".

Specialized Skills and Knowledge

It is the belief of management that Saturn's officers and employees, who have significant technical and operational oil and gas experience, hold the necessary skill sets to successfully execute the Corporation's business strategy in order to achieve our corporate objectives.

Saturn's management team has an established track record of creating value through deploying our integrated and repeatable blueprint strategy of acquiring, exploiting and developing assets. In a relatively short period of time, Saturn's officers and employees have demonstrated the ability to profitably grow and expand Saturn's base of operations.



The Corporation's drilling and acquisition profile has positioned us to succeed within the currently prevailing industry conditions. Management of Saturn has established a balanced production and prospect risk profile necessary to become a successful, sustainable and per share growth-oriented oil and gas company. Saturn's inventory of drilling prospects, proven production and cost optimization initiatives, along with management's ability to execute strategic corporate and property acquisitions, are expected to continue to support and expand our existing asset base.

Competitive Conditions

There is strong competition in all aspects of the oil and natural gas industry. The Corporation actively competes for capital, skilled personnel, undeveloped land, reserves acquisitions, access to drilling rigs, service rigs and other equipment, access to processing facilities and pipeline and refining capacity, and in all other aspects of our operations with a substantial number of other organizations, many of which may have greater technical and financial resources than the Corporation. Some of those organizations not only explore for, develop and produce oil, NGLs and natural gas but also carry on refining operations and market petroleum and other products on a world-wide basis and, as such, have greater and more diverse resources on which to draw. Saturn believes that our competitive position is similar to that of other oil and gas issuers of similar size and at a similar stage of development. See *"Risk Factors – COMPETITION"*.

Cyclical and Seasonal Impact of the Industry

Saturn's operational results and financial condition will be dependent on the prices received for oil and natural gas production. Oil and natural gas prices fluctuate widely and are determined by supply and demand factors, including weather and general economic conditions, world-wide geopolitical factors as well as conditions in other oil and natural gas regions. Any decline in oil and natural gas prices could have an adverse effect on the Corporation's financial condition. The Corporation maintains a robust hedging program to minimize such risks. See *"Risk Factors – SEASONALITY"*.

Economic Dependence

Saturn has ensured economic diversity for the Corporation by not being substantially dependent on any single contract, service provider or purchaser for our products.

Changes to Contracts

Saturn does not reasonably anticipate being materially affected by re-negotiation or termination of contracts or sub-contracts.

Environmental Protection and Policies

The oil and natural gas industry is currently subject to environmental regulations pursuant to a variety of provincial and federal legislation. Saturn is committed to managing and operating in a safe, efficient, environmentally responsible manner in association with our industry partners and is committed to continually improving our environmental, health, safety and social performance. To fulfill this commitment, the Corporation's operating practices and procedures are consistent with the requirements established for the oil and gas industry. Key environmental considerations include air quality and reduction of greenhouse gas ("**GHG**") emissions, water conservation, spill management, waste management plans, lease and right-of-way management, natural and historic resource protection, and liability management (including site assessment, remediation and reclamation). These practices and procedures apply to our employees, and we monitor all activities and make reasonable efforts to ensure that companies who provide services to us will operate in a manner consistent with our environmental policies.

Compliance with such legislation can require significant expenditures or result in operational restrictions. Breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage and the imposition of material fines and penalties, all of which might have a significant negative impact on earnings and overall competitiveness. Saturn believes that we meet all existing environmental standards and regulations and includes sufficient amounts in our capital expenditure budget to continue to meet current environmental protection and remediation requirements. The Corporation believes that it is reasonably likely that the trend towards stricter standards in environmental legislation and regulation will continue, and in continuing to



maintain high quality operations, we anticipate making increased expenditures of both a capital and an expense nature as a result of these increasingly stringent environmental protection laws. However, these requirements apply to all operators in the oil and gas industry, and it is not currently possible to quantify any such increased expenditures; therefore, it is not anticipated that Saturn's competitive position within the industry will be adversely affected by current or future environmental laws and regulations governing the Corporation's oil and natural gas operations.

Saturn's environmental management program and operating guidelines focus on minimizing the environmental impact of the Corporation's operations while meeting regulatory requirements and corporate standards. Saturn's environmental program is monitored by the Corporation's health, safety and environmental committee and includes: (i) an internal environmental compliance audit and inspection program; (ii) a suspended well inspection program to support future development or eventual abandonment; (iii) appropriate reclamation and decommissioning standards for wells and facilities ready for abandonment; (iv) an asset integrity program; (v) an effective surface reclamation program; (vi) a groundwater monitoring program; (vii) a spill prevention, response and clean-up program; (viii) a fugitive emission survey and repair program; and (ix) an environmental liability assessment program.

The Corporation expects to incur abandonment and reclamation costs as our oil and gas properties are abandoned. In 2024, expenditures for abandonment and reclamation work in the provinces of Alberta and Saskatchewan were \$16.3 million.

For a further discussion of the environmental regulations affecting the oil and gas industry, see "*Risk Factors – ENVIRONMENTAL CONCERNS AND REGULATION*" and "*Information Concerning the Oil and Natural Gas Industry – REGULATORY AUTHORITIES AND ENVIRONMENTAL REGULATION*".

Human Resources

As at December 31, 2024, Saturn had 342 full-time employees, 5 consultants and 22 contract operators.

Price Risk Management

Prices received for production and associated operating expenses are impacted in varying degrees by factors outside management's control. These factors include, but are not limited to, the following:

- a) world market forces, including the ability of the Organization of the Petroleum Exporting Countries ("**OPEC**") and Russia to set and maintain production levels and prices for crude oil;
- b) political uncertainty, including (i) the U.S. 25% broad-based tariff on goods exported from Canada into the U.S., other than energy products (including oil and natural gas), which are subject to a 10% tariff; (ii) the Canadian retaliatory tariffs in response to such tariffs; and (iii) the potential impacts of an export tax on oil and gas exports by the Canadian government;
- c) political conditions, including the risk of hostilities in Ukraine, the Middle East and other regions throughout the world;
- d) increases or decreases in crude oil quality and market differentials;
- e) availability of takeaway pipeline capacity;
- f) the impact of changes in the exchange rate between Canada and United States dollars on prices received by the Corporation for our crude oil and natural gas;
- g) North American market forces, most notably shifts in the balance between supply and demand for crude oil and natural gas and the implications for the price of crude oil and natural gas;
- h) global and domestic economic and weather conditions;
- i) price and availability of alternative fuels;
- j) the effect of energy conservation measures and government regulations; and
- k) the impact of world conflicts including the Middle Eastern conflicts and Russia/Ukraine conflicts.

Saturn mitigates such price risk through closely monitoring the various commodity markets and establishing price risk management programs, as deemed necessary and through maintaining financial flexibility. Additionally, the Corporation continually reviews our capital program and implements initiatives to adapt to such price changes. See



"Risk Factors – VOLATILITY IN THE OIL AND GAS INDUSTRY", "Risk Factors – COMMODITY PRICES, MARKETS AND MARKETING", and "Risk Factors – HEDGING".

Revenue Sources

For the year ended December 31, 2024, 99% of the revenue from Saturn's properties before royalties were derived from the sale of light oil, NGLs and natural gas (99% for the year ended December 31, 2023). Production is sold to marketers at delivery points in or close to the producing field.

Need to Replace and Grow Reserves

The future oil and natural gas production of the Corporation and, therefore, future cash flows, are highly dependent upon ongoing success in exploring Saturn's current and future undeveloped land base, exploiting the current producing properties and acquiring or discovering additional reserves. Without reserve additions through exploration, acquisition or development activities, reserves and production will decline over time as reserves are depleted. See *"Risk Factors – PURCHASE OF RESERVES", "Risk Factors – EXPLORATION, DEVELOPMENT AND PRODUCTION RISKS"*.

Exploration, Development and Production Risks

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

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

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

Restrictions on the availability and cost of materials and equipment may impede our exploration, development, and operating activities as crude oil and natural gas exploration, development, and operating activities are dependent on the availability and cost of specialized materials and equipment (typically leased from third parties) in the areas where such activities are conducted. The availability of such material and equipment is limited. An increase in demand or cost, or a decrease in the availability of such materials and equipment, may impede our exploration, development, and operating activities.

We utilize multi-well pad drilling where practicable. Wells drilled on a pad are not placed on production until all wells on the pad are drilled and completed. In addition, problems affecting a single well could adversely affect production from all of the wells on the pad. As a result, multi-well pad drilling can cause delays in the scheduled commencement of production, or interruption in ongoing production. These delays or interruptions may cause volatility in our operating results.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including, but not limited to, fire, explosion, blowouts, cratering, sour gas releases, spills and other environmental hazards. These typical risks and hazards could result in substantial damage to



oil and natural gas wells, production facilities, other property and the environment and cause personal injury or threaten wildlife. An unintentional leak of sour gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to us.

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

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

Development of Additional Reserves

The business of discovering, developing, or acquiring reserves is capital intensive. To the extent cash flows from the Corporation's operating activities are insufficient and external sources of capital become limited or unavailable, the ability for the Corporation to make the necessary capital investments to maintain and expand our oil and natural gas reserves may be impaired. While the Corporation would seek to finance these activities in the most prudent manner possible, it cannot be assured that debt or equity financing, or cash generated by operations, will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to Saturn. There can be no assurance that the Corporation will be able to find and develop or acquire additional reserves to replace and grow production at acceptable costs. Moreover, future activities may require Saturn to alter our capitalization significantly. Transactions involving the issuance of securities may be dilutive. The inability of Saturn to access sufficient capital for our operations could have a material adverse effect on the Corporation's financial condition, results of operations or prospects. See *"Risk Factors – SUBSTANTIAL CAPITAL REQUIREMENTS"* and *"Risk Factors – ADDITIONAL FUNDING REQUIREMENTS"* for further discussion of capital requirements.

RISK FACTORS

The Corporation is subject to both risks that directly affect Saturn's business and operations, as well as indirect risks that impact third parties or the industry generally. The holding of securities in the Corporation should be considered highly speculative due to the nature of the Corporation's business and the present stage of our development. Investors should carefully consider the risk factors set out below and consider all other information contained herein and in Saturn's other public filings before making an investment decision. The following is a summary of certain risk factors relating to the activities of the Corporation and the ownership of the Corporation's securities, which should be carefully considered before making an investment decision relating to the Corporation's securities.

The risks set out below are not exhaustive and should not be taken as a complete summary or description of all the risks associated with Saturn's business, the business of third parties with whom Saturn conducts business and the oil and natural gas business generally. If any event arising from the risk factors set forth below occurs, Saturn's business, prospects, financial condition, results of operation or cash flows and in some cases, our reputation, could be materially adversely affected.

ADVERSE ECONOMIC CONDITIONS

The demand for energy, including crude oil, NGLs and natural gas, is generally linked to broad-based economic activities. If there was a slowdown in economic growth, an economic downturn or recession, or other adverse economic or political development in the U.S., Europe, Asia or elsewhere, there could be a significant adverse effect on global financial markets and commodity prices. In addition, hostilities in the Middle East, Ukraine, and elsewhere and the occurrence or threat of terrorist attacks in the U.S. or other countries could adversely affect the global economy. Global or national health concerns, including the outbreak of pandemics or contagious diseases, may adversely affect us by (i) reducing global economic activity, thereby resulting in lower demand for crude oil, NGLs and natural gas, (ii)



impairing Saturn's supply chain, for example, by limiting the manufacturing of materials or the supply of goods and services used in our operations, and (iii) affecting the health of Saturn's workforce and/or rendering employees unable to work or travel. These and other factors disclosed elsewhere herein that affect the supply and demand for crude oil, NGLs and natural gas, and Saturn's business and industry, could ultimately have an adverse impact on Saturn's financial condition, financial performance, and funds flow.

VOLATILITY IN THE OIL AND GAS INDUSTRY

Market events and conditions, including global excess oil and natural gas supply, actions taken by OPEC, sanctions against, and civil unrest in, Russia, Iran and the Middle East, slowing growth in China and emerging economies, market volatility and disruptions in Asia, weakening global relationships, conflict between the United States and Iran, isolationist and punitive trade policies, sovereign debt levels, world health emergencies and political upheavals in various countries including growing anti-fossil fuel sentiment, have caused significant volatility in commodity prices. See "*Risk Factors – POLITICAL UNCERTAINTY*" and "*Risk Factors – GEOPOLITICAL RISKS*". It is anticipated that the oil and natural gas industry will experience more pressure from investors to take meaningful strides towards combating climate change in the upcoming years, including diversifying their energy portfolios. These events and conditions have caused a significant decrease in the valuation of oil and natural gas companies and a decrease in confidence in the petroleum and natural gas industry. These difficulties have been exacerbated in Canada by government actions and the resultant uncertainty surrounding environmental, regulatory, tax and royalty changes that has been and may continue to be implemented by the federal government. In addition, the inability to get the necessary approvals to build pipelines and other facilities to provide better access to markets for the oil and gas industry in Western Canada has led to additional uncertainty and reduced confidence in the oil and gas industry. See "*Information Concerning the Oil and Natural Gas Industry – ROYALTIES AND INCENTIVES*" and "*Information Concerning the Oil and Natural Gas Industry – CLIMATE CHANGE REGULATION*".

Lower commodity prices may also affect the volume and value of the Corporation's reserves especially as certain reserves become uneconomic. In addition, lower commodity prices have reduced, and are anticipated to continue to reduce the Corporation's cash flow which could result in a reduced capital expenditure budget. As a result, the Corporation may not be able to replace our production with additional reserves and both the Corporation's production and reserves could be reduced on a year over year basis. See "*Risk Factors – RESERVES ESTIMATES*".

A prolonged period of adverse market conditions may impede the Corporation's ability to refinance the Credit Facility or any replacement credit facilities or arrange alternative financing when the Credit Facility becomes due or if the lending limits under the Credit Facility are reduced upon periodic review. Given the current market conditions and the lack of confidence in the Canadian oil and natural gas industry, the Corporation may have difficulty raising additional funds in the future or if we are able to do so, it may be on unfavourable and highly dilutive terms. If these conditions persist, Saturn's cash flow may not be sufficient to continue to fund operations and to satisfy obligations when due and will require additional equity or debt financing and/or proceeds from asset sales. There can be no assurance that such equity or debt financing will be available on terms that are satisfactory or at all. Similarly, there can be no assurance that the Corporation will be able to realize any or sufficient proceeds from asset sales to discharge Saturn's obligations. See "*Risk Factors – CREDIT FACILITY RISK*".

COMMODITY PRICES, MARKETS AND MARKETING

Saturn's results of operations and financial condition are dependent upon the prices that we receive for the oil, NGLs and natural gas that the Corporation sells. Historically, the oil, NGL and natural gas markets have been volatile and are likely to continue to be volatile in the future. Oil, NGL and natural gas prices have fluctuated widely during recent years and are subject to fluctuations in response to changes in supply, demand, market uncertainty and other factors that are beyond Saturn's control. These factors include, but are not limited to:

- the impact of regional and/or global health related events on economic activity levels and energy demand;
- global energy policy, including the ability of OPEC (and in particular the Kingdom of Saudi Arabia) and other oil and natural gas exporting nations (and in particular Russia) to set and maintain production levels and influence prices for oil;



- the limitations on the ability of Western Canadian energy producers to export oil, NGLs and natural gas to U.S. markets and other world markets and the resulting discount that Western Canadian energy producers may receive for their products as compared to U.S. and international benchmark commodity prices;
- tariffs, taxes, restrictions or prohibitions on the import or export of products from one country to another, including on oil and NGLs, imposed by Canada, the U.S., or other countries;
- the availability of transportation infrastructure, and in particular:
 - our ability to acquire capacity in pipelines that deliver oil, NGLs and natural gas to commercial markets or alternatively contract for the delivery of our products by rail;
 - deliverability uncertainties related to the distance of our production from existing pipelines, railway lines, and processing and storage facilities; and
 - operational problems affecting the pipelines, railway lines and processing and storage facilities on which we rely;
- increased growth of shale oil and natural gas production in the U.S.;
- production and storage levels of oil, NGLs and natural gas;
- existing and threatened political instability and hostilities in commodity producing regions such as the Middle East, Northern Africa, Russia and elsewhere;
- occurrence or threat of terrorist attacks in the United States or other countries that could adversely affect the global economy;
- sanctions imposed on certain oil producing nations (such as Russia) by other countries;
- foreign supply of, and demand for, oil, NGLs and natural gas, including liquefied natural gas;
- weather conditions;
- the overall economic and political environment in Canada, the U.S., Europe, China, Russia, emerging markets and globally;
- the overall level of energy demand;
- government regulation relating to prices, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business;
- currency exchange rates, interest rates and inflation rates;
- the effect of worldwide environmental and/or energy conservation measures;
- the price and availability of alternative energy supplies; and
- the advent of new technologies.

Saturn makes price assumptions that are used for planning purposes, and a significant portion of our cash outflows, including capital and transportation commitments, are largely fixed in nature. Accordingly, if commodity prices are below the expectations on which these commitments were based, Saturn's financial results are likely to be adversely and disproportionately affected because these cash outflows are not variable in the short term and cannot be quickly reduced to respond to unanticipated decreases in commodity prices. Saturn's risk management arrangements will not fully mitigate the effects of price volatility.

ALTERNATIVES TO, AND CHANGING DEMAND FOR, PETROLEUM PRODUCTS

Fuel conservation measures, alternative fuel requirements, electric vehicle mandates, increasing consumer demand for alternatives to oil and natural gas and technological advances in fuel economy and energy generation devices could reduce the demand for oil and natural gas. Recently, certain jurisdictions have implemented policies or incentives to decrease the use of fossil fuels and encourage the use of renewable fuel alternatives (including electric vehicles), which may lessen the demand for petroleum products and put downward pressure on commodity prices. In addition, advancements in energy efficient products have a similar effect on the demand for oil and natural gas products. Saturn cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a negative effect on the Corporation's business, financial condition, results of operations and funds flow by decreasing our profitability, increasing our costs, limiting our access to capital and decreasing the value of our assets.



EXPLORATION, DEVELOPMENT AND PRODUCTION RISKS

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

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

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

Restrictions on the availability and cost of materials and equipment may impede our exploration, development, and operating activities as crude oil and natural gas exploration, development, and operating activities are dependent on the availability and cost of specialized materials and equipment (typically leased from third parties) in the areas where such activities are conducted. The availability of such material and equipment is limited. An increase in demand or cost, or a decrease in the availability of such materials and equipment, may impede our exploration, development, and operating activities.

We utilize multi-well pad drilling where practicable. Wells drilled on a pad are not placed on production until all wells on the pad are drilled and completed. In addition, problems affecting a single well could adversely affect production from all of the wells on the pad. As a result, multi-well pad drilling can cause delays in the scheduled commencement of production, or interruption in ongoing production. These delays or interruptions may cause volatility in our operating results.

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

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



As is standard industry practice, we are not fully insured against all risks, nor are all risks insurable. Although we maintain liability insurance and business interruption insurance in an amount that we consider consistent with industry practice, liabilities associated with certain risks could exceed policy limits or not be covered. In either event, we could incur significant costs. See “*Risk Factors – INSURANCE*”.

DEVELOPMENT OF ADDITIONAL RESERVES

The Corporation's future success is dependent upon our ability to explore, develop or acquire additional oil and natural gas reserves that are economically recoverable at attractive acquisition prices. Except to the extent that the Corporation conducts successful activities or acquires properties containing proved reserves, or both, the proved reserves and production will generally decline as reserves are produced. If prevailing oil and natural gas prices were to increase significantly, the Corporation's costs to add reserves could be expected to increase. The drilling of oil and natural gas wells involves a high degree of risk, especially the risk of a dry hole or of a well that is not sufficiently productive to provide an economic return on the capital expended to drill the well.

Exploitation and development risks are due to the uncertain results of searching for and producing oil and natural gas using imperfect scientific methods. These risks are mitigated by using highly skilled staff, focusing exploitation efforts in areas in which the Corporation has existing knowledge and expertise or access to such expertise, using up-to-date technology to enhance methods and controlling costs to maximize returns. Advanced oil and natural gas related technologies such as three-dimensional seismography, reservoir simulation studies and horizontal drilling may, where appropriate, may be used by the Corporation to improve our ability to find, develop and produce oil and natural gas.

POLITICAL UNCERTAINTY

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

In early February 2025, the U.S. announced a 25% broad-based tariff on goods exported from Canada into the U.S., other than energy products (including oil and natural gas), which are subject to a 10% tariff. In response, the Canadian government (the “**Government of Canada**”) announced that it would impose a 25% tariff on \$155 billion of goods imported from the U.S. The U.S. also announced a 25% tariff on goods imported from Mexico and a 10% tariff on goods imported from China. Representatives of the U.S. government have also publicly stated that they are considering imposing tariffs on goods imported from other countries. Prior to the U.S. tariffs on Canadian and Mexican goods becoming effective, they were paused for a month, pending further negotiations.

The U.S. has signaled that the U.S. tariffs will become effective initially on March 4 which has largely been delayed to April 2, 2025 for most goods. In response, the Government of Canada imposed a 25% tariff against \$155 billion of U.S. goods, starting with tariffs on \$30 billion worth of goods immediately, and tariffs on the remaining \$125 billion on U.S. products in 21 days' time. These tariffs, and any changes to these tariffs or imposition of any new tariffs, taxes, import or export restrictions or prohibitions, could have a material adverse effect on the Canadian economy, the Canadian oil and natural gas industry and the Corporation. Furthermore, there is a risk that the tariffs imposed by the U.S. on other countries will trigger a broader global trade war, which could have a material adverse effect on the Canadian, U.S. and global economies and, by extension, the Canadian oil and natural gas industry and the Corporation.



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

A change in federal, provincial or municipal governments in Canada may have an impact on the directions taken by such governments on matters that may impact the oil and natural gas industry including the balance between economic development and environmental policy. The oil and natural gas industry has become an increasingly politically polarizing topic in Canada, which has resulted in a rise in civil disobedience surrounding oil and natural gas development, particularly with respect to infrastructure projects. Protests, blockades, demonstrations and vandalism have the potential to delay and disrupt our activities. See *"Information Concerning the Oil and Natural Gas Industry – REGULATORY AUTHORITIES AND ENVIRONMENTAL REGULATION"* and *"Information Concerning the Oil and Natural Gas Industry – TRANSPORTATION CONSTRAINTS, PIPELINE CAPACITY AND MARKET ACCESS"*.

GEOPOLITICAL RISKS

The marketability and price of oil and natural gas that may be acquired or discovered by Saturn is and will continue to be affected by political events throughout the world that cause disruptions in the supply of oil. Conflicts, or conversely peaceful developments, arising outside of Canada, including changes in political regimes or parties in power, may have a significant impact on the price of crude oil and natural gas. Any particular event could result in a material decline in prices and therefore result in a reduction of Saturn's net production revenue.

The level of geo-political risk escalates at certain points in time. While the specific impact on the global economy would depend on the nature of the event, in general, any major event could result in instability and volatility.

Middle Eastern Conflicts

On October 7, 2023, Hamas terrorists infiltrated Israel's southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets along Israel's border with the Gaza Strip and in other areas within the State of Israel. Following the attack, Israel's security cabinet declared war against Hamas and launched a series of responding attacks in Palestine, and the conflict has since escalated, including Israel and Hezbollah in Lebanon and Israel, Iran, and other Iranian-backed proxies in the region. Relatedly, the Syrian Assad regime has recently fallen, leaving the Syrian government stability uncertain. In January 2025, a temporary ceasefire came into effect, consisting of three six-week stages.

The outcome of these conflicts has the potential for wide-ranging consequences on the world economy and there is a risk that the conflict could lead to wider regional instability in the Middle East, home to some of the world's biggest oil producers. The long-term impacts of the conflict remain uncertain, and we continue to monitor the evolving situation.

Russian-Ukrainian War

In February 2022, Russian military forces invaded Ukraine. Ukrainian military personnel and civilians continue to actively resist the invasion. Many countries throughout the world have provided aid to Ukraine in the form of financial aid and in some cases military equipment and weapons to assist in its resistance to the Russian invasion. The North Atlantic Treaty Organization ("**NATO**") has also mobilized forces to NATO member countries that are close to the conflict as deterrence to further Russian aggression in the region. Additionally, certain countries, including Canada and the U.S. have imposed strict financial and trade sanctions against Russia. The outcome of the ongoing conflict and related sanctions remains uncertain and may have wide-ranging consequences on the peace and stability of the region and the world economy.



TITLE

Although satisfactory title reviews of the Corporation's properties are conducted in accordance with industry standards, those title reviews do not guarantee or certify that a defect in the chain of title may not arise to defeat the claim of the Corporation to a property.

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

ENVIRONMENTAL CONCERNS AND REGULATION

The operation of oil and natural gas wells involves a number of natural hazards which may result in blowouts, environmental damage or other unexpected or dangerous conditions resulting in liability to the Corporation and possibly liability to third parties. Corporations operating in the oil and natural gas industry are subject to extensive environmental regulation pursuant to a variety of federal, provincial and municipal laws which provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain oil and natural gas industry operations. In addition, legislation requires that well and facility sites be abandoned and reclaimed to the satisfaction of provincial authorities. A breach of such legislation may result in fines or the issuance of clean-up orders.

Compliance with environmental legislation can require significant expenditures and a breach of such legislation may result in suspension or revocation of necessary licenses and authorization, civil liability for pollution damage and the imposition of fines or other penalties, some of which may be material, as well as the responsibility to remedy environmental problems caused by Saturn's operations. Should Saturn be unable to fully fund the cost of remedying an environmental problem, Saturn might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liabilities and the potential for increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require Saturn to incur costs to remedy such discharge.

In November 2024, the Government of Canada published a draft of the proposed *Oil and Gas Sector Greenhouse Gas Emissions Cap Regulations* (the "**Proposed O&G GHG Regulations**"), which, if enacted as currently drafted, would cap emissions from a range of industrial activities in the oil and gas sector, establish a cap-and-trade system for emissions allowances, and require facility operators to comply with various reporting and remittance obligations. Such proposed regulations, which could affect investor confidence, suppress spending on decarbonization initiatives and lead to production cuts, are expected to be finalized in mid-2025 and come into force by January 1, 2026.

Although Saturn believes that we are in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect Saturn's financial condition, results of operations or prospects.

The Corporation will make reasonable provision for well abandonment and reclamation where appropriate; however, there can be no assurance that such provision will be sufficient to satisfy all such obligations. No sinking fund or reserve has been or will be established for the purpose of site reclamation or abandonment costs. See "*Information Concerning the Oil and Natural Gas Industry – REGULATORY AUTHORITIES AND ENVIRONMENTAL REGULATION*".

ANTI-GREENWASHING

On June 20, 2024, Bill C-59 received royal assent, thereby enacting certain changes to the Competition Act to address "greenwashing", meaning false, misleading, or deceptive environmental claims made for the purpose of promoting a product or a business interest. Under the new rules, certain environmental claims that companies commonly make, including those related to sustainability and forward-looking environmental-related goals, may be problematic. How



the new rules will be interpreted and applied is currently unclear. In June 2025, new private rights of action will come into effect, meaning that any person will be able to bring a complaint directly to the Competition Tribunal for an alleged violation of the new greenwashing provisions. The Competition Bureau has published draft guidance regarding how it will apply the new greenwashing provisions; however, the guidance, even once finalized, is not and will not be binding on private parties nor the Competition Tribunal. Companies found to have made representations that violate the rules, intentionally or inadvertently, could be subject to an administrative penalty for the greater of \$10 million for the first order and \$15 million for any subsequent order, and 3% of the company's annual worldwide gross revenues.

REGULATORY

Oil and natural gas operations (exploration, development, production, pricing, marketing, transportation, infrastructure and mergers and acquisitions) are subject to extensive controls and regulations imposed by various levels of government, which controls and regulations may be amended from time to time.

Governments may regulate or intervene with respect to prices, taxes, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for natural gas and crude oil and increase the Corporation's costs, any of which may have a material adverse effect on Saturn's business, financial condition, results of operations and prospects. In addition, obtaining certain approvals from regulatory authorities can involve, among other things, stakeholder and Indigenous consultation, environmental impact assessments, and public hearings. Regulatory approvals obtained may be subject to the satisfaction of certain conditions including, but not limited to: (i) security deposit obligations; (ii) ongoing regulatory oversight of projects; (iii) mitigating or avoiding project impacts; (iv) environmental and habitat assessments; and (v) other commitments or obligations. Further, third party challenges to regulatory decisions or orders have reduced the efficiency of the regulatory regime, as the implementation of the decisions and orders has been delayed resulting in uncertainty and interruption to the business of the oil and natural gas industry. See "*Information Concerning the Oil and Natural Gas Industry – GOVERNMENT REGULATION*".

ROYALTY REGIMES

There can be no assurance that the governments in the jurisdictions in which we have assets will not adopt new royalty regimes, or modify the existing royalty regimes, which may have an impact on the economics of our projects. An increase in royalties would reduce our earnings and could make future capital investments, or our operations, less economical. See "*Information Concerning the Oil and Natural Gas Industry – ROYALTIES AND INCENTIVES*".

HYDRAULIC FRACTURING

Hydraulic fracturing involves the injection of water, sand, and small amounts of additives under high pressure into tight rock formations to stimulate the production of oil and natural gas. Concerns about seismic activity, including earthquakes, caused by hydraulic fracturing has resulted in regulatory authorities implementing additional protocols for areas that are prone to seismic activity or completely banning hydraulic fracturing in other areas. Any new laws, regulations, or permitting requirements regarding hydraulic fracturing could lead to operational delays, increased operating costs, third-party or governmental claims, and could increase our costs of compliance and doing business, as well as delay the development of oil, liquids and natural gas resources from shale formations, which are not commercial without the use of hydraulic fracturing. Restrictions or bans on hydraulic fracturing in the areas where we operate could reduce the amount of oil and gas that we are ultimately able to produce from our reserves and/or could result in us being unable to economically recover certain of our oil and gas reserves, which in either case could result in a significant decrease in the value of our assets.

Water is an essential component of our drilling and hydraulic fracturing processes. Limitations or restrictions on our ability to secure sufficient amounts of water (including limitations resulting from natural causes such as drought), could materially and adversely impact our operations. Severe drought conditions can result in local water authorities taking steps to restrict the use of water in their jurisdiction for drilling and hydraulic fracturing in order to protect the



local water supply. If we are unable to obtain water to use in our operations from local sources, water may need to be obtained from new sources and transported to drilling sites, resulting in increased costs. Cost increases could have a material adverse effect on drilling economics resulting in delays or suspensions of drilling which ultimately would have a detrimental effect on our financial condition, results of operations, and funds flow.

In addition, we must dispose of the fluids produced from oil, liquids and natural gas production operations, including produced water, which we do directly or through the use of third parties. The legal requirements related to the disposal of produced water into a non-producing geologic formation by means of underground injection wells are subject to change based on concerns of the public or governmental authorities regarding such disposal activities.

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

Alberta

Minor earthquakes are common in certain parts of Alberta, and are generally clustered around the municipalities of Cardston, Fox Creek, Rocky Mountain House, Brazeau and Red Deer. Since 2015, the Alberta Energy Regulator (“**AER**”) has introduced seismic protocols for hydraulic fracturing operators in the Montney-lower Doig, Duvernay, Cardium, Red Deer and Brazeau areas (collectively, the “**Seismic Protocol Regions**”). The Corporation has operations in the Brazeau area. Oil and natural gas producers in each of the Seismic Protocol Regions are subject to a “traffic light” reporting system that sets thresholds on the Richter scale of earthquake magnitude, which vary, among the regions. The reporting requirements include an assessment of the potential for seismicity prior to conducting operations, the implementation of a response plan to address potential seismic events and the suspension of operations, depending on the magnitude of an earthquake. Orders imposed by the AER in response to seismic events remain in effect as long as the AER deems them necessary. In recent years, hydraulic fracturing has been linked to increased seismicity in the areas in which hydraulic fracturing takes place, leading to continued monitoring by the AER. The AER may extend seismic protocols to other areas of the province if necessary. See “*Information Concerning the Oil and Natural Gas Industry – REGULATORY AUTHORITIES AND ENVIRONMENTAL REGULATION – Alberta*”.

AVAILABILITY OF WATER

We use water in our operations, including drilling. In April 2024, severe drought risks following several warm, dry winters caused low conditions for Alberta's snowpack, rivers, and reservoirs. Alberta entered into water-sharing agreements with 38 of the largest and oldest water licensees in Southern Alberta, including in the Red Deer River, Bow River and Old Man River basins (“**WSAs**”). In the event of a drought, the WSAs aim to mitigate the negative effects of such drought by providing increased access to water. Notwithstanding such WSAs, any reduced availability of water could have a material adverse effect on results of our operations and our financial condition.

CLIMATE CHANGE

Global climate issues continue to attract public and scientific attention. Numerous reports, including reports from the Intergovernmental Panel on Climate Change, have engendered concern about the impacts of human activity, especially hydrocarbon combustion, on global climate issues. In turn, increasing public, government, and investor attention is being paid to global climate issues and to emissions of GHG, including emissions of carbon dioxide and methane from the production and use of oil, liquids and natural gas. The majority of countries across the globe, including Canada, have agreed to reduce their carbon emissions in accordance with the Paris Agreement. At the 2021 United Nations Climate Change Conference, Canada made several pledges aimed at reducing Canada's GHG emissions, and at the 2024 United Nations Climate Change Conference, Canada reaffirmed its commitments to



transitioning away from fossil fuels and further cutting GHG emissions. As discussed below, the Corporation faces both transition risks and physical risks associated with climate change and climate change policy and regulations See “*Information Concerning the Oil and Natural Gas Industry – CLIMATE CHANGE REGULATION*”.

Transition Risks

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

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

Given the perceived elevated long-term risks associated with policy development, regulatory changes, public and private legal challenges, or other market developments related to climate change, there have also been efforts in recent years affecting the financial community, including investment advisors, sovereign wealth funds, banks, public pension funds, universities and other institutional investors, promoting direct engagement and dialogue with companies in their portfolios on climate change action (including exercising their voting rights on matters relating to climate change) and increased capital allocation to investments in low-carbon assets and businesses while decreasing the carbon intensity of their portfolios through, among other measures, divestments of companies with high exposure to GHG-intensive operations and products. Certain stakeholders have also pressured insurance providers and commercial and investment banks to reduce or stop financing and providing insurance coverage to oil and natural gas and related infrastructure businesses and projects. The impact of such efforts requires our management to dedicate significant time and resources to these climate change-related concerns, which may adversely affect our operations, the demand for and price of our securities and our cost of capital and access to the capital markets.

We are committed to report on our sustainability performance and consider existing standards such as the Global Reporting Initiative Sustainability Reporting Standards, the Sustainability Accounting Standards Board Oil & Gas – Exploration & Production standard, and recommendations issued by the Task Force on Climate-Related Financial Disclosures. Emissions, carbon and other regulations impacting climate and climate-related matters are constantly evolving. With respect to environmental, social, governance and climate reporting, in June 2023 the International Sustainability Standards Board (“**ISSB**”) issued two new international sustainability disclosure standards with the aim to develop sustainability disclosure standards that are globally consistent, comparable and reliable. The Canadian Securities Administrators had previously published for comment Proposed National Instrument 51-107 – *Disclosure of Climate-Related Matters*, intended to introduce climate related disclosure requirements for reporting issuers in Canada. It is expected that the introduction of the new international standards will instruct how new Canadian sustainability disclosure standards to be issued by the Canadian Sustainability Standards Board (“**CSSB**”) are finalized. If we are not able to meet future sustainability reporting requirements of regulators or current and future expectations of investors, insurance providers, or other stakeholders, our business and ability to attract and retain skilled employees, obtain regulatory permits, licences, registrations, approvals, and authorizations from various governmental authorities,



and raise capital may be adversely affected. See “*Information Concerning the Oil and Natural Gas Industry – CLIMATE CHANGE REGULATION*”.

Physical Risks

Based on our current understanding, the potential physical risks resulting from climate change are long-term in nature and associated with a high degree of uncertainty regarding the timing, scope, and severity of potential impacts. We do not conduct fundamental research regarding the scientific inquiry of climate change. Many experts believe global climate change could increase extreme variability in weather patterns such as increased frequency of severe weather, rising mean temperature and sea levels, and long-term changes in precipitation patterns. Extreme hot and cold weather, heavy snowfall, heavy rainfall, drought and wildfires may restrict our ability to access our properties and cause operational difficulties, including damage to equipment and infrastructure. Extreme weather also increases the risk of personnel injury as a result of dangerous working conditions. Certain of our assets are located in locations that are proximate to forests and rivers and a wildfire or flood may lead to significant downtime and/or damage to our assets or cause disruptions to the production and transport of our products or the delivery of goods and services in our supply chain.

VOLATILITY OF MARKET PRICE OF SECURITIES

The trading price of securities of oil and natural gas issuers is subject to substantial volatility often based on factors related and unrelated to the financial performance or prospects of the issuers involved. The volatility may affect the ability of holders to sell the Common Shares at an advantageous price. Factors unrelated to the Corporation's performance could include macroeconomic developments nationally, within North America or globally, domestic and global commodity prices and/or current perceptions of the crude oil and natural gas market. This includes, but is not limited to, changing and in some cases, negative investor sentiment towards energy-related businesses. In recent years, the volatility of oil and natural gas commodity prices, and the securities of issuers involved in the crude oil and natural gas business, has increased due, in part, to the implementation of computerized trading and the decrease of discretionary commodity trading. Similarly, recent market prices in the securities of crude oil and natural gas issuers relative to other industry sectors have led to lower crude oil and natural gas representation in certain key equity market indices. The volatility, trading volume and market price of crude oil and natural gas have been impacted by increasing investment levels in passive funds that track major indices and only purchase securities included in such indices and subsequently dispose of those securities if they are excluded from such indices. In addition, many institutional investors, pension funds and insurance companies, including government sponsored entities, have implemented investment strategies increasing their investments in low-carbon assets and businesses while decreasing the carbon intensity of their portfolios through, among other measures, divestments. These factors have impacted the volatility and liquidity of certain securities and put downward pressure on the market price of those securities. Similarly, the market price of the Common Shares could be subject to significant fluctuations in response to variations in the Corporation's operating results, financial condition, liquidity and other internal factors. Accordingly, the price at which the Common Shares will trade cannot be accurately predicted.

Similarly, the market price of the Common Shares may be due to Saturn's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by Saturn or our competitors, along with a variety of additional factors, including, without limitation, those set forth under “*Forward Looking Statements*”. In addition, in recent years the market price for securities in the stock markets, including the TSX, experienced significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market prices of the Common Shares. Accordingly, the price at which the Common Shares will trade cannot be accurately predicted.



RESERVES ESTIMATES

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

- commodity prices;
- historical production from properties;
- production rates and estimated production decline rates;
- estimated ultimate reserve recovery;
- changes in technology;
- timing, amount and effectiveness of future capital expenditures;
- marketability of oil, NGLs and natural gas;
- royalty rates; and
- the assumed effects of regulation by governmental agencies and future operating costs (all of which may vary materially from actual results).

For those reasons, estimates of proved and probable reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based on production history and production practices will result in variations in the estimated reserves and such variations could be material. Many of Saturn's producing wells have a limited production history and thus there is less historical production on which to base the reserves estimates. In addition, a significant portion of Saturn's reserves may be attributable to a limited number of wells and, therefore, a variation in production results or reservoir characteristics in respect of such wells may have a significant impact upon Saturn's reserves.

In accordance with applicable securities laws, the Corporation's independent reserves consultants have used both constant and forecast price and cost estimates in calculating reserves quantities for Saturn's reserves. See "*Statement of Reserves Data and Other Oil and Gas Information – PRICING ASSUMPTIONS*". Actual future net cash flows will be affected by other factors such as actual production levels, supply and demand for oil, NGL and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs. Actual production and cash flows derived therefrom will vary from the estimates contained in the applicable engineering reports. The 2024 Reserves Report (as defined below) is based in part on the assumed success of activities intended to be undertaken in future years. The reserves and estimated cash flows to be derived therefrom contained in the 2024 Reserves Report will be reduced to the extent that such activities are not undertaken or, if undertaken, do not achieve the level of success assumed in the 2024 Reserves Report. The 2024 Reserves Report is effective as of December 31, 2024, with a preparation date of February 11, 2025, and, except as may be specifically stated or required by applicable securities laws, has not been updated and, therefore, does not reflect changes in reserves since that date.

PURCHASE OF RESERVES

Acquisitions of resource issuers and resource assets by the Corporation will be based on engineering and economic assessments made by management and reviewed by independent engineers. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and natural gas, future prices of oil and natural gas and operating costs, future capital expenditures and royalties and other governmental levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the control of the Corporation. In particular, changes in the prices of and markets for oil and natural gas from those anticipated at the time of making such assessments will affect the value of Saturn's securities. In addition, all such assessments involve a measure of geological and engineering uncertainty which could result in lower production and reserves than anticipated.



DEPLETION OF RESERVES

The Corporation's future oil and natural gas reserves and production, and therefore our cash flows, will be highly dependent on the Corporation's success in exploiting Saturn's reserve base and acquiring additional reserves. Without reserve additions through acquisition or development activities, the Corporation's reserves and production will decline over time as reserves are exploited, and from time-to-time production declines can be severe under certain conditions.

To the extent that external sources of capital, including the issuance of additional Common Shares, become limited or unavailable, the Corporation's ability to make the necessary capital investments to maintain or expand our oil and natural gas reserves will be impaired.

There can be no assurance that the Corporation will be successful in developing or acquiring additional reserves on terms that meet Saturn's investment objectives.

FOREIGN EXCHANGE

Operating costs incurred by the Corporation are generally paid in Canadian dollars. World oil prices are quoted in United States dollars and the price received by Canadian producers is therefore affected by the Canadian/United States dollar exchange rate, which may fluctuate over time. A material increase in the value of the Canadian dollar may negatively impact the Corporation's net production revenue. To the extent that Saturn has engaged or will in the future engage in risk management activities related to commodity prices and foreign exchange rates, through entry into oil and natural gas price hedges and forward foreign exchange contracts or otherwise, the Corporation will be subject to unfavourable price changes and credit risks associated with the counterparties with which we contract.

POTENTIAL CONFLICTS OF INTEREST

Some of the directors of the Corporation are also directors of other oil and natural gas companies, which may from time to time be in competition with Saturn for working interest partners, property acquisitions, or other limited resources. Where required by law, appropriate disclosure of such conflicts will be made by the applicable directors. In particular, the Corporation follows the provisions of the ABCA. These provisions state that in the event that a director has an interest in a contract or proposed contract or agreement, such director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise permitted by the ABCA.

COMPETITION

The oil and natural gas industry is intensely competitive, and the Corporation will compete for joint venture partners, capital, reserves acquisitions and skilled industry personnel with a substantial number of other companies which have greater resources. Many such companies not only explore for and produce oil and natural gas, but also carry on refining operations and market petroleum and other products on a worldwide basis, and as such, have greater and more diverse resources upon which to draw. There is also competition between the oil industry and other industries with respect to the supply of energy and fuel to industrial, commercial and individual customers.

LIABILITY MANAGEMENT

Alberta and Saskatchewan have developed liability management programs designed to prevent taxpayers from incurring costs associated with suspension, abandonment, remediation and reclamation of wells, facilities and pipelines in the event that a licensee or permit holder is unable to satisfy its regulatory obligations. Changes to the requirements of liability management programs may result in significant increases to our compliance obligations. The impact and consequences of the Supreme Court of Canada's ("**SCC**") decision in Redwater on the energy regulators' rules and policies, lending practices in the crude oil and natural gas sector and on the nature and determination of secured lenders to take enforcement proceedings are expected to evolve as the consequences of the decision are evaluated and considered by regulators, lenders and receivers/trustees. In addition, provincial liability management programs may prevent or interfere with our ability to acquire or dispose of assets, as both the vendor and the purchaser of oil and natural gas assets must be in compliance with the liability management programs (both before



and after the transfer of the assets) for the applicable regulatory agency to allow for the transfer of such asset. See "Information Concerning the Oil and Natural Gas Industry – LIABILITY MANAGEMENT RATING PROGRAMS".

CHANGES IN LEGISLATION

There can be no assurance that income tax laws, other laws, or government incentive programs relating to the oil and gas industry will not be changed in a manner that will adversely affect the Corporation. There can be no assurance that tax authorities having jurisdiction will agree with how Saturn calculates our income for tax purposes or that such tax authorities will not change their administrative practices to the detriment of the Corporation.

FAILURE TO REALIZE ANTICIPATED BENEFITS OF ACQUISITIONS AND DISPOSITIONS

We consider acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as Saturn's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Corporation. The integration of acquired businesses may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters and may also result in the loss of key employees, the disruption of ongoing business, supplier, customer and employee relationships and deficiencies in internal controls or information technology controls. Management continually assesses the value and contribution of services provided and assets required to provide such services. In this regard, non-core assets are periodically disposed of so that Saturn can focus our efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of Saturn, if disposed of, could be expected to realize less than their carrying value on the financial statements of the Corporation.

INCORRECT ASSESSMENT OF THE VALUE OF ACQUISITIONS

Acquisitions of oil and natural gas properties or companies will be based in part on engineering and economic assessments made by independent engineers. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and natural gas, future prices of oil and natural gas and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond our control. All such assessments involve a measure of geological and engineering uncertainty that could result in lower production and reserves than anticipated. If actual reserves or production are less than we expect, our revenues and consequently the value of our securities could be negatively affected.

SUBSTANTIAL CAPITAL REQUIREMENTS

The Corporation anticipates that we will make substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. If the Corporation's revenues or reserves decline, Saturn may have limited ability to expend the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Corporation. Moreover, future activities may require Saturn to alter our capitalization significantly, including transactions involving the issuance of securities, which may be dilutive. The inability of the Corporation to access sufficient capital for our operations could have a material adverse effect on Saturn's financial condition, results of operations or prospects.

ADDITIONAL FUNDING REQUIREMENTS

The Corporation's cash flow from our reserves may not be sufficient to fund Saturn's ongoing activities at all times and from time to time, the Corporation may require additional financing in order to carry out our oil and gas acquisition, exploration and development activities. There is risk that if the economy and banking industry experience unexpected and/or prolonged deterioration, Saturn's access to additional funding may be impacted.



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

DILUTION

The Corporation may make future acquisitions or enter into financings or other transactions involving the issuance of securities of Saturn which may be dilutive. Shareholder dilution may also result from the issuance of Common Shares pursuant to our Long Term Incentive Plan. For more information regarding Long Term Incentive Plan, see the Corporation's Information Circular dated April 25, 2024, and our financial statements and related management's discussion and analysis filed on Saturn's SEDAR+ profile at www.sedarplus.ca.

INDEBTEDNESS AND ISSUANCE OF DEBT

From time to time, Saturn may acquire assets or companies or otherwise finance our ongoing operations using debt, including incurring new debt, amending our credit facilities, which may increase the amount of interest payable by the Corporation from time to time until such indebtedness is repaid. Such event will represent an increase in Saturn's interest costs and a potential reduction in the Corporation's net income. In addition, the Corporation may need to find additional sources of financing to repay any such additional indebtedness when it becomes due. There can be no guarantee that Saturn will be able to obtain financing on terms acceptable to us or at all at such time.

Further, a significant decrease in oil and natural gas prices, hedging losses or lower than expected production from Saturn's properties may cause the Corporation's debt-to-cash flow ratio to rise above our peer standards. The level of Saturn's indebtedness or debt-to-cash flow ratio from time to time could impair Saturn's ability to obtain additional financing in the future on a timely basis and could affect the market price of Saturn's securities.

CREDIT FACILITY RISK

The amount authorized under the Credit Facility is a fixed amount that was determined by the lenders having regard to the Corporation's reserves with such amount to be re-determined semi-annually. The Corporation is required to comply with covenants under the Credit Facility, which, from time to time, either affect the availability, or price, of additional funding, and in the event that Saturn does not comply therewith, our access to capital could be restricted or repayment could be required. The failure of the Corporation to comply with such covenants, which may be affected by events beyond Saturn's control, could result in the default under the Credit Facility, which could result in the Corporation being required to repay any amounts owing thereunder. Even if Saturn is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to the Corporation. If Saturn is unable to repay amounts owing, the lenders under the Credit Facility could proceed to foreclose or otherwise realize upon the collateral granted to them to secure the indebtedness. The acceleration of the Corporation's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross-default or cross-acceleration provisions. In addition, the Credit Facility may, from time to time, impose operating and financial restrictions on Saturn that could include restrictions on, the payment of dividends, repurchase or making of other distributions with respect to the Corporation's securities, incurring of additional indebtedness, provision of guarantees and other financial assistance, the assumption or borrowing of loans, making of capital expenditures, entering into of amalgamations, mergers, take-over bids or disposition of assets, among others.



INSURANCE

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

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

RELIANCE ON OPERATORS AND KEY EMPLOYEES

To the extent the Corporation is not the operator of our oil and gas properties, we will be dependent on such operators for the timing of activities related to such properties and will largely be unable to direct or control the activities of the operators. In addition, the success of Saturn will be largely dependent upon the performance of our management and key employees. The Corporation does not have any key man insurance policies, and therefore there is a risk that the death or departure of any member of management or any key employee could have a material adverse effect on Saturn.

DELAYS IN BUSINESS OPERATIONS

In addition to the usual delays in payments by purchasers of oil and natural gas to the Corporation or to the operators, and the delays by operators in remitting payment to Saturn, payments between these parties may be delayed due to restrictions imposed by lenders, accounting delays, delays in the sale or delivery of products, delays in the connection of wells to a gathering system, adjustment for prior periods, or recovery by the operator of expenses incurred in the operation of the properties. Any of these delays could reduce the amount of cash flow available for the business of the Corporation in a given period and expose Saturn to additional third-party credit risks.

PERMITS AND LICENCES

The operations of the Corporation may require licences and permits from various governmental authorities. There can be no assurance that the issuer will be able to obtain all necessary licences and permits that may be required to carry out exploration and development at our projects.

INDIGENOUS LANDS AND RIGHTS CLAIMS

Opposition by Indigenous groups to conduct our operations, development or exploratory activities in any of the jurisdictions in which we conduct business may negatively impact us in terms of public perception, diversion of management's time and resources, legal and other advisory expenses, and could adversely impact our progress and ability to explore and develop properties.

Indigenous groups across Canada have established and asserted treaty entitlements, title to lands, and other rights. Although there are no treaty, title, or rights claims on lands where we operate, no certainty exists that any lands currently unaffected by such claims brought by Indigenous groups will remain unaffected by future claims. Such claims, if successful, could have a material adverse impact on our operations or pace of growth.



The Government of Canada and provincial governments have a duty to consult with Indigenous people when contemplating actions that may adversely affect the asserted or proven Indigenous or treaty rights and, in certain circumstances, accommodate their concerns. The scope of the duty to consult by federal and provincial governments varies with the circumstances and is often the subject of litigation. The fulfillment of the duty to consult Indigenous people and any associated accommodations may adversely affect our ability to, or increase the timeline to, obtain or renew, permits, leases, licences and other approvals, or to meet the terms and conditions of those approvals. For example, a 2021 British Columbia Supreme Court decision determined that the cumulative impacts of government sanctioned industrial development on traditional First Nations territories in northeast British Columbia breached that group's treaty rights. In 2023, the government of British Columbia (the "**Government of British Columbia**") and the First Nation came to an agreement relating to further industrial activities in the area. The developments in Northeastern British Columbia relating to Indigenous rights may lead to similar claims of cumulative effects across Canada in other areas covered by treaties. The long-term impacts and associated risks of the decision on the Canadian oil and natural gas industry remains uncertain. See "*Information Concerning the Oil and Natural Gas Industry – INDIGENOUS RIGHTS*".

In addition, the Government of Canada has introduced legislation to implement the United Nations Declaration of the Rights of Indigenous Peoples ("**UNDRIP**"). Other Canadian jurisdictions, including British Columbia, have also introduced or passed similar legislation, or begun considering the principles and objectives of UNDRIP, or may do so in the future. The means and timelines associated with UNDRIP's implementation by the government is uncertain; additional processes may be created, or legislation amended or introduced associated with project development and operations, further increasing uncertainty with respect to project regulatory approval timelines and requirements. See "*Information Concerning the Oil and Natural Gas Industry – INDIGENOUS RIGHTS*".

SEASONALITY AND WEATHER CONDITIONS

The level of activity in the Canadian oil and gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable. Consequently, municipal and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Road bans and other restrictions generally result in a reduction of drilling and exploratory activities and may also result in the shut-in of some of our production. Also, certain oil and gas-producing areas are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of swampy terrain when not frozen. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and potential declines in production of oil and gas by the Corporation.

Our operations are susceptible to the impacts of wildfires, flooding and extreme cold. In addition to the loss of revenue that would result from the loss of production if our operations were affected by wildfires, flooding and/or extreme cold, we would incur delays and expenses responding to such events, repairing damaged equipment, and resuming operations. Although our insurance policies may compensate us for part of our losses, they will not compensate us for all of our losses. In addition, adverse weather conditions can consume both financial resources and management and employee time that would otherwise be directed towards the development of our business and the pursuit of our business strategy. We can offer no assurance that the severe wildfires, flooding and extreme cold that have at times affected both the Corporation as well as the oil and gas industry in Western Canada, as a whole, will not occur again in the future with equal or greater severity.

INCOME TAXES

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



HEDGING

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

- production falls short of the hedged volumes or prices fall significantly lower than projected;
- there is a widening of price-basis differentials between delivery points for production and the delivery point assumed in the hedge arrangement;
- the counterparties to the hedging arrangements or other price risk management contracts fail to perform under those arrangements; or
- a sudden unexpected event materially impacts oil and natural gas prices.

On the other hand, failure to protect against a decline in commodity prices exposes us to reduced liquidity when prices decline. A sustained lower commodity price environment would result in lower realized prices for unprotected volumes and reduce the prices at which we would enter into hedging contracts on future volumes. This could make such transactions unattractive, and, as a result, some or all of our production volumes forecasted for the current fiscal year and beyond may not be protected by hedging arrangements.

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

INFLATION AND HIGH INTEREST RATES

The inflation rate in Canada has remained high over the last several years, causing supply chain disruptions, inflationary cost pressures, equipment limitations, escalating supply costs and commodity prices, and additional government intervention through stimulus spending and additional regulations. These factors have increased our operating costs. If we are unable to manage costs, it may impact project returns and future development decisions, which could have a material adverse effect on our financial performance and funds flow.

Additionally, the Bank of Canada and many central banks have raised interest rates to combat inflation, and although interest rates have now begun to drop, higher interest rates over the last several years have impacted the Corporation's borrowing costs. The increase in borrowing costs may impact project returns and future development decisions, which could have a material adverse effect on our financial performance and funds flow. High interest rates could also result in a recession in Canada, the U.S. or other countries. A recession may have a negative impact on demand for oil and natural gas, causing a decrease in commodity prices. A decrease in commodity prices would immediately impact our revenues and funds flow and could also reduce drilling activity on our properties. It is unknown how long inflation will continue to impact the economies of Canada and the U.S. and how inflation and higher interest rates will impact oil and gas demand and commodity prices.

MANAGEMENT OF GROWTH

Saturn may be subject to growth-related risks including capacity constraints and pressure on our internal systems and controls. The Corporation's ability to manage growth effectively will require us to continue to implement and improve Saturn's operational and financial systems and to expand, train and manage our employee base. Saturn's inability to deal with this growth may have a material adverse effect on our business, financial condition, results of operations and prospects.



EXPIRATION OF LICENSES AND LEASES

Saturn's properties are held in the form of licences and leases and working interests in licences and leases. If the Corporation, or the holder of the licence or lease, fail to meet the specific requirement of a licence or lease, the licence or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each licence or lease will be met. The termination or expiration of our licences or leases or the working interests relating to a licence or lease and the associated abandonment and reclamation obligations may have a material adverse effect on our business, financial condition, results of operations and prospects.

LITIGATION

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

THIRD PARTY CREDIT RISK

The Corporation is or may be exposed to third party credit risk through our contractual arrangements with Saturn's current or future joint venture partners, marketers of our petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to the Corporation, such failures could have a material adverse effect on Saturn and our cash flow from operations.

CARBON PRICING RISK

The majority of countries across the globe have agreed to reduce their carbon emissions in accordance with the Paris Agreement. See *"Information Concerning the Oil and Natural Gas Industry – REGULATORY AUTHORITIES AND ENVIRONMENTAL REGULATION"* and *"Information Concerning the Oil and Natural Gas Industry – CLIMATE CHANGE REGULATION"*. In Canada, the federal and certain provincial governments have implemented legislation aimed at incentivizing the use of alternative fuels and in turn reducing carbon emissions. The taxes placed on carbon emissions may have the effect of decreasing the demand for oil and natural gas products and at the same time, increasing our operating expenses, each of which may have a material adverse effect on our profitability and financial condition. Further, the imposition of carbon taxes puts us at a disadvantage with our counterparts who operate in jurisdictions where there are less costly carbon regulations.

REPUTATIONAL RISK ASSOCIATED WITH OUR OPERATIONS

The Corporation's business, operations or financial condition may be negatively impacted as a result of any negative public opinion towards us or as a result of any negative sentiment toward, or in respect of, Saturn's reputation with stakeholders, special interest groups, political leadership, the media or other entities. Public opinion may be influenced by certain media and special interest groups' negative portrayal of the industry in which the Corporation operate as well as their opposition to certain oil and natural gas projects. Potential impacts of negative public opinion or reputational issues may include delays or interruptions in operations, legal or regulatory actions or challenges, blockades, increased regulatory oversight, reduced support for, delays in, challenges to, or the revocation of regulatory approvals, permits and/or licenses and increased costs and/or cost overruns, and reduced access to (or an increase in the cost of) capital, credit and/or insurance coverage. The Corporation's reputation and public opinion could also be impacted by the actions and activities of other companies operating in the oil and natural gas industry, particularly other producers, over which Saturn has no control. Similarly, the Corporation's reputation could be impacted by negative publicity related to environmental damage, loss of life, injury or damage to property and environmental



damage caused by Saturn's operations, or due to opposition from special interest groups opposed to oil and natural gas development. In addition, if the Corporation develops a reputation of having an unsafe work site it may impact our ability to attract and retain the necessary skilled employees and consultants to operate Saturn's business. Opposition from special interest groups opposed to oil and natural gas development and the possibility of climate-related litigation against governments and fossil fuel companies may impact our reputation. See "*Risk Factors – CLIMATE CHANGE*".

Reputational risk cannot be managed in isolation from other forms of risk. Credit, market, operational, insurance, regulatory and legal risks, among others, must all be managed effectively to safeguard our reputation. Damage to our reputation could result in negative investor sentiment towards us, which may result in limiting our access to capital, credit and/or insurance coverage, increasing the cost of capital, and decreasing the price and liquidity of our Common Shares.

NON-GOVERNMENTAL ORGANIZATIONS AND ECO-TERRORISM RISKS

The oil and natural gas exploration, development and operating activities conducted by us may, at times, be subject to public opposition. Such public opposition could expose us to the risk of higher costs, delays or even project cancellations due to increased pressure on governments and regulators by special interest groups including Indigenous groups, landowners, environmental interest groups (including those opposed to oil and natural gas production operations) and other non-governmental organizations, blockades, legal or regulatory actions or challenges, increased regulatory oversight, reduced support of the federal, provincial or municipal governments, delays in, challenges to, or the revocation of regulatory approvals, permits and/or licenses, and direct legal challenges, including the possibility of climate-related litigation. See "*Information Concerning the Oil and Natural Gas Industry – TRANSPORTATION CONSTRAINTS, PIPELINE CAPACITY AND MARKET ACCESS*". There is no guarantee that we will be able to satisfy the concerns of the special interest groups and non-governmental organizations, and attempting to address such concerns may require us to incur significant, unanticipated capital and operating expenditures.

CHANGING INVESTOR SENTIMENT

A number of factors, including the effects of the use of fossil fuels on climate change, the impact of oil and natural gas operations on the environment, environmental damage relating to spills of petroleum products during production and transportation, and Indigenous rights have affected certain investors', lenders' and insurers' sentiments towards investing in, lending to, and insuring participants in the oil and natural gas industry. As a result of these concerns, some institutional, retail and governmental investors, lenders and insurers have announced that they no longer are willing to fund or invest in, lend to, or insure oil and natural gas properties or companies, or are reducing the amount thereof over time. In addition, certain institutional investors, lenders and insurers are requesting that issuers develop and implement more robust social, environmental and governance policies and practices and make related disclosures. Developing and implementing such policies and practices, and making such related disclosures, can involve significant costs and require a significant time commitment from the Board, management and employees. Failing to implement the policies and practices, and make the related disclosures, as requested by institutional investors, lenders and insurers, may result in such investors reducing their investment in or loan to us, or not investing in or lending to us at all, or such insurers refusing to insure us. Any reduction in the investor, lender or insurance base interested or willing to invest in, lend to or insure participants in the oil and natural gas industry and more specifically, us, may result in limiting our access to capital or insurance, increasing the cost of capital or insurance, and decreasing the price and liquidity of our Common Shares even if our operating results, underlying asset values or prospects have not changed or have improved.

INFORMATION TECHNOLOGY SYSTEMS AND CYBER-SECURITY

We have become increasingly dependent upon the availability, capacity, reliability and security of our information technology infrastructure and our ability to expand and continually update this infrastructure, to conduct daily operations. We depend on various information technology systems to estimate reserve quantities, process and record financial data, manage our land base, manage financial resources, analyze seismic information, administer contracts with operators and lessees and communicate with employees and third-party partners.



Further, we are subject to a variety of information technology and system risks as a part of our normal course operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of our information technology systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to business activities or our competitive position. In addition, phishing attempts, in which a malicious party attempts to obtain sensitive information such as usernames, passwords, credit card and banking details (and money) have become more widespread and sophisticated in recent years. If we become a victim to a phishing attack it could result in a loss or theft of our financial resources or critical data or could result in a loss of control of our technological infrastructure. Our employees are often the targets of such phishing attacks by parties using fraudulent emails to misappropriate information or to introduce viruses or other malware through “Trojan horse” programs to our systems. These emails appear to be legitimate emails, but direct recipients to fraudulent websites operated by the sender of the email or request recipients to send a password or other confidential information through email or to download malware.

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

DATA PROTECTION

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

FORCED OR CHILD LABOUR IN SUPPLY CHAINS

In May 2023, *An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff* was passed and came into force on January 1, 2024. Pursuant to the new legislation, any company that is subject to the reporting requirements, including us, is required to conduct certain due diligence on its supply chains and to file an annual report accordingly. While we are currently unaware of any forced or child labour in any of our supply chains, the increased scrutiny on the supply chains of Canadian companies could uncover the risk or existence of forced or child labour in a supply chain to which we have a connection, which could negatively impact our reputation.



IMPACTS OF PANDEMICS, NATURAL DISASTERS, TERRORIST ACTS, AND CIVIL UNREST

Upon the occurrence of a natural disaster, or upon an incident of war, riot or civil unrest, the impacted country, province, state or region may not efficiently and quickly recover from such event, which could have a materially adverse effect on us, our customers, and our business and operations. Terrorist attacks, public health crises including epidemics, pandemics or outbreaks of new infectious disease or viruses, domestic and global trade disruptions, infrastructure disruptions, civil disobedience or unrest, natural disasters, national emergencies, acts of war, technological attacks and related events can result in volatility and disruption to local and global supply chains, operations, mobility of people and the financial markets, which could result in a significant reduction in economic activity in Canada and internationally along with a drop in demand for oil and natural gas, as well as affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to us, our customers, and our business and operations, which may have a material adverse effect on our reputation, business, financial conditions or operations and could aggravate the other risk factors identified herein.

FORWARD-LOOKING INFORMATION MAY PROVE INACCURATE

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

Additional information on the risks, assumptions and uncertainties are found in this Annual Information Form under the heading “*Forward Looking Statements*”.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

The *Statement of Reserves Data and Other Oil and Gas Information* (the “**Statement**”) set forth below is dated and prepared on February 11, 2025. The effective date of the Statement is December 31, 2024. All currency values are in Canadian dollars (unless otherwise specified).

In accordance with the requirements of NI 51-101 – *Standards of Disclosure for Oil and Gas Activities* (“**NI 51-101**”), the tables below summarize the Corporation's oil, natural gas and NGLs reserves and the value of future net cash flows associated with such reserves as at December 31, 2024, and as evaluated and prepared by Ryder Scott Petroleum Consultants (“**Ryder Scott**”) independent petroleum engineers of Calgary, Alberta in their report “*Estimated Projection of Future Reserves and Income Attributable to Certain Leasehold and Royalty Interests, based on Escalated Parameters as of December 31, 2024*” and dated February 11, 2025 (the “**2024 Reserves Report**”). The 2024 Reserves Report has been prepared in accordance with the standards in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the “**COGE Handbook**”) and the reserves definitions set out by the Canadian Securities Administrators in NI 51-101 and the COGE Handbook. The tables below summarize the data contained in the 2024 Reserves Report and, as a result, may contain slightly different numbers than the 2024 Reserves Report due to rounding. All future cash flows are stated prior to provision for indirect costs and after deduction of royalties, estimated future capital expenditures and well abandonment costs.

It should not be assumed that the undiscounted or discounted net present value of estimated future cash flows shown below is representative of the fair market value of the reserves. There is no assurance that such price and cost assumptions will be attained, and variances could be material. The Corporation's crude oil reserves provided herein are estimates only, and there is no guarantee that the estimated reserves will be recovered. Actual crude oil reserves may be greater than or less than the estimates provided. In the various reserves-related tables included herein, columns may not add due to rounding. Additional information not required by NI 51-101 has been presented to provide continuity and additional information which Saturn believes is important to the readers of this information.



The Corporation is required to pay royalties to the Crown or other royalty owners and receives royalties from various working interest parties for commodities produced. Crown royalty payments are subject to change and any changes may have an adverse impact on the profitability of a project.

Attached as Schedule "A" to this Annual Information Form is the Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor in Form 51-101F2, and attached as Schedule "B" is the Report of Management and Directors on Oil and Gas Disclosure in Form 51-101F3.

PETROLEUM AND NATURAL GAS RESERVES AND NET PRESENT VALUE

The following table summarizes Ryder Scott's estimates of the Corporation's oil and natural gas reserves at December 31, 2024, based on forecast price assumptions and calculated without discount.

SUMMARY OF CRUDE OIL, NATURAL GAS AND NATURAL GAS LIQUIDS RESERVES BASED ON FORECAST PRICES AND COSTS

As of December 31, 2024

Oil										
Reserves Category	Light and Medium Crude Oil (Mbbbl)		Heavy Crude Oil (Mbbbl)		Conventional Natural Gas (MMscf)		Natural Gas Liquids (Mbbbl)		Total MBOE (Mboe)	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Proved										
Developed Producing	55,539	51,242	10,791	9,059	79,665	72,639	7,104	6,432	86,711	78,839
Developed Non-Producing	1,505	1,357	17	13	2,413	2,211	209	191	2,134	1,930
Undeveloped	31,022	28,582	1,339	1,298	47,834	42,765	3,337	2,987	43,670	39,995
Total Proved	88,066	81,181	12,147	10,371	129,913	117,615	10,649	9,610	132,515	120,764
Probable	45,678	42,137	4,072	3,541	71,400	64,024	5,891	5,150	67,541	61,500
Total Proved Plus Probable	133,744	123,318	16,219	13,912	201,313	181,640	16,540	14,760	200,056	182,263

The following table is a summary of net present values of future net revenues associated with such reserves at December 31, 2024, based on forecast price assumptions before and after deducting income taxes, and calculated without discount and using discount rates of 5%, 10%, 15% and 20%. Future net revenue includes estimated abandonment costs related to wells and production facilities required to produce reserves.

NET PRESENT VALUE OF FUTURE NET REVENUE BASED ON FORECAST PRICES AND COSTS

As of December 31, 2024

Reserves Category ⁽³⁾	Before Income Tax (MM\$) ⁽²⁾					After Income Tax (MM\$) ⁽²⁾					Unit Value ⁽¹⁾ Before Tax Discounted at 10% (\$/Boe) ⁽⁴⁾
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%	
Proved:											
Developed Producing	2,546.5	2,314.0	1,970.0	1,700.3	1,497.2	1,851.3	1,720.6	1,463.4	1,258.6	1,105.0	24.99
Developed Non-Producing	75.7	55.5	43.7	36.0	30.6	55.0	41.3	32.5	26.7	22.6	22.65
Undeveloped	1,172.7	764.9	515.3	355.2	247.7	852.6	568.8	382.8	262.9	182.8	12.88
Total Proved	3,794.8	3,134.5	2,529.0	2,091.4	1,775.5	2,758.8	2,330.7	1,878.6	1,548.2	1,310.4	20.94
Probable	2,719.9	1,618.8	1,078.4	776.0	589.9	1,891.2	1,066.8	682.0	475.3	352.5	17.54
Total Proved plus Probable	6,514.7	4,753.2	3,607.4	2,867.4	2,365.4	4,650.1	3,397.4	2,560.6	2,023.5	1,662.9	19.79

(1) The unit values are based on net reserves.

(2) All values presented are in Canadian Dollars (CDN).

(3) See definitions of "proved" and "probable" reserves under "Definitions and Additional Notes to Reserves Data Tables" below.

(4) See information related to BOE conversion ratio under "Abbreviations".



The following table sets forth elements of future net revenue attributed to Proved Reserves and Proved Plus Probable Reserves of the Corporation as of December 31, 2024, based on forecast price assumptions and calculated without discount.

TOTAL FUTURE NET REVENUE (UNDISCOUNTED) BASED ON FORECAST PRICES AND COSTS

As of December 31, 2024

Reserves Category	Revenue (MM\$) ⁽¹⁾	Royalties and Burdens (MM\$) ⁽²⁾	Operating Costs (MM\$)	Development Costs (MM\$)	Other Costs (MM\$)	Abandonment and Reclamation Costs ⁽³⁾ (MM\$)	Future Net Revenue Before Income Taxes (MM\$)	Future Income Taxes (MM\$)	Future Net Revenue After Income Taxes (MM\$)
Proved:									
Developed Producing	7,244.3	508.0	3,196.7	-	118.7	874.4	2,546.5	695.2	1,851.3
Developed Non-Producing	172.2	16.7	62.0	15.3	2.2	0.2	75.7	20.7	55.0
Undeveloped	3,649.3	305.7	970.8	1,094.5	42.1	63.4	1,172.7	320.2	852.6
Total Proved	11,065.8	830.4	4,229.6	1,109.9	163.0	938.1	3,794.8	1,036.0	2,758.8
Probable	6,166.7	534.8	2,082.0	696.5	86.7	46.8	2,719.9	828.7	1,891.2
Total Proved plus Probable	17,232.5	1,365.2	6,311.6	1,806.4	249.7	984.9	6,514.7	1,864.7	4,650.1

(1) All values are presented in Canadian Dollars (CDN).

(2) Royalties and Burdens include any applicable Production Taxes and Other Income.

(3) Abandonment and Reclamation costs presented in this table well and facility costs up to the point of first sale.

The following table sets forth the net present value of future net revenues by production group attributed to Proved and Proved plus Probable Reserves of the Corporation as of December 31, 2024, based on forecast price assumptions.

NET PRESENT VALUES OF FUTURE NET REVENUE BY PRODUCT TYPE BASED ON FORECAST PRICES AND COSTS

As of December 31, 2024

Reserves Category	Product Type	Future Net Revenue Before Income Taxes (Discounted at 10%/Year) (MM\$)	Net Reserves Unit Value Before Income Taxes (\$/MCF for Gas, \$/BBL for oil and NGLs and \$/BOE for totals)
Proved	Light and Medium Crude Oil (including solution gas and products)	2,267	21.23
	Heavy Oil (Including Solution Gas and Products)	248	23.83
	Conventional Natural Gas (including solution gas and products)	14	0.64
	Non-Conventional Oil and Gas (including solution gas and products)	0	0.64
	TOTAL	2,529	20.94
Proved Plus Probable	Light and Medium Crude Oil (including solution gas and by-products)	3,266	20.45
	Heavy Oil (Including Solution Gas and Products)	303	21.64
	Conventional Natural Gas (including solution gas and by-products)	39	0.76
	Non-Conventional Oil and Gas (including solution gas and products)	0	-
	TOTAL	3,607	19.79



Definitions and Additional Notes to Reserves Data Tables

The determination of oil, NGLs and natural gas reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of Proved, Probable and Possible Reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery. The estimation and classification of reserves requires the application of professional judgment combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply reserves definitions.

In the tables set forth under the heading “*Statement of Reserves Data and Other Oil and Gas Information*” and elsewhere in this Annual Information Form the following definitions and notes are applicable:

“**Gross**” reserves are Saturn’s working interest (operating or non-operating) share before deduction of royalty obligations and without including any royalty interests of the Corporation.

“**Net**” reserves are Saturn’s working interest (operating or non-operating) share after deduction of royalty obligations plus any royalty interests of the Corporation.

“**Reserves**” are the estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on: the analysis of drilling, geological, geophysical and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are further classified according with the level of certainty associated with the estimates and may be sub-classified based on development and production status.

“**Production**” is the cumulative quantity of petroleum that has been recovered at a given date.

“**Proved Reserves**” are those Reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated Proved Reserves. At least 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves is the targeted level of certainty.

“**Probable Reserves**” are those additional Reserves that are less certain to be recovered than Proved Reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated Proved plus Probable Reserves. At least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves is the targeted level of certainty.

“**Developed Reserves**” are those Reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the Reserves on production. The developed category may be subdivided into producing and non-producing.

“**Developed Producing Reserves**” are those Reserves that are expected to be recovered from completion intervals open at the time of the estimate. These Reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

“**Developed Non-Producing Reserves**” are those Reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

“**Undeveloped Reserves**” are those Reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the Reserves classification (proved, probable) to which they are assigned.



PRICING ASSUMPTIONS

FORECAST PRICES AND COST ASSUMPTIONS

The following tables detail the benchmark references prices, for Saturn's assets in which the Corporation operated as at January 1, 2025, reflected in the reserves data contained under "PETROLEUM AND NATURAL GAS RESERVES AND NET PRESENT VALUE".

The table below summarizes the "benchmark prices" at a price reference point and the 2024 realized prices used for the geographic area included in the 2024 Reserves Report:

Geographic Area	Product	Average Benchmark Prices	Average Realized Prices ⁽¹⁾⁽²⁾
Alberta	Light and Medium Crude Oil	\$ 94.79 /bbl	\$ 90.66 /bbl
Saskatchewan	Cromer LSB	\$ 93.30 /bbl	\$ 89.83 /bbl
	Heavy Oil	\$ 82.69 /bbl	\$ 78.88 /bbl
Alberta & Saskatchewan	Natural Gas	\$ 2.36 /Mcf	\$ 2.12 /Mcf
	Condensate ⁽³⁾	\$ 100.59 /bbl	\$ 90.59 /bbl
	Pentanes ⁽³⁾	\$ 100.59 /bbl	\$ 88.40 /bbl
	Butane ⁽³⁾	\$ 100.59 /bbl	\$ 39.05 /bbl
	Propane ⁽³⁾	\$ 100.59 /bbl	\$ 21.27 /bbl
	Ethane ⁽³⁾	\$ 100.59 /bbl	\$ 2.24 /bbl

(1) Realized Prices are based on Net Company Revenues and Net Company Reserves.

(2) No Constant Prices used for this evaluation.

(3) All Liquids are offset to WTI in Canadian dollars.

SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS FORECAST PRICES AND COSTS

As at December 31, 2024

Year	WTI Crude Oil (US\$/bbl)	WTI Crude Oil (\$/bbl)	Edmonton MSW 40° API (\$/bbl)	Western Canada Select (\$/bbl)	Sask Cromer LSB (\$/bbl)	Alberta AECO Spot (\$/MMBTU)	Inflation (%)	Exchange Rate (\$US/\$CAN)
2025	71.58	100.59	94.79	82.69	93.30	2.36	-	0.71
2026	74.48	102.27	97.04	84.27	96.06	3.33	2.00	0.73
2027	75.81	101.99	97.37	83.81	95.92	3.48	2.00	0.74
2028	77.66	104.48	99.80	85.70	98.54	3.69	2.00	0.74
2029	79.22	106.57	101.79	87.45	100.51	3.76	2.00	0.74
2030	80.80	108.70	103.83	89.25	102.52	3.83	2.00	0.74
2031	82.42	110.88	105.91	91.04	104.57	3.91	2.00	0.74
2032	84.06	113.09	108.03	92.85	106.66	3.99	2.00	0.74
2033	85.74	115.35	110.19	94.71	108.79	4.07	2.00	0.74
2034	87.46	117.66	112.39	96.61	110.97	4.15	2.00	0.74
2035	89.21	120.01	114.64	98.54	113.19	4.23	2.00	0.74
2036	90.99	122.41	116.93	100.51	115.45	4.32	2.00	0.74
2037	92.81	124.86	119.27	102.52	117.76	4.40	2.00	0.74
2038	94.67	127.36	121.65	104.57	120.12	4.49	2.00	0.74
2039	96.56	129.91	124.09	106.66	122.52	4.58	2.00	0.74
2040	98.50	132.51	126.57	108.79	124.97	4.67	2.00	0.73
2041	100.47	135.16	129.10	110.97	127.47	4.77	2.00	0.73
2042	102.48	137.86	131.68	113.19	130.02	4.86	2.00	0.73
2043	104.52	140.62	134.31	115.45	132.62	4.96	2.00	0.73
2044	106.62	143.43	137.00	117.76	135.27	5.06	2.00	0.73
2045	108.75	146.30	139.74	120.12	137.98	5.16	2.00	0.73
2046	110.92	149.22	142.54	122.52	140.74	5.26	2.00	0.73
2047+			Escalate 2% thereafter				2.00	0.73



The following table sets out a reconciliation of the changes in the Corporation's gross reserves as at December 31, 2024 against such reserves at December 31, 2023 based on forecast prices and cost assumptions above:

RESERVES RECONCILIATION

CANADA	Light and Medium Oil			Heavy Oil			Associated and Non-Associated Gas		
	PV (Mbbbl)	PB (Mbbbl)	PV + PB (Mbbbl)	PV (Mbbbl)	PB (Mbbbl)	PV + PB (Mbbbl)	PV (MMscf)	PB (MMscf)	PV + PB (MMscf)
31-Dec-23	72,365	36,111	108,476	-	-	-	104,713	49,132	153,845
Extensions	510	210	720	-	-	-	294	19,101	19,395
Improved Recovery	792	188	980	163	7	170	1,732	302	2,033
Infill Drilling	1,646	1,816	3,462	-	-	-	5,760	4,258	10,019
Technical Revisions	(538)	(2,394)	(2,931)	-	-	-	4,163	(8,988)	(4,825)
Discoveries	1,207	332	1,539	-	-	-	963	301	1,263
Acquisitions	23,926	11,335	35,261	12,720	4,065	16,785	29,905	12,869	42,773
Dispositions	(3,689)	(2,003)	(5,692)	-	-	-	(3,192)	(5,411)	(8,603)
Economic Factors ⁽¹⁾	220	82	302	-	-	-	(483)	(163)	(646)
Production	(8,373)	-	(8,373)	(735)	-	(735)	(13,942)	-	(13,942)
31-Dec-24	88,066	45,678	133,744	12,147	4,072	16,219	129,913	71,400	201,313

	NGL/Condensate			Mboe		
	PV (Mbbbl)	PB (Mbbbl)	PV + PB (Mbbbl)	PV (Mbbbl)	PB (Mbbbl)	PV + PB (Mbbbl)
31-Dec-23	7,787	3,408	11,194	97,603	47,708	145,311
Extensions	60	1,161	1,221	618	4,555	5,174
Improved Recovery	262	54	316	1,505	299	1,804
Infill Drilling	235	174	409	2,842	2,699	5,541
Technical Revisions	128	(307)	(179)	284	(4,198)	(3,915)
Discoveries	69	22	91	1,436	405	1,841
Acquisitions	3,926	1,924	5,850	45,556	19,469	65,025
Dispositions	(716)	(541)	(1,257)	(4,937)	(3,446)	(8,383)
Economic Factors ⁽¹⁾	(19)	(4)	(24)	120	51	171
Production	(1,081)	-	(1,081)	(12,513)	-	(12,513)
31-Dec-24	10,649	5,891	16,540	132,515	67,541	200,056

(1) Economic Factors include changes due to commodity pricing, price differentials and operating cost.

Technical Revisions

- **Light & Medium Oil** - Slight negative impact on proved and probable oil reserves is due to a high-grading of the location inventory to align with the Corporation's five year plan.
- **NGL/Condensate** - Minor negative technical revision driven by forecast updates on entities with associated natural gas liquids.
- **Associated and Non-Associated natural gas and NGL/Condensate** - Most gas volumes are associated with oil wells, so the technical revision impact is associated with changes on oil entities.



ADDITIONAL INFORMATION RELATING TO RESERVES DATA

Undeveloped Reserves

Undeveloped reserves are attributed by Ryder Scott in accordance with standards and procedures contained in the COGE Handbook. Undeveloped reserves are those reserves expected to be recovered from known accumulations where significant expenditure is required to render them capable of production. Undeveloped reserves are expected to be drilled within the next eight years.

The below tables list the volumes of proved undeveloped reserves that were first attributed in each of the last three financial years:

TIMING OF INITIAL PROVED UNDEVELOPED RESERVES ASSIGNMENT GROSS RESERVES FIRST ATTRIBUTED BY YEAR

	Light & Medium Oil (Mbbbl)		Heavy Oil (Mbbbl)		Conventional Natural Gas (MMcf)		Natural Gas Liquids (Mbbbl)		Total (Mboe)	
	First Attributed	Cumulative At Year End	First Attributed	Cumulative At Year End	First Attributed	Cumulative At Year End	First Attributed	Cumulative At Year End	First Attributed	Cumulative At Year End
2022	3,556	11,406	-	-	858	4,496	-	492	3,699	12,647
2023	17,950	27,620	-	-	30,768	33,021	2,247	2,455	25,324	35,578
2024	8,434	31,022	1,339	1,339	18,981	47,834	1,392	3,337	14,328	43,670

Proved undeveloped reserves have been assigned in areas where the reserves can be estimated with a high degree of certainty. In most instances, proved undeveloped reserves will be assigned on lands immediately offsetting existing producing wells within the same accumulation or pool. The 2024 Reserves Report has assigned 43.7 MMboe of proved undeveloped reserves with \$1,109.9 million of associated undiscounted capital as at December 31, 2024.

The below tables list the volumes of probable undeveloped reserves that were first attributed in each of the last three financial years:

TIMING OF INITIAL PROBABLE UNDEVELOPED RESERVES ASSIGNMENT GROSS RESERVES FIRST ATTRIBUTED BY YEAR

	Light & Medium Oil (Mbbbl)		Heavy Oil (Mbbbl)		Conventional Natural Gas (MMcf)		Natural Gas Liquids (Mbbbl)		Total (Mboe)	
	First Attributed	Cumulative At Year End	First Attributed	Cumulative At Year End	First Attributed	Cumulative At Year End	First Attributed	Cumulative At Year End	First Attributed	Cumulative At Year End
2022	4,448	11,753	-	-	1,423	4,479	-	441	4,685	12,940
2023	13,291	22,568	-	-	29,823	32,169	1,829	2,001	20,090	29,931
2024	7,654	27,220	944	944	29,814	49,852	2,270	3,675	15,838	40,149

Probable undeveloped reserves have been assigned in areas where the reserves can be estimated with less certainty. It is equally likely that the actual remaining quantities recovered will be greater or less than the proved plus probable reserves. In most instances, probable undeveloped reserves have been assigned on lands in an area with existing producing wells but there is some uncertainty as to whether they are directly analogous to the producing accumulation or pool. The 2024 Reserves Report has assigned 40.1 MMboe of probable undeveloped reserves with \$696.5 million of associated undiscounted capital as at December 31, 2024.

Undeveloped reserves were assigned to a total of 1,115 undeveloped drilling locations. These locations are all horizontal, with the majority being unconventional fracked wells (717) and the remainder being conventional drills (398). The total location count is comprised of 700 proved undeveloped drilling locations and 415 probable undeveloped drilling locations.



SIGNIFICANT FACTORS OR UNCERTAINTIES AFFECTING RESERVES DATA

The estimation of Reserves requires significant judgment and decisions based on available geological, geophysical, engineering and economic data. These estimates can change substantially as additional information from ongoing development activities and production performance becomes available and as economic and political conditions impact oil and gas prices and costs change. The Corporation's estimates are based on current production forecasts, prices and economic conditions. All of the Corporation's Reserves are evaluated by Ryder Scott, an independent engineering firm. As circumstances change and additional data becomes available, reserve estimates also change. Based on new information, reserves estimates are reviewed and revised, either upward or downward, as warranted. Although every reasonable effort has been made by Saturn to ensure that Reserves estimates are accurate, revisions may arise as new information becomes available. As new geological, production and economic data is incorporated into the process of estimating reserves, the accuracy of the reserve estimate improves.

Certain information regarding the Corporation set forth in this report, including management's assessment of Saturn's future plans and operations contain forward looking statements that involve substantial known and unknown risks and uncertainties. These risks include, but are not limited to the risks associated with the oil and gas industry, commodity prices and exchange rates; industry related risks that could include, but are not limited to, operational risks in exploration, development and production, delays or changes in plans; risks associated with the uncertainty of reserve estimates; health and safety risk; and the uncertainty of estimates and projections of production, costs and expenses. Competition from other producers, the lack of available qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources are additional risks the Corporation faces in this market. Saturn's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur, and if any of them do, what benefits the Corporation may derive therefrom. The reader is cautioned not to place undue reliance on this forward-looking information.

The Corporation anticipates that any future exploration and development costs associated with our Reserves will be financed through combinations of internally generated cashflow, debt and equity financing. As of December 31, 2024 Saturn has hedges that protect corporate cashflow, which are listed in "*Pricing Assumptions – FORWARD CONTRACTS*".

As additional data and circumstances change, reserve estimates also change. Based on new information, reserves estimates are reviewed and revised, either downward or upward as warranted. As new geological, production and economic data is incorporated into the process of estimated reserves the accuracy of the reserve estimate improves.

The Corporation's oil and gas properties have no material extraordinary risks or uncertainties beyond those which are inherent of an oil and gas producing Corporation which have been disclosed in financial statements and management's discussion and analysis as filed on SEDAR+ at www.sedarplus.ca and this Annual Information Form.



FUTURE DEVELOPMENT COSTS

The following table shows the development costs anticipated in the next five years, as of December 31, 2024, which have been deducted in the estimation of the future net revenues of the proved and probable reserves:

	Total Proved Estimated Using Forecast Prices and Costs (Undiscounted) (MM\$)	Total Proved Plus Probable Estimated Using Forecast Prices and Costs (Undiscounted) (MM\$)
2025	250.0	275.1
2026	242.4	272.6
2027	245.3	308.6
2028	187.6	314.3
2029	184.7	347.9
Remaining	-	288.0
Total (undiscounted)	1,109.9	1,806.4

The Corporation's current cash balance, internally-generated cash flow, and future debt and equity placements could allow Saturn to complete the development costs specified above. It is anticipated that the cost arising from debt that may be placed to fund future development activities will reflect rates for asset-based lending prevailing in Canada. The effect on costs of the expected funding could have a material impact on the revenues or reserves currently being reported.

OIL AND GAS WELLS

The following table sets forth the number and status of wells in which Saturn had a working interest or a royalty interest as at December 31, 2024, which are producing or which the Corporation considers to be capable of production. All wells set forth in the table are located in Canada.

	CRUDE OIL ⁽¹⁾⁽²⁾		NATURAL GAS ⁽¹⁾⁽²⁾	
	Gross	Net	Gross	Net
Producing	3,995	3,220	3	1
Non-Producing	4,117	3,143	368	91
Saskatchewan	8,112	6,363	371	93
Producing	662	532	71	22
Non-Producing	108	77	130	77
Alberta	770	609	201	99
Producing	0	0	0	0
Non-Producing	0	0	4	3
British Columbia	0	0	4	3
Total	8,882	6,972	576	195

(1) The above gross and net wells include both reserve assigned and non-reserve assigned entities. Non reserve entities include injector wells; wells waiting for improved economic conditions for restart; wells that are awaiting recompletion; or wells scheduled for abandonment.

(2) Columns may not add due to rounding.

PROPERTY OVERVIEW

The following is a description of the major oil and natural gas properties, and facilities in which the Corporation had an interest as of December 31, 2024.

ALBERTA

Northern Alberta, Kaybob

The Kaybob property is located in Northwest Alberta in Townships 63 and 64, Ranges 18 and 19 W5M, approximately 75 kilometers Northwest of the town of Whitecourt, Alberta. Saturn acquired this property from the purchase of



Ridgeback in the first quarter of 2023. This property holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas are produced exclusively from the Triassic Montney formation.

Central Alberta, West Pembina North

The West Pembina North property is located in Central Alberta in Townships 48, 49, 50, 51 and 52, Ranges 12, 13, 14, and 15 W5M, approximately 50 kilometers West of the town of Drayton Valley, Alberta. Saturn acquired this property from the purchase of Ridgeback in the first quarter of 2023. This property holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas are produced exclusively from the Cretaceous Cardium formation.

Central Alberta, West Pembina South

The West Pembina South property is located in Central Alberta in Townships 48, 49, and 50, Ranges 8, 9, 10, and 11 W5M, approximately 35 kilometers West of the town of Drayton Valley, Alberta. Saturn acquired this property from the purchase of Ridgeback in the first quarter of 2023. This property holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas are produced exclusively from the Cretaceous Cardium formation.

Central Alberta, East Pembina

The East Pembina property is located in Central Alberta in Townships 45, 46, 47, 48 and 49, Ranges 1, 2, 3, 4, 5, 6 and 7 W5M, approximately 25 kilometers East of the town of Drayton Valley, Alberta. Saturn acquired this property from the purchase of Ridgeback in the first quarter of 2023. This property holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas are produced from the Cretaceous Cardium formation.

Central Alberta, Brazeau

The Brazeau property is located in Central Alberta in Townships 44, 45, 46, and 47, Ranges 8, 9, 10, 11, 12 and 13 W5M, approximately 50 kilometers Southwest of the town of Drayton Valley, Alberta. Saturn acquired this property from the purchase of Ridgeback in the first quarter of 2023. This property holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas are produced from the Cretaceous Cardium formation. Gas production from the Cretaceous Mannville is also realized from this property.

Central Alberta, Garrington

The East Pembina property is located in Central Alberta in Townships 31, 32, 33, 34, 35 and 36, Ranges 1, 2, 3, 4, 5, 6 and 7 W5M, approximately 65 kilometers North of the town of Cochrane, Alberta. Saturn acquired this property from the purchase of Ridgeback in the first quarter of 2023. This property holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas are produced from the Cretaceous Cardium formation.

Central Alberta, Lochend

The Lochend property is located in Central Alberta in Townships 25, 26, 27, 28, 29 and 30, Ranges 29 W4, 1, 2, 3, 4, 5 and 6 W5M, adjacent to the town of Cochrane, Alberta and the city of Calgary, Alberta. Saturn acquired this property from the purchase of Ridgeback in the first quarter of 2023. This property holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas are produced from the Cretaceous Cardium formation.

SASKATCHEWAN

West-Central Saskatchewan, Kindersley

The Kindersley property is primarily located in West-Central Saskatchewan and spans into Eastern Alberta, encompassing Townships 29, 30, 31, 32, 33, and 34, Ranges 20, 21, 22, 23, 24, 25, 26, 27, 28 and 29 W3M (Saskatchewan) along with Ranges 1 and 2 W4M (Alberta). The town of Kindersley is located in the Southern edge of this property. Saturn has been operating throughout this property since 2017. This property holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas are produced exclusively from the Cretaceous Viking formation.



West-Central Saskatchewan, Herschel

The Herschel property is located in West-Central Saskatchewan, encompassing Townships 29, 30, 31, 32, and 33, Ranges 15, 16, 17, 18, and 19. The town of Kindersley, Saskatchewan is located approximately 50 kilometers Southwest. Saturn acquired this property from Crescent Point Energy Corp. in the third quarter of 2022. This property holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas are produced exclusively from the Cretaceous Viking formation.

West-Central Saskatchewan, Plato

The Plato property is located in West-Central Saskatchewan, encompassing Townships 22, 23, 24, 25, 26, 27, and 28, Ranges 14 to 29 W3M. The town of Kindersley, Saskatchewan is located approximately 75 kilometers Northwest. Saturn has been operating this property since 2018 with the acquisition of Turnstone Energy Inc. This property holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas are produced exclusively from the Cretaceous Viking formation.

West-Central Saskatchewan, Battrum - Cantuar

The Battrum-Cantuar property is located in West-Central Saskatchewan, encompassing Townships 16, 17, 18, 19 and 20; Ranges 13 to 24 W3M. The city of Swift Current, Saskatchewan is located approximately 40 kilometers Southeast from the majority of land holdings. Saturn acquired this property from Veren Inc. in the second quarter of 2024. This property holds several working interest sections and Unit agreements with opportunity for future drilling locations. Oil and associated gas is produced from the Lower Cretaceous Mannville Group, the Upper Jurassic Success formation, and the Middle Jurassic Shaunavon formation.

Southeast Saskatchewan, Glen Ewen

The Glen Ewen property is located in Southeast Saskatchewan, encompassing Townships 1, 2, 3, 4, and 5, Ranges 33 and 34 W1M and Ranges 1, 2 and 3 W2M. The town of Carlyle, Saskatchewan is located approximately 50 kilometers North. The towns of Alameda, Oxbow and Carnduff, are located within this property. Saturn acquired this property from Crescent Point Energy Inc. in the second quarter of 2021. This property holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas are predominantly produced from the Mississippian Frobisher and Midale formations.

Southeast Saskatchewan, Weir Hill

The Weir Hill property is located in Southeast Saskatchewan, encompassing Townships 5, 6 and 7, Ranges 1, 2, 3, 4 and 5 W2M. The town of Carlyle, Saskatchewan is approximately 20 kilometers to the Northeast. Saturn acquired this property from Crescent Point Energy Inc. in the second quarter of 2021. This property holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas are predominantly produced from the Mississippian Frobisher and Alida formations.

Southeast Saskatchewan, Manor

The Manor property is located in Southeast Saskatchewan, encompassing Townships 6, 7, 8, 9 and 10, Ranges 30, 31, 32, 33 and 34 W1M as well as Ranges 1 and 2 W2M. The town of Carlyle, Saskatchewan is approximately 5 kilometers to the West. The town of Redvers, Saskatchewan is also within this area. Saturn acquired this property from Crescent Point Energy Inc. in the second quarter of 2021. This property holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas are predominantly produced from the Triassic Spearfish formation and the Mississippian Alida formations.



Southeast Saskatchewan, Wapella

The Wapella property is located in Southeast Saskatchewan, encompassing Townships 11, 12, 13, 14, 15, 16, 17 and 18, Ranges 30, 31, 32, 33 and 34 W1M as well as Ranges 1 and 2 W2M. The town of Carlyle, Saskatchewan is approximately 65 kilometers to the South. Nearby towns include Wapella and Moosomin, Saskatchewan. Saturn acquired this property from Crescent Point Energy Inc. in the second quarter of 2021. This property holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas are predominantly produced from the Jurassic Red Jacket formation.

Southeast Saskatchewan, Ingoldsby

The Ingoldsby property is located in Southeast Saskatchewan, encompassing Townships 1, 2, 3, 4, 5, 6, and 7, Ranges 28, 29, 30, 31, 32, 33 and 34 W1M. The town of Carlyle, Saskatchewan is approximately 50 kilometers to the Northwest. Saturn acquired this property from Crescent Point Energy Inc. in the second quarter of 2021. This property holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas are produced from the Mississippian Frobisher, Alida and Tilston formations.

Southeast Saskatchewan, Midale

The Midale property is located in Southeast Saskatchewan, encompassing Townships 1, 2, 3, 4, 5, 6, and 7, Ranges 4, 5, 6, 7, 8, 9, 10, and 11 W2M. The town of Carlyle, Saskatchewan is approximately 75 kilometers to the Northeast. This city of Estevan along with the towns of Midale and Bienfait, Saskatchewan are also within this property. Saturn has been operating within this property since the initial acquisition from Crescent Point Energy Inc. in the second quarter of 2021. This property holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas are produced from the Mississippian Midale and Bakken formations.

Southeast Saskatchewan, Viewfield

The Viewfield property is located in Southeast Saskatchewan, encompassing Townships 5, 6, 7, 8, 9, and 10, Ranges 6, 7, 8, 7, 8, and 9 W2M. The town of Carlyle, Saskatchewan is approximately 60 kilometers to the East. The towns of Stoughton and Lampman, Saskatchewan are within this property. Saturn acquired this property from the purchase of Ridgeback in the first quarter of 2023. This property holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas are produced from the Mississippian Midale, Frobisher and Bakken formations.

Southeast Saskatchewan, Star Valley

The Star Valley property is located in Southeast Saskatchewan, encompassing Townships 9, and 10, Ranges 5 and 6 W2M. The town of Carlyle, Saskatchewan is approximately 30 kilometers to the Southeast. Saturn acquired this property from the purchase of Ridgeback in the first quarter of 2023. This property holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas are produced from the Mississippian Midale, Frobisher and Bakken formations.

Southeast Saskatchewan, Clarilaw

The Clarilaw property is located in Southeast Saskatchewan, encompassing Townships 6 and 7; Range 5 and 6 W2M. The town of Carlyle, Saskatchewan is approximately 30 kilometers to the Northeast. Saturn has been operating within this property since the initial acquisition from Crescent Point Energy Inc. in the second quarter of 2021. This property holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas are produced from the Mississippian Frobisher, Alida and Bakken formations.



Southeast Saskatchewan, Morrisview

The Morrisview property is located in Southeast Saskatchewan, encompassing Townships 7; Range 6 and 7 W2M. The town of Carlyle, Saskatchewan is approximately 45 kilometers to the East. Saturn acquired this property from the purchase of Ridgeback in the first quarter of 2023. This property holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas are produced exclusively from the Mississippian Bakken formation.

Southeast Saskatchewan, Lost Horse Hills

The Lost Horse Hills property is located in Southeast Saskatchewan, encompassing Townships 10, 11 and 12; Range 5, 6, 7, 8, 9, 10, 11 and 12 W2M. The town of Carlyle, Saskatchewan is approximately 50 kilometers to the Southeast. Saturn acquired this property from the purchase of Ridgeback in the first quarter of 2023. This property holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas are produced from the Mississippian Alida, Tilston and Bakken formations.

Southeast Saskatchewan, Heward

The Heward property is located in Southeast Saskatchewan, encompassing Townships 10, 11 and 12; Range 5, 6, 7, 8, 9, and 10 W2M. The town of Carlyle, Saskatchewan is approximately 60 kilometers to the Southeast. Saturn acquired this property from the purchase of Ridgeback in the first quarter of 2023. This property holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas is produced primarily from the Bakken formation.

Southeast Saskatchewan, Kisbey

The Kisbey property is located in Southeast Saskatchewan, encompassing Townships 7, 8 and 9; Range 5, 6, and 7 W2M. The town of Carlyle, Saskatchewan is approximately 30 kilometers to the East. Saturn acquired this property from the purchase of Ridgeback in the first quarter of 2023. This property holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas are produced primarily from the Bakken formation.

Southeast Saskatchewan, Creelman

The Creelman property is located in Southeast Saskatchewan, encompassing Townships 8 and 9; Range 9, 10, 11 and 12 W2M. The town of Carlyle, Saskatchewan is approximately 75 kilometers to the Southeast. Saturn acquired this property from the purchase of Ridgeback in the first quarter of 2023. This property holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas are produced primarily from the Mississippian Frobisher and Bakken formations.

Southeast Saskatchewan, Handsworth

The Handsworth property is located in Southeast Saskatchewan, encompassing Townships 9, 10 and 11; Ranges 6, 7, and 8 W2M. The town of Carlyle, Saskatchewan is approximately 50 kilometers to the Southeast. Saturn acquired this property from the purchase of Ridgeback in the first quarter of 2023. This property holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas are produced primarily from the Mississippian Alida and Bakken formations.

Southeast Saskatchewan, Flat Lake

The Bromhead-Hoffer and Minton areas make up the Flat Lake package located in Southeast Saskatchewan, encompassing Townships 1 to 10; Ranges 4 to 25 W2M. The town of Carlyle, Saskatchewan is approximately 120 kilometers to the Northeast while the cities of Estevan and Weyburn, Saskatchewan fall within this property. Saturn acquired this property from Veren Inc. in the second quarter of 2024. Flat Lake holds working interest in several sections with opportunity for future drilling locations. Oil and associated gas are produced from the Mississippian Ratcliffe and Oungre formations, along with formations including the Upper Devonian Bakken, Torquay, Birdbear, Middle Devonian Winnipegosis and the Upper Ordovician Red River and Yeoman formations.



PROPERTIES WITH NO ATTRIBUTABLE RESERVES

As at December 31, 2024, the Corporation's assets have a total acreage of 1,431,164 acres (net 1,140,186 acres). Summarized below is the portion of this acreage that is considered undeveloped (Gross 409,414 acres | 338,512 Net acres).

Location / License	Gross Area (Acres)	Net Area (Acres)	Gross Rights to Expire Within One Year (Acres)
Cardium	107,397	73,278	323
Viewfield Bakken	85,548	78,539	2,736
Bromhead (Flat Lake)	64,191	59,884	401
Plato	46,274	37,241	2,541
Battrum / Butte	29,427	24,258	520
Manor	15,648	13,617	27
Glen Ewen	14,628	12,239	704
Ingoldsby	13,043	9,580	80
Wapella	12,666	11,939	0
Weir Hill	7,494	5,207	0
Herschel	4,698	4,330	222
Kindersley	4,320	4,320	6
Kaybob	4,080	4,080	0

These lands have no financial commitment on them other than annual rental payments to the Ministry of Natural Resources or Freehold lessors.

SIGNIFICANT FACTORS OR UNCERTAINTIES RELEVANT TO PROPERTIES WITH NO ATTRIBUTED RESERVES

The Corporation has no significant factors or uncertainties relevant to properties with no attributed reserves.

ADDITIONAL INFORMATION CONCERNING ABANDONMENT AND RECLAMATION COSTS

The following table sets out the Corporation's estimated abandonment costs that are included in the 2024 Reserves Report as a deduction in arriving at future net revenue.

	Total Proved Estimated Using Forecast Prices and Costs ⁽¹⁾ (Undiscounted) (MM\$)	Total Proved Plus Probable Estimated Using Forecast Prices and Costs ⁽¹⁾ (Undiscounted) (MM\$)
2025	15.3	15.3
2026	15.3	15.3
2027	4.1	4.1
Total for three years	34.7	34.7
Remainder	903.3	950.1
Total for all years	938.1	984.8

(1) Costs reflect well abandonments for entities forecast in the 2024 Reserve Report.



FORWARD CONTRACTS

As at December 31, 2024, the Corporation was committed to the following commodity price risk contracts:

Period	WTI Collars		WTI Swaps			Natural Gas Swaps				
	Volume (bbls/d)	Price ⁽¹⁾⁽²⁾ (US\$/bbl)	Volume (bbls/d)	Price ⁽¹⁾ (US\$/bbl)	Volume (bbls/d)	Price ⁽¹⁾ (CA\$/bbl)	Volume (GJ/d)	Price ⁽¹⁾ (CA\$/GJ)	Volume (GJ/d)	Price ⁽³⁾ (CA\$/GJ)
Q1 2025	12,865	64.75-84.14	1,206	72.24	1,413	98.36	10,000	2.73	10,550	Index
Q2 2025	8,456	63.41-83.51	1,707	70.52	1,136	92.56	10,000	2.73	10,550	Index
Q3 2025	6,729	67.23-84.37	2,753	69.05	4,923	89.10	10,000	2.73	10,550	Index
Q4 2025	1,684	65.00-68.10	2,637	68.99	4,674	89.05	10,000	2.73	10,550	Index
Q1 2026	1,080	65.00-68.10	3,077	67.21	4,481	85.46	10,000	2.73	10,550	Index
Q2 2026	-	-	4,028	67.30	4,320	85.47	10,000	2.73	10,550	Index
Q3 2026	-	-	-	-	8,048	83.08	10,000	2.73	10,550	Index
Q4 2026	-	-	-	-	7,733	83.06	10,000	2.73	3,555	Index
Q1 2027	-	-	-	-	5,150	79.85	-	-	-	-

(1) Weighted average prices for the period.

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

(3) 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).

Period	WTI/WCS Differential		WTI/MSW Differential	
	Volume (bbls/d)	Price ⁽¹⁾ (US\$/bbl)	Volume (bbls/d)	Price ⁽¹⁾ (US\$/bbl)
Q1 2025	2,360	(16.85)	13,795	(4.93)
Q2 2025	2,283	(16.85)	13,097	(4.93)
Q3 2025	1,900	(13.30)	12,500	(3.50)
Q4 2025	1,700	(15.85)	-	-

(1) Weighted average prices for the period.

The Corporation had the following outstanding foreign exchange contracts as at December 31, 2024:

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



TAX HORIZON

Saturn was not required to pay income tax in 2024. The Corporation estimates do not expect income taxes will become payable until 2025 or 2026 based on proved plus probable cash flow economics for our assets.

COSTS INCURRED

The following table summarizes the Corporation's capital expenditures incurred related to our activities during the year ended December 31, 2024:

(\$000's)	Year Ended December 31, 2024
Property Acquisition Costs	
Proved Properties	556,088
Unproved Properties	-
Exploration Costs	-
Development Costs	233,435
Other	-
Total	\$789,523

EXPLORATION AND DEVELOPMENT ACTIVITIES

In 2024, the Corporation focused our capital on drilling 97 (81.6 net) wells across our operated assets with 100% drilling success. The Corporation has guided approximately \$310 million in development capital across Saturn's asset base targeting the drilling of 138 (120 net) wells for our 2025 capital program.

The following table provides a breakdown of the gross and net exploration and development wells Saturn participated in during the year ended December 31, 2024:

	Exploration Wells		Development Wells		Total Wells	
	Gross	Net	Gross	Net	Gross	Net
Light and Medium Oil	0	0	93	77.6	93	77.6
Heavy Oil	0	0	4	4.0	4	4.0
Natural Gas	0	0	0	0	0	0
Service	0	0	0	0	0	0
Total	0	0	97	81.6	97	81.6



PRODUCTION ESTIMATES

The following table is a summary of the gross (prior to royalties) volume of the Corporation's estimated production for the year ended December 31, 2024, which is reflected in the estimate of gross proved reserves and gross probable reserves disclosed in the tables contained above under the subheading "Statement of Reserves Data and Other Oil and Gas Information – Pricing Assumptions".

2025 Interest Production	Light and Medium Crude Oil (Mbbbl)	Heavy Crude Oil (Mbbbl)	Associated and Non-Associated Natural Gas (MMscf)	Natural Gas Liquids (Mbbbl)	Oil Equivalent (MBOE)
Central AB	1,337	-	8,643	418	3,195
Other Alberta	356	-	1,649	79	709
SE Saskatchewan	6,340	-	2,268	703	7,421
SW Saskatchewan	458	1,182	30	-	1,645
West-Central	1,127	-	175	7	1,163
Total Proved	9,617	1,182	12,765	1,207	14,134
Central AB	150	-	779	34	314
Other Alberta	94	-	278	13	154
SE Saskatchewan	598	-	249	70	710
SW Saskatchewan	40	27	0	-	67
West-Central	110	-	17	1	113
Total Probable	992	27	1,324	118	1,358
Central AB	1,487	-	9,422	451	3,509
Other Alberta	450	-	1,927	92	863
SE Saskatchewan	6,939	-	2,517	773	8,131
SW Saskatchewan	498	1,209	30	-	1,712
West-Central	1,236	-	192	8	1,276
Total Proved + Probable	10,610	1,209	14,089	1,325	15,492

PRODUCTION HISTORY

The following table summarizes certain information in respect of production history for each important field, and in total, the production volumes for the most recent financial year, for each product type:

Field	Light and Medium Crude Oil (Mbbbl)	Heavy Crude Oil (Mbbbl)	Conventional Natural Gas (MMscf)	Natural Gas Liquids (Mbbbl)	Oil Equivalent (MBOE)
Central Alberta	1,891,122	-	11,520,582	611,952	4,423,101
Southeast Saskatchewan	5,132,583	-	2,207,346	459,330	5,959,258
West-Central Saskatchewan	1,349,428	735,067	214,236	10,130	2,130,335
Total	8,373,133	735,067	13,942,164	1,081,412	12,512,693

The following tables set forth Saturn's average daily production volume before deductions of royalties payable to others, and crude oil prices. Also shown are royalties, net production and transportation costs, and average netbacks for the period January 1, 2024– December 31, 2024.



SUMMARY OF 2024 COMPANY SHARE OF PRODUCTION AND NETBACKS

	Three Months Ended				Year Ended
	March 31	June 30	Sept 30	Dec 31	Dec 31
Average Daily Production					
Crude oil (bbl/d)	18,981	21,010	28,994	30,449	24,885
Natural gas (Mcf/d)	30,416	38,664	39,885	43,328	38,093
NGLs (bbls/d)	2,344	2,673	3,407	3,381	2,954
Total (BOE/d)	26,394	30,127	39,049	41,051	34,188
Average Prices Received					
Crude oil (\$/bbl)	88.64	101.54	92.51	89.13	92.63
Natural gas (\$/Mcf)	2.44	1.37	0.74	1.41	1.43
NGLs (\$/bbls)	44.24	44.33	43.94	46.74	44.89
Processing expenses (\$/boe)	(0.45)	(0.33)	(0.25)	(0.27)	(0.31)
Total (\$/BOE)	70.03	76.18	73.04	71.18	72.59
Operating Netback (\$/boe)					
Petroleum and natural gas sales	70.03	76.18	73.04	71.18	72.59
Royalties	(8.82)	(9.48)	(9.47)	(8.71)	(9.12)
Net operating expenses	(19.80)	(18.12)	(19.86)	(18.35)	(19.01)
Transportation expenses	(1.31)	(1.47)	(1.70)	(1.07)	(1.39)
Operating netback received (\$/boe)	40.10	47.11	42.01	43.05	43.07

UNCERTAINTY OF RESERVES ESTIMATES

The reserve and recovery information contained in the 2024 Reserves Report is only an estimate and the actual production and ultimate reserves from the properties may be greater or less than the independent estimates of Ryder Scott.

There are numerous uncertainties inherent in estimating quantities of reserves and cash flows to be derived therefrom, including many factors that are beyond the control of the Corporation. The reserve and cash flow information set forth herein represent estimates only. The reserves and estimated future net cash flow from Saturn's assets have been independently evaluated effective December 31, 2024 by Ryder Scott. These evaluations include a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, future prices of oil and natural gas, operating costs and royalties and other government levies that may be imposed over the producing life of the reserves. These assumptions were based on price forecasts in use at the date the relevant evaluations were prepared and many of these assumptions are subject to change and are beyond the control of the Corporation. Actual production and cash flows will vary from these evaluations, and such variations could be material. The foregoing evaluations are based in part on the assumed success of exploitation activities intended to be undertaken in future years. The reserves and estimated cash flows contained in such evaluations will be reduced to the extent that such exploitation activities do not achieve the level of success in the evaluations.

DIRECTORS AND OFFICERS OF THE CORPORATION

The following table lists name, province and country of residence and principal occupation for the last five years of each of the directors and executive officers of the Corporation as of the date hereof. Each director of Saturn shall hold office until the next annual meeting of shareholders or until their successors are duly elected or appointed pursuant to the Corporation's by-laws, unless the director's office is earlier vacated.



Name and Municipality of Residence	Position	Principal Occupation	Director or Officer Since
John Jeffrey ⁽²⁾⁽³⁾⁽⁴⁾ Calgary, Alberta	Chief Executive Officer, and Director	Mr. Jeffrey is the Chief Executive Officer of the Corporation since March 2017. Prior to this role, Mr. Jeffrey was the area finance manager for a Fortune 500 engineering consulting firm in Canada. Mr. Jeffrey has a strong background in operations and finance. He was also a founder and Chief Financial Officer for Axiom Group, a geological and engineering consulting company. He is a graduate of the University of Saskatchewan with an MBA majoring in Finance.	11.11.2016
Scott Sanborn Calgary, Alberta	Chief Financial Officer	Mr. Sanborn is Chief Financial Officer of the Corporation since June 1, 2021. Prior thereto served as Corporate Controller of Calgary-based Jupiter Resources from November 2016 until its sale in December 2020. Prior thereto, Mr. Sanborn held various leadership roles with energy companies including Marquee Energy and Verano Energy, and earlier, worked with KPMG LLP. Mr. Sanborn holds his Chartered Professional Accountant Designation and earned a Bachelor of Commerce from the University of Calgary.	6.1.2021
Justin Kaufmann Calgary, Alberta	Chief Development Officer	Mr. Kaufmann is the Chief Development Officer of Saturn since September 19, 2022, and prior thereto, was VP Exploration of the Corporation since January 2018. Previously, he was President of Axiom Exploration, a Saskatchewan based engineering consulting business. Mr. Kaufmann is a graduate from the University of Saskatchewan and a registered Professional Geologists with APEGS. He has held roles of increasing responsibility in management and geology for both private and public companies. Mr. Kaufmann was also a founder of Axiom Energy Services, a division of Axiom Group.	7.1.2018
Grant MacKenzie ⁽⁴⁾ Calgary, Alberta	Chief Legal Officer and Director	Mr. MacKenzie is the Chief Legal Officer of the Corporation since July 1, 2023, and has been a member of the Board of Directors since September 2022. Prior to joining the Corporation as an officer, he was a partner and the corporate co-lead of the Calgary office of Dentons Canada LLP since 2018. Previously Mr. MacKenzie was a partner in the securities group of Burnet Duckworth & Palmer LLP from 2010-2018. He has extensive experience dealing with public issuers, including with respect to capital markets, mergers and acquisitions, public offerings and stock exchange compliance advice and has been involved as counsel, corporate secretary and director of numerous TSX and TSXV issuers.	9.15.2022
Ivan Bergerman ⁽¹⁾⁽³⁾ Saskatoon, Saskatchewan	Director	Mr. Bergerman is a graduate from the University of Saskatchewan, College of Law and practiced as a lawyer since from 2002-2024, practicing primarily general Corporate Commercial, Securities, M&A and Oil & Gas Law. He founded Bergerman Smith LLP in 2010 and retired from the firm in 2024.	8.15.2017
Jim Payne ⁽⁴⁾ Caledon, Ontario	Director	Mr. Payne is currently Chief Executive Officer of dynaCERT Inc., a Canadian corporation that specializes in delivering Carbon Emission Reduction Technologies to the global marketplace. He brings more than 39 years of experience in strategic leadership roles within both public and private companies, corporate governance, finance and accounting, capital markets, executive leadership and business performance improvements. Mr. Payne also serves as Chief Executive Officer of a privately-held consulting, project management and real estate development corporation operating in the Greater Toronto Area. He graduated from St. Clair College in Construction Engineering, Project Management and Estimating.	3.11.2020



Name and Municipality of Residence	Position	Principal Occupation	Director or Officer Since
Christopher Ryan ⁽²⁾⁽⁴⁾ Calgary, Alberta	Director	Mr. Ryan is the Chief Executive Officer of Broadbill Energy Inc, an oil and gas technology infrastructure company. Prior thereto, he was Director of Midstream and Director of Operation Services for Kingston Midstream (formerly Tundra Energy Marketing Ltd.) and Exploitation Engineer with Tundra Oil and Gas. He has authored 25 scientific publications, many of which were published during his time as a Research Scientist at the Canadian Light Source Inc. Mr. Ryan currently sits on the Board for the Canadian Crude Quality Technical Association (CCQTA) as the Director of Midstream, and he is Co-Chair of the Sampling and Frequency Working Group for the Crude Oil Quality Association (COQA). He is also an honorary founding member of the Global Institute of Water Security and is on various Canadian Association of Petroleum Producers (CAPP) Committees, specifically the CAPP Equalization Steering Committee and is a voted Working Group member of the Canadian Transportation of Dangerous Goods General Policy Advisory Council for Classification.	6.5.2018
Thomas Gutschlag ⁽¹⁾⁽³⁾ Mannheim, Germany	Director	Mr. Gutschlag is currently the Chairman of Deutsche Rohstoff AG, a public company listed on the Frankfurt Stock Exchange which identifies, develops and divests attractive resource projects in North America, Australia and Europe, with a focus on the development of oil and gas opportunities within the United States, as well as metals such as gold, copper and tungsten. He cofounded Deutsche Rohstoff in 2006 and was its Chief Financial Officer from 2007 to 2015 and its Chief Executive Officer from 2015 to 2022. Mr. Gutschlag is a qualified economist with a degree in economics from the University of Heidelberg and a doctorate from the University of Mannheim.	9.15.2022
Janet Yang ⁽¹⁾⁽³⁾ Atlanta, Georgia	Director	Ms. Janet Yang is the Chief Financial Officer of Reveam, Inc., a developer and operator of electronic cold-pasteurization treatment systems. Prior to joining Reveam, she held the role of Research Director, Energy and Mining at GMT Capital Corp. from 2023-2024. Prior to joining GMT Capital Corp., from 2018 to 2023 Ms. Yang was the Executive Vice President and Chief Financial Officer of W&T Offshore, Inc., a Texas based oil & gas exploration and production company traded on the New York Stock Exchange. Ms. Yang has extensive experience in finance and capital raising and holds an MBA from the Booth School of Business at the University of Chicago, and a BA in Economics from Rice University.	6.28.2023
Andrew Claugus ⁽²⁾ Denver, Colorado	Director	Mr. Claugus is an entrepreneur and independent businessman, with extensive experience in petroleum engineering. From 2014 to 2022, he was the Engineering Manager for MECO IV, LLC, which, prior to its acquisition, was a private oil & gas exploration and production company based in Denver, Colorado. Following the sale, Mr. Claugus founded Cerrito Energy, a privately backed oil and gas company investing in non-operated interests in core areas of established basins. He holds a Master of Engineering in Petroleum Engineering from Colorado School of Mines, and a BSc in Chemical Engineering, from Case Western Reserve University.	6.28.2023
Tyler Cheetham Calgary, Alberta	VP Land	Mr. Cheetham is the Corporation's Vice-President, Land, a position he has held since August 1, 2022, having served as Manager, Land since joining Saturn in March 2021. Prior thereto, he held land positions of increasing responsibility from 2010 – 2020 at Crescent Point Energy.	3.15.2021



Name and Municipality of Residence	Position	Principal Occupation	Director or Officer Since
Jamie Kuntz Calgary, Alberta	VP Operations	Mr. Kuntz is the Corporation's Vice President of Operations, a position he has held since Saturn's acquisition of Ridgeback Exploration Inc. in February of 2023. Prior thereto he held the role of Facility & Pipeline Engineering Manager at Ridgeback, and previously served as Facility Manager for Petrus Resources and for CanEra Resources.	5.1.2023
Cindy Gray Calgary, Alberta	VP, Investor Relations	Ms. Gray is Vice-President, Investor Relations of the Corporation since September, 2024. Prior thereto she ran 5QIR., an independent investor relations consulting firm from April 2013. Previously, she led the TSX & TSX Venture Exchange's global energy business development and held senior positions at several public companies. Ms. Gray served on the board of TSXV-listed Think Research until its sale in 2024 and has an MBA from the University of Calgary.	9.11.2024
Joel Robertson Calgary, Alberta	Controller	Mr. Robertson is the Corporation's controller and has been at Saturn since June, 2021. Prior thereto he held positions of increasing responsibility at PFB Corporation and Calgary-based Jupiter Resources before its sale in December 2020. Previously, Mr. Robertson serviced a portfolio of primarily oil and gas clients at KPMG LLP in both Canada and Belgium. He holds his Chartered Professional Accountant designation and a Bachelor of Business Administration from Trinity Western University.	6.15.2021

- (1) Member of the Audit Committee.
- (2) Member of the Reserves Committee.
- (3) Member of the Compensation Committee.
- (4) Member of the Health, Safety and Environment Committee.

SHAREHOLDINGS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date hereof, the directors and executive officers of the Corporation, as a group, beneficially own, control or direct, directly or indirectly, 2,674,806 Common Shares, representing approximately 1.4% of the issued and outstanding Common Shares. As of the date hereof, the directors and executive officers, as a group, also hold Common Share purchase options ("**Options**") to purchase 638,750 Common Shares, 1,354,966 restricted share units ("**RSUs**"), 622,530 performance share units ("**PSUs**"), and 7,000,000 Performance Warrants.

CEASE TRADE ORDERS

To the knowledge of management of the Corporation, no director or executive officer is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any Corporation (including the Corporation), that (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For the purposes hereof, "order" means (a) a cease trade order, (b) an order similar to a cease trade order, or (c) an order that denied the relevant Corporation access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

BANKRUPTCIES

To the knowledge of management of the Corporation, no director or executive officer of the Corporation is, as of the date hereof, or has been, within 10 years before the date hereof, a director or executive officer of any Corporation that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal to under any legislation relating to bankruptcy or insolvency or was subject to or instituted



any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

To the knowledge of management of the Corporation, no director or executive officer of the Corporation has, within 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

PENALTIES AND SANCTIONS

To the knowledge of management of the Corporation, no director or executive officer or shareholder holding a sufficient number of Common Shares to affect materially the control of the Corporation, has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

CONFLICTS OF INTEREST

There are potential conflicts of interest to which the directors and officers of the Corporation will be subject to in connection with the operations of the Corporation. In particular, certain of the directors and officers of the Corporation are involved in managerial or director positions with other oil and natural gas companies whose operations may, from time to time, be in direct competition with those of the Corporation or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of the Corporation. In accordance with the ABCA, directors who have a material interest or any person who is a party to a material contract or a proposed material contract with the Corporation are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of the Corporation. Certain of the directors of the Corporation have either other employment or other business or time restrictions placed on them and accordingly, these directors of the Corporation will only be able to devote part of their time to the affairs of the Corporation.

AUDIT COMMITTEE

The purpose of the Corporation's audit committee ("**Audit Committee**") is to assist the Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Corporation. It is the objective of the audit committee to maintain a free and open means of communications among the Board, the independent auditors and the senior management of the Corporation.

AUDIT COMMITTEE MANDATE AND TERMS OF REFERENCE

The Corporation's Audit Committee mandate and terms of reference (the "**Audit Committee Mandate**") was adopted by the Board, the full text of which is attached hereto as Schedule "C" and forms part of this Annual Information Form. The Audit Committee Mandate is to assist the Board in its oversight of the integrity of the Corporation's financial statements and other relevant public disclosures, the Corporation's compliance with legal and regulatory requirements relating to financial reporting, the external auditors' qualifications and independence and the performance of the internal audit function and the external auditors.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee is comprised of Messrs. T. Gutschlag and I. Bergerman and Ms. J. Yang, each of whom are independent within the meaning of section 1.4 of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") and each of the members are financially literate within the meaning of section 1.6 of NI 52-110.



RELEVANT EDUCATION AND EXPERIENCE

The following relevant education and experience of the members of the Audit Committee have been used in assessing their financial literacy and are relevant to the performance of their responsibilities as audit committee members:

Thomas Gutschlag. Director

Thomas Gutschlag is currently the Chairman of Deutsche Rohstoff AG (DRAG), a public company listed on the Frankfurt Stock Exchange which identifies, develops and divests attractive resource projects in North America, Australia and Europe, with a focus on the development of oil and gas opportunities within the United States, as well as metals such as gold, copper and tungsten. Thomas Gutschlag cofounded DRAG in 2006 and was its Chief Financial from 2007 to 2015 and its Chief Executive Officer from 2015 to 2022. Thomas Gutschlag is a qualified economist with a degree in economics from the University of Heidelberg and a doctorate from the University of Mannheim.

Janet Yang. Director

Ms. Janet Yang is the Chief Financial Officer for Reveam, Inc., a developer and operator of electronic cold-pasteurization treatment systems. Prior to joining Reveam, Ms. Yang held the role of Research Director, Energy and Mining at GMT Capital Corp., and from 2018 to 2023 Ms. Yang was the Executive Vice President and Chief Financial Officer of W&T Offshore, Inc., a Texas based oil & gas exploration and production company traded on the New York Stock Exchange. Ms. Yang has extensive experience in finance and capital raises and holds an MBA from the Booth School of Business at the University of Chicago, and a BA in Economics from Rice University.

Ivan Bergerman. Director

Mr. Bergerman is a graduate from the University of Saskatchewan, College of Law and is a retired corporate and securities lawyer with extensive experience with corporate finance and capital markets.

PRE-APPROVAL POLICIES AND PROCEDURES

The audit committee pre-approves engagements for non-audit services provided by the external auditors or their affiliates, together with estimated fees and potential issues of independence.

AUDIT COMMITTEE OVERSIGHT

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor (currently, KPMG LLP, Chartered Accountants) not adopted by the Board.

RELIANCE ON CERTAIN EXEMPTIONS

Since the effective date of NI 52-110, the Corporation has not relied on the exemptions contained in sections 2.4 (*De Minimis Non-Audit Services*), 3.2 (*Initial Public Offerings*), 3.4 (*Events Outside Control of Member*), 3.5 (*Death, Disability or Resignation of Audit Committee Member*), of NI 52-110, or an exemption, in whole or in part, granted under Part 8 of NI 52-110.

EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY)

Year Ended	Audit Fees ⁽¹⁾	Audit Related Fees ⁽²⁾	Tax Fees	All Other Fees
December 31, 2024	\$592,140	\$241,450	-	-
December 31, 2023	\$472,940	\$53,500	-	-

(1) "Audit Fees" consist of the aggregate fees billed by Saturn's external auditor for the audit or review of the Corporation's annual and quarterly financial statements that are provided in connection with statutory and regulatory filings or engagements.

(2) "Audit-Related Fees" are the aggregate fees billed for assurance and related services, required to be performed by the Corporation's external auditor, that are reasonably related to the performance of the audit or review of the Corporation's financial statement and are not disclosed under "Audit fees". Amounts billed in the year ended December 31, 2024 relate to fees payable in connection to the Corporation's base-shelf and supplemental prospectus, and the Offering Memorandum and related Notes Indenture in connection with Corporation's Senior Secured Notes issuance.



DIVIDENDS AND DISTRIBUTIONS

The Corporation has not declared or paid any dividends on the Common Shares. Any decision to pay dividends on such shares in the future will be made by Saturn's Board on the basis of the Corporation's earnings, financial requirements and other conditions existing at such future time. The Corporation's return of capital framework is currently being done through its NCIB, and it is not the current intention of the Corporation to pay any dividends on the Common Shares in the near future.

Since we commenced our NCIB in August of 2024 to December 31, 2024, the Corporation purchased 4,480,288 Common Shares for cancellation at a weighted average price of \$2.28 per share. Subsequent to year-end 2024 (January 1-March 13, 2025), we purchased an additional 2,241,140 shares for cancellation at a weighted average price of \$2.11 per share, representing the buy-back of 5.9% of our public float since the commencement of the NCIB.

DESCRIPTION OF CAPITAL STRUCTURE

CREDIT FACILITY

On June 14, 2024, the Corporation entered into the Credit Facility and the Note Indenture.

As of the date hereof, we have an undrawn \$150 million Credit Facility with a syndicate of lenders led by NBC. The Credit Facility consists of a \$100 million revolving syndicated facility and a \$50 million revolving bi-lateral operating facility. The Credit Facility is a committed facility available on a revolving basis until June 14, 2026, at which time it may be extended at the majority of the lenders' option. If the revolving period is not extended, the undrawn portion of the facility will be cancelled and any amounts outstanding would be repayable at the end of the non-revolving term. The Credit Facility is subject to a semi-annual borrowing base review, occurring by June 30th and November 30th of each year, with the first borrowing base review to occur by June 30, 2025. The borrowing base is determined based on the lenders' evaluation of the Corporation's petroleum and natural gas reserves and their commodity price outlook at the time of each renewal.

The Credit Facility is secured by a first priority security interest on all present and after acquired property of the Corporation and is senior in priority to the Senior Secured Notes. The Credit Facility contains certain covenants that limit the Corporation's ability to, among other things, incur additional indebtedness, create or permit liens to exist, make certain restricted payments, and dispose of or transfer assets. As at December 31, 2024, the Corporation is in compliance with all covenants. Amounts borrowed under the Credit Facility bear interest at a floating rate based on the applicable Canadian prime rate, U.S. base rate, Canadian Overnight Repo Rate Average or Secured Overnight Financing Rate plus a margin and standby fee on undrawn amounts based on the Corporation's Net Debt to Consolidated EBITDA Ratio as defined in the Credit Agreement.

As at December 31, 2024, the Corporation had no amounts drawn nor any of letters of credit outstanding under the Credit Facility.

As at the date of this Annual Information Form, the Corporation is in compliance with all covenants required in connection with the Credit Facility. Copies of the Credit Facility and the Note Indenture are available on the Corporation's SEDAR+ profile at www.sedarplus.ca.

SENIOR SECURED NOTES

By way of private placement on June 14, 2024, the Corporation issued US\$650 million in Senior Secured Notes due 2029 with an annual coupon rate of 9.625%.

The Senior Secured Notes are not subject to any financial covenants and are secured by a second priority lien on substantially all of the assets of the Corporation. Subject to certain exceptions and qualifications, the Senior Secured Notes contain certain covenants that limit the Corporation's ability to, among other things, incur additional



indebtedness, create or permit liens to exist, and make certain restricted payments, dispositions and transfers of assets. In addition, the Corporation is subject to certain minimum hedging requirements that are consistent with the Corporation's risk management policy. As of December 31, 2024, the Corporation was in compliance with all such covenants.

The Senior Secured Notes have mandatory prepayments equal to 10% per annum of principal amount of the notes outstanding on the issue date, paid quarterly no later than 30 days after the end of each fiscal quarter, beginning September 30, 2024 at a redemption price of 104.813%. The Corporation may redeem up to an additional 10% of the aggregate principal amount during any 12-month period at a redemption price equal to 103%. Additionally, at any time prior to June 15, 2026, the Corporation may redeem up to 35% of the aggregate principal amount of the Senior Secured Notes at a redemption rate of 109.625% via proceeds from an equity offering, provided that at least 50% of the aggregate principal amount of the notes remain outstanding immediately following the redemption. On or after June 15, 2026, the Corporation may redeem all or a part of the notes at the following redemption prices: June 15, 2026 to June 14, 2027 at 104.813%, June 15, 2027 to June 14, 2028 at 102.406%, and June 15, 2028 to June 15, 2029 at 100%.

Copies of the Note Indenture may be accessed through our SEDAR+ profile at www.sedarplus.ca.

COMMON SHARES

The Corporation is authorized to issue an unlimited number of Common Shares, without nominal or par value. As of the date hereof, 197,885,471 Common Shares are issued and outstanding and 19,788,547 Common Shares are reserved for issuance pursuant to securities issued under the Corporation's Long Term Incentive Plan (as defined below). The Corporation's Long Term Incentive Plan was approved by the Board of the Corporation on May 30, 2023, and approved by the Corporation's shareholders on June 29, 2023. All incentives outstanding pursuant to the Corporation's previous incentive plans, including our Stock Option Plan and RSU/DSU Plan, continued under and are now governed by the Long Term Incentive Plan. In addition, 7,000,000 common shares have been reserved for issuance pursuant to currently outstanding performance warrants, expiring in January 2030. See "*Business of the Corporation – THREE YEAR HISTORY*" and "*Business of the Corporation – 2023*".

The following is a description of the rights, privileges, restrictions and conditions attaching to our share capital.

Holders of Common Shares are entitled to: (a) one vote per post-consolidated Common Share at all meetings of shareholders of the Corporation; (b) receive dividends if, as and when declared by the Board, as a class equally with the holders of the Preferred Shares, subject to prior satisfaction of all preferential rights to dividends attached to all shares of other classes ranking in priority to the Common Shares in respect of dividends; and (c) in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of our assets for the purpose of winding up Saturn's affairs, subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of the Corporation ranking in priority to the Common Shares in respect of return of capital on dissolution, share rateably, together with the holders of Preferred Shares and of shares of any other class of shares of the Corporation ranking equally with the Common Shares in respect of return of capital on dissolution, in such assets of the Corporation as are available for distribution.

LONG TERM INCENTIVE PLAN

Prior to June 29, 2023, the Corporation's restricted share unit and deferred share unit compensation plan (the "**RSU/DSU Plan**") and stock option plan (the "**Stock Option Plan**") governed incentive awards made by the Corporation. The RSU/DSU Plan and Stock Option Plan were developed to advance the interests of the Corporation by encouraging employees, directors and consultants to receive equity-based compensation and incentives to ensure that interests of key persons are aligned with the success of the Corporation and our affiliates.

Effective May 30, 2023, the Board approved the Corporation's omnibus long term incentive plan (the "**Long Term Incentive Plan**") which was subsequently approved by the shareholders of the Corporation on June 29, 2023 and superseded the prior RSU/DSU Plan and the Stock Option Plan. The Long Term Incentive Plan complies with the rules of the TSX, and was adopted to provide the Corporation with greater flexibility to align compensation with a pay-for-



performance philosophy by allowing for a variety of equity-based awards that provide different types of incentives, including Options, RSUs, PSUs, and deferred share units (“**DSUs**”, and collectively with the Options, RSUs, and PSUs, “**Awards**”).

The maximum number of Common Shares issuable pursuant to Awards granted under the Long Term Incentive Plan may not exceed 10% of the number of issued and outstanding Common Shares as at the date of a grant. Based on the number of Common Shares outstanding on December 31, 2024, an aggregate of 19,955,505 Awards can be granted pursuant to the Long Term Incentive Plan. As at December 31, 2024, the Corporation had 717,500 Options outstanding, 4,087,296 RSUs outstanding and up to 622,530 Common Shares issuable pursuant to outstanding PSUs, leaving 14,528,179 Common Shares issuable pursuant to Awards available for grant. Based on the number of Common Shares outstanding as of the date hereof, an aggregate of 19,788,547 Common Shares can be reserved for issuance pursuant to Awards made under the Long Term Incentive Plan. The Corporation may settle any vested or exercised Awards in cash, Common Shares from treasury or Common Shares purchased on the TSX, at the Corporation's discretion. See “*Business of the Corporation – THREE YEAR HISTORY– 2023*”.

WARRANTS

As of December 31, 2024, the Corporation had 6,871,000 March 2022 Warrants outstanding. As of the date of this Annual Information Form, all March 2022 Warrants are expired, effective March 10, 2025.

For a complete description of the March 2022 Warrants, please refer the March 2022 Warrant Indenture filed on the Corporation's SEDAR+ profile, accessible at www.sedarplus.ca.

RATINGS

As of the date hereof, we have received a corporate family rating of B and the Senior Secured Notes have received a BB- rating from S&P. We have also received a B2 corporate family rating and B2 rating on the Senior Secured Notes from Moody's.

The corporate rating addresses our overall credit strength, and the rating on the Senior Secured Notes is intended to provide an independent indication on the risk that a borrower will not fulfil its obligations with respect to a given type and / or service of security in a timely manner.

Saturn paid applicable service fees to S&P and Moody's for rating of the Corporation and Senior Secured Notes and will pay service fees for annual review thereof. Other than customary fees in connection with obtaining the above-noted ratings, the Corporation did not make any other payments to S&P or Moody's in respect of any services provided to Saturn in the last two years.

S&P

An S&P company credit rating is a forward-looking opinion about an obligor's overall financial capacity to pay its financial obligations. Such opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. An S&P company credit rating considers the creditworthiness of guarantors, insurers, or other forms of credit enhancement on the obligation and takes into account the currency in which the obligation is denominated. The opinion reflects S&P's view of the obligor's capacity and willingness to meet its financial commitments as they come due, and may assess terms, such as collateral security and subordination, which could affect ultimate payment in the event of default.

S&P rates long-term debt instruments by rating categories ranging from a high of “AAA” to a low of “D”, which represents the range from highest to lowest quality of such securities rated. The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. In addition, S&P may add a rating outlook of “positive”, “negative” or “stable” which assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). According to the S&P rating system, debt rated “B” is more vulnerable to nonpayment than obligations rated “BB”, but the obligor currently has the capacity to meet its financial commitments on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments on the obligation.



Moody's

The ratings of the Senior Secured Notes assigned by Moody's address the relative credit risk of financial obligations. Moody's appends numerical modifiers to each generic rating classification from "Aaa" through "C". The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. According to the Moody's rating system, securities rated "B" are considered speculative and are subject to high credit risk.

Moody's uses "rating outlooks" to provide its opinion regarding the likely direction of a rating over the medium term. The assignment of, or a change in, an outlook is not a credit rating action if there is no change to the credit rating. Where assigned, rating outlooks fall into the following four categories: "Positive (POS)", "Negative (NEG)", "Stable (STA)" and "Developing (DEV - contingent upon an event)".

The credit ratings accorded to Saturn by S&P and Moody's are not recommendations to purchase, hold or sell any of our securities inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if in its judgment circumstances so warrant.

MARKET FOR SECURITIES

TRADING PRICE AND VOLUME

Common Shares

The outstanding Common Shares are traded on the TSX under the trading symbol "SOIL", on the OTCQX under the symbol "OILSF" and on the FSE under the symbol "SMKA". The Common Shares commenced trading on the TSX on June 15, 2023, prior to which they were listed and posted for trading on the TSXV. The following table sets forth the price range and trading volume of the Common Shares as reported by the TSX for the periods indicated:

Period	High (\$)	Low (\$)	Volume
December 2024	2.28	1.92	3,381,149
November 2024	2.32	1.94	4,640,418
October 2024	2.51	2.16	3,260,211
September 2024	2.74	2.25	3,601,538
August 2024	2.87	2.40	2,955,408
July 2024	2.78	2.52	2,550,045
June 2024	2.87	2.43	3,694,050
May 2024	2.71	2.42	7,031,767
April 2024	2.92	2.50	3,884,426
March 2024	2.63	2.31	3,523,870
February 2024	2.43	2.23	2,516,464
January 2024	2.48	2.22	1,931,083



PRIOR SALES

The following table summarizes the issuances of Common Shares and securities convertible into Common Shares within the 12-month period ended December 31, 2024.

Date of Issuance	Class of Securities	Number of Securities Issued	Issue/Exercise Price
February 9, 2024	Common Shares ⁽¹⁾	8,745	N/A
February 22, 2024	Common Shares ⁽²⁾	22,223,000	\$2.25
April 2, 2024	RSUs ⁽³⁾	2,639,166	\$2.25
April 2, 2024	PSUs ⁽⁴⁾	622,530	N/A
May 15, 2024	Subscription Receipts ⁽⁵⁾	42,554,000	\$2.35
September 9, 2024	Common Shares ⁽⁶⁾	100,000	\$2.40

(1) Represents Common Shares issued upon exercise of 15,000 RSUs net of tax.

(2) Issued in connection with the 2024 Bought-Deal Financing.

(3) Each vested RSU entitles the holder to receive, at the discretion of the Board, either: (i) one Common Share; or (ii) a cash amount equal to the closing price of the Common Shares on the last trading date prior to the vesting date. The RSUs will vest over a period of three years, with one third vesting at the end of the first, second and third anniversary of the date of grant.

(4) PSUs may be settled in cash, Common Shares issued from treasury or purchased in the market at a payout ratio of 50% - 150% subject to the achievement of certain corporate performance objectives.

(5) Represents Subscription Receipts, each convertible into one Common Share upon completion of the Battrum/Flat Lake Acquisition. The Subscription Receipts automatically converted into Common Shares on June 14, 2024 upon the closing of the Battrum/Flat Lake Acquisition.

(6) Common Shares issued on exercise of vested stock options.

ESCROWED SECURITIES

As at December 31, 2024, to the knowledge of the Corporation, no securities of the Corporation were in escrow or subject to a contractual restriction on transfer.

INFORMATION CONCERNING THE OIL AND NATURAL GAS INDUSTRY

GOVERNMENT REGULATION

The oil and natural gas industry in Canada is subject to extensive controls and regulations imposed by various levels of government, and our oil and gas operations are subject to various Canadian federal, provincial, territorial, and local laws and regulations. These laws and regulations may be changed in response to economic or political conditions, and regulate, among other things, land tenure and the exploration, development, production, handling, storage, transportation, and disposal of oil and gas, oil and gas by-products, and other substances and materials produced or used in connection with oil and gas operations.

More particularly, matters subject to current governmental regulation and/or pending legislative or regulatory changes include the licensing for drilling of wells, the method and ability to produce wells, surface usage, transportation of production from wells, conservation matters, the discharge or other release into the environment of wastes and other substances in connection with drilling and production activities (including fracture stimulation operations), bonds or other financial responsibility requirements to cover drilling contingencies and well plugging and abandonment costs, reports concerning our operations, the spacing of wells, unitization and pooling of properties, and royalties and taxation. Failure to comply with the laws and regulations in effect from time to time may result in the assessment of administrative, civil, and criminal penalties, the imposition of remedial obligations, and the issuance of injunctions that could delay, limit, or prohibit certain of our operations. The Corporation cannot predict the ultimate cost of compliance with these requirements or their effect on our operations.

Federal authorities do not regulate the price of oil and gas in export trade. Legislation exists, however, that regulates the quantities of oil and natural gas which may be removed from the provinces and exported from Canada in certain circumstances. At various times, regulatory agencies have imposed price controls and limitations on oil and gas



production. In order to conserve supplies of oil and gas, these agencies may also restrict the rates of flow of oil and gas wells below actual production capacity.

Although Saturn does not expect that these controls and regulations will affect the operations of Saturn in a manner materially different than they would affect other oil and gas companies of similar size, the controls and regulations should be considered carefully by investors in the oil and gas industry. All current legislation is a matter of public record and Saturn is unable to predict what additional legislation or amendments may be enacted.

PRICING AND MARKETING

Oil

In Canada, the producers of oil are entitled to negotiate sales contracts directly with oil purchasers, which means that the market determines the price of oil. Oil prices are primarily based on worldwide supply and demand, but regional market and transportation issues also influence prices. Specific prices that a producer receives will depend, in part, on oil quality, prices of competing fuels, distance to market, access to downstream transportation, value of refined products, length of contract term, weather conditions, the balance of supply and demand and other contractual terms. Conflicts across the globe continue to significantly impact the price of oil and the actual or perceived impact on supply from Russia and the Middle East. Sanctions against oil producing countries may have additional far-reaching effects of the global economy. The long-term impacts of the tension between these nations remains uncertain. See “Risk Factors – VOLATILITY IN THE OIL AND GAS INDUSTRY” and “Risk Factors – COMMODITY PRICES, MARKETS AND MARKETING”.

Natural Gas Liquids

The pricing of condensates and other NGLs such as ethane, butane, propane and pentane plus sold in intra-provincial, interprovincial and international trade is determined by negotiation between buyers and sellers. The profitability of NGLs extracted from natural gas is based on the products extracted being of greater economic value as separate commodities than as components of natural gas and therefore commanding higher prices. Such prices depend, in part, on the quality of the NGLs, price of competing chemical stock, distance to market, access to downstream transportation, length of contract term, supply/demand balance and other contractual terms.

Natural Gas

Negotiations between buyers and sellers determines the price of natural gas sold in intra-provincial, interprovincial and international trade. The price received by a natural gas producer depends, in part, on the price of competing natural gas supplies and other fuels, natural gas quality, distance to market, availability of transportation, length of contract term, weather conditions, supply/demand balance and other contractual terms of sale. Spot and future prices can also be influenced by supply and demand fundamentals on various trading platforms.

EXPORTS FROM CANADA

The Canada Energy Regulator (the “**CER**”) regulates the export of oil, natural gas and NGLs from Canada through the issuance of short-term orders and longer-term licences pursuant to its authority under the *Canadian Energy Regulator Act* (the “**CERA**”). Exporters are free to negotiate prices and other terms with purchasers, provided that the export contracts continue to meet certain criteria prescribed by the CER and the Government of Canada. We do not directly enter into contracts to export our production outside of Canada.

TRANSPORTATION CONSTRAINTS, PIPELINE CAPACITY, AND MARKET ACCESS

One major constraint to the export of crude oil, NGLs and natural gas is the deficit of transportation capacity to transport production from Western Canada to Eastern Canada, the United States and other international markets. Many proposed transportation and export projects have been cancelled or delayed due to regulatory hurdles, court challenges and economic and other socio-political factors.



Pipelines

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

Export pipelines from Canada to the United States face additional unpredictability as such pipelines require approvals of several levels of government in the United States.

Under the Canadian constitution, interprovincial and international pipelines fall within the federal government's jurisdiction and require a regulatory review and approval by the cabinet of the Canadian federal government before they can proceed. In recent years, however, there has been a perceived lack of policy and regulatory certainty such that, even when projects are approved, they often face delays due to actions taken by provincial and municipal governments, public interest groups and legal opposition related to issues such as Indigenous rights and title, the government's duty to consult and accommodate Indigenous peoples and the sufficiency of all relevant environmental review processes. Export pipelines from Canada to the United States face additional unpredictability as such pipelines require approvals of several levels of government in the United States.

Specific Pipeline Updates

Construction of the Trans Mountain Pipeline expansion, which received Cabinet approval in November 2016, was completed in April 2024, and service began in May 2024. The original pipeline and the newly completed expansion now operate collectively. With the expansion completed, the system's nominal capacity increased from approximately 300,000 to 890,000 barrels per day, and the expansion included three new berths at Westridge Marine Terminal in British Columbia.

Marine Tankers

Bill C-48 received royal assent on June 21, 2019, enacting the *Oil Tanker Moratorium Act*, which imposes a ban on tanker traffic transporting crude oil or persistent crude oil products in excess of 12,500 metric tonnes to and from ports located along British Columbia's North coast. The ban may prevent pipelines being built to, and export terminals being located on, the portion of the British Columbia coast subject to the moratorium. See "*Information Concerning the Oil and Natural Gas Industry – REGULATORY AUTHORITIES AND ENVIRONMENTAL REGULATION – FEDERAL*".

Natural Gas and Liquefied Natural Gas ("LNG")

Natural gas prices in Western Canada have been constrained in recent years and reached record lows in 2024 due to increasing North American supply, limited access to markets and limited storage capacity. Companies that secure firm access to infrastructure to transport their natural gas production out of Western Canada may be able to access more markets and obtain better pricing. Companies without firm access may be forced to accept spot pricing in Western Canada for their natural gas, which is generally lower than the prices received in other North American regions.

In October 2020, TC Energy Corporation ("**TC Energy**") received federal approval to expand the Nova Gas Transmission Line system (the "**NGTL System**"). Construction began on the NGTL System in 2021 with a majority of the project components reaching in-service for firm contracts in early 2023. The NGTL System is in the midst of implementing a \$9.9 billion infrastructure program that adds 3.58 billion cubic feet of capacity per day.

In October 2018, the joint venture partners of the LNG Canada LNG export terminal announced a positive final investment decision. Once complete, the project will allow producers in Northeastern British Columbia to transport natural gas to the LNG Canada liquefaction facility and export terminal in Kitimat, British Columbia via the Coastal GasLink pipeline. Phase 1 of the LNG Canada project is over 95% complete and the facility is on track to deliver first cargoes by the middle of 2025. LNG Canada eventually plans to double the facility's capacity with a proposed Phase 2 expansion. In addition, in June 2024 the proposed Cedar LNG project, a floating LNG facility also located in British Columbia, reached a successful final investment decision, and is expected to be in service in late 2028.



INTERNATIONAL TRADE AGREEMENTS

NAFTA / USMCA

On July 1, 2020, the North American Free Trade Agreement (“**NAFTA**”), a free trade agreement among the governments of Canada, the United States and Mexico, was replaced by the United States-Mexico-Canada Agreement (“**USMCA**”). Relevant to the energy industry, USMCA does not contain the proportionality rules found in NAFTA’s Article 605, which previously prevented Canada from limiting exports to the U.S. or Mexico unless such export restrictions did not: (i) reduce the proportion of the energy resource exported relative to the total supply of that energy resource in Canada as compared to the proportion prevailing in the most recent 36-month period; (ii) impose an export price higher than the domestic price; and (iii) disrupt normal channels of supply. The USMCA also eliminated certain tariffs on some diluents used to transport heavy oil from Canada to the U.S.

The USMCA is set to expire 16 years after coming into force on June 30, 2036, and includes a requirement for a formal review at least every six years, with the next review scheduled for 2026. President Trump has indicated that he would renegotiate the USMCA.

On February 1, 2025, President Trump signed an executive order (the “**Executive Order**”) imposing a 25% tariff on all goods originating in Canada and imported into the U.S. and a 10% tariff on “energy and energy resources” from Canada. The Executive Order also states that if Canada introduces retaliatory measures, such as the imposition of import duties on U.S. exports to Canada (or other similar measures), the U.S. tariffs may be increased or expanded. In response, the Government of Canada imposed 25% tariffs on \$155 billion in goods imported from the U.S., coming into effect in two phases starting on February 4, 2025. Provincial governments across Canada have also responded to the U.S. tariffs, in some cases introducing their own retaliatory measures. On February 3, 2025, Canada and the U.S. agreed to delay the imposition of their respective tariffs on imported goods for 30 days. President Trump has also suggested that a new economic deal may be structured with Canada, though the scope and terms of such a deal, if any, are unknown.

On March 4, 2025, the U.S. tariffs became effective, and in response, the Government of Canada imposed a 25% tariff against \$155 billion of U.S. goods, starting with tariffs on \$30 billion worth of goods immediately, and tariffs on the remaining \$125 billion on U.S. products in 21 days’ time. Although imposed, there remains significant uncertainty over the scope, impact, and duration of any such tariffs. Relatedly, further countermeasures implemented following the imposition of such tariffs, including export taxes, increased tariffs on Canadian energy exports, restrictions on cross-border supply chains, or additional regulatory barriers to trade.

Other Trade Agreements

Canada and ten other countries recently concluded discussions and agreed on the draft text of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (“**CPTPP**”), which is intended to allow for preferential market access among the countries that are parties to the CPTPP. The CPTPP is in force among the first seven countries to ratify the agreement: Canada, Australia, Japan, Mexico, New Zealand, Vietnam and Singapore.

Canada has also pursued a number of other international free trade agreements with countries around the world and, as a result, a number of free trade or similar agreements are in force between Canada and certain other countries. Canada and the European Union recently agreed to the *Comprehensive Economic and Trade Agreement* (“**CETA**”), which provides for duty-free, quota-free market access for Canadian crude oil and natural gas products to the European Union. Although CETA has not received full ratification by national legislatures in the European Union, provisional application of CETA commenced on September 21, 2017. In light of the United Kingdom’s departure from the European Union (Brexit) on January 31, 2020, the United Kingdom and Canada have reached an interim post-Brexit trade agreement, the *Canada-United Kingdom Trade Continuity Agreement* (“**CUKTCA**”). On December 9, 2020, the Government of Canada introduced Bill C-18, an Act to Implement the Trade Continuity Agreement, which received royal assent on March 17, 2021. CETA ceased to apply to Canada-United Kingdom trade on January 1, 2021, and CUKTCA came into force on April 1, 2021. The CUKTCA replicates CETA on a bilateral basis and is meant to maintain the status quo of the Canada-United Kingdom trade relationship.



While it is uncertain what effect CETA, CPTPP, CUKTCA or any other trade agreements will have on the oil and gas industry in Canada, the lack of available infrastructure for the offshore export of oil and gas may limit the ability of Canadian oil and gas producers to benefit from such trade agreements.

LAND TENURE

Crude oil and natural gas located in the Western provinces is owned predominantly by the respective provincial governments (i.e. the Crown). Rights are granted to energy companies to explore for and produce oil and natural gas pursuant to leases, licenses, and permits and regulations as legislated by the respective Provincial governments. Lease terms vary in length, usually from two to five years. Other terms and conditions to maintain a mineral lease are set forth in the relevant legislation or are negotiated.

Jurisdictions in Western Canada, including the provinces of Saskatchewan and Alberta have legislation in place for mineral rights reversion to the Crown where formations cannot be shown to be capable of production at the end of their primary lease term. Such legislation may also include mechanisms available to energy companies to “continue” lease terms for non-productive lands, having met certain criteria as laid out in the relevant legislation.

Oil and natural gas can also be privately owned and rights to explore for and produce such oil and natural gas are granted by lease on such terms and conditions as may be negotiated.

ROYALTIES AND INCENTIVES

General

For crude oil, natural gas and related production from federal or provincial government lands, the royalty regime is a significant factor in the profitability of our production. Crown royalties payable in respect of crown lands are determined by governmental regulation and are typically calculated as a percentage of the value of gross production. The value of the production and the rate of royalties payable generally depend on prescribed reference prices, well productivity, geographical location, the field discovery rate and the type of product produced.

Royalties payable on production from privately owned lands are determined by negotiations between the mineral owner and the resource owner, although production from such lands is subject to certain provincial taxes and royalties. Any such royalties (or royalty-like interests) are carved out of the working interest owner's interest through non-public transactions and are often referred to as overriding royalties, gross overriding royalties, net profit interests or net carried interests.

The federal government and provincial governments may, from time to time, provide incentive programs for businesses operating in specific industries, including the oil and gas industry. Such programs are often introduced when commodity prices are low, aiming to encourage exploration and development activity and may provide volume-based incentives, royalty rate reductions, royalty holidays or royalty tax credits. In addition, the programs may be introduced to encourage producers to prioritize certain kinds of development or undertake initiatives using new technologies that may enhance or improve recovery of crude oil, NGLs and natural gas, or improve environmental performance.

Producers and working interest owners of oil and natural gas rights may also create additional royalties or royalty-like interests through non-public transactions, which include the creation of instruments such as overriding royalties, net profits interests and net carried interests, the terms of which are subject to negotiation.

Alberta

Crown royalties

In Alberta, oil and natural gas producers are responsible for calculating their royalty rate on an ongoing basis. The Crown's royalty share of production is payable monthly and producers must submit their records showing the royalty calculation. In 2016, the government of Alberta (the “**Government of Alberta**”) adopted a modernized Crown royalty framework (the “**Modernized Framework**”) that applies to all conventional oil (i.e., not oil sands) and natural gas wells



drilled after December 31, 2016 that produce Crown-owned resources. The previous royalty framework (the “**Old Framework**”) will continue to apply to wells producing Crown-owned resources that were drilled prior to January 1, 2017 until December 31, 2026, following which time they will become subject to the Modernized Framework. The *Royalty Guarantee Act* (Alberta) came into effect on July 18, 2019, and provides that no major changes will be made to the current oil and natural gas royalty structure for a period of at least 10 years.

Royalties on production from wells subject to the Modernized Framework are determined on a “revenue-minus-costs” basis. The cost component is based on a Drilling and Completion Cost Allowance formula that relies, in part, on the industry's average drilling and completion costs, determined annually by the AER, and incorporates information specific to each well such as vertical depth and lateral length.

Under the Modernized Framework, producers initially pay a flat royalty of 5% on production revenue from each producing well until payout, which is the point at which cumulative gross revenues from the well equals the applicable Drilling and Completion Cost Allowance. After payout, producers pay an increased royalty of up to 40% that will vary depending on the nature of the resource and market prices. Once the rate of production from a well is too low to sustain the full royalty burden, its royalty rate is gradually adjusted downward as production declines, eventually reaching a floor of 5%.

Under the Old Framework, royalty rates for conventional oil production can be as high as 40% and royalty rates for natural gas production can be as high as 36%. Similar to the Modernized Framework, these rates vary based on the nature of the resource and market prices. The natural gas royalty formula also provides for a reduction based on the measured depth of the well, as well as the acid gas content of the produced gas.

Freehold royalties and taxes

Royalty rates for the production of privately owned oil and natural gas are negotiated between the producer and the resource owner. The Government of Alberta levies annual freehold mineral taxes for production from freehold mineral lands. On average, the tax levied in Alberta is 4% of revenues reported from freehold mineral title properties and is payable by the registered owner of the mineral rights.

Saskatchewan

In Saskatchewan, the Crown owns approximately 80% of the oil and gas rights, with the remainder being freehold lands. For the Crown lands, taxes (the “**Resource Surcharge**”) and royalties are applicable to revenue generated by corporations focused on oil and gas operations. Crown royalties payable on the production of crude oil and natural gas are paid on a well-by-well basis. Producers of crude oil and natural gas receive royalty invoices from the government of Saskatchewan (the “**Government of Saskatchewan**”) on a monthly basis. The Resource Surcharge rate is 3% of the value of sales of all crude oil and natural gas produced from wells drilled in Saskatchewan prior to October 1, 2002. For crude oil and natural gas produced from wells drilled in Saskatchewan after September 30, 2002, the Resource Surcharge rate is 1.7% of the value of sales. Additionally, a mineral rights acreage tax is charged to mineral rights holders paid on an annual basis at the rate of \$3.70 per hectare owned regardless of whether or not there is production from the lands.

In addition to such surcharges and taxes, the Crown royalty rate payable in respect of crude oil, depends on a number of variables including, the type and vintage of crude oil, the quantity of crude oil produced in a month, the average wellhead price and certain price adjustment factors determined monthly by the provincial government. This means that producers may pay varying royalties each month, depending on monthly production, governmental price adjustments and the underlying characteristics of the producer's assets. Where production equals the relevant reference well production rate, the minimum Crown royalty rate payable ranges from 5% to 20% and the maximum royalty rate payable ranges from 25% to 45%, depending on the classification of the crude oil, the average wellhead price and subject to applicable deductions. Base royalty rates represent the minimum royalty rate payable on production of petroleum substances, regardless of the level of production. Marginal royalty rates charge increasing royalty rates as the level of production increases. Marginal royalty rates, such as those used in Saskatchewan's royalty regime, are designed to allow producers of petroleum products to more quickly recover initial investments at the beginning of a project's life cycle.



The amount payable as a Crown royalty in respect of production of natural gas and NGLs is determined by a sliding scale based on the monthly provincial average gas price published by the Government of Saskatchewan, the quantity produced in a given month, the type of natural gas, the classification of the natural gas and the finished drilling date of the respective well. Similar to crude oil royalties, the royalties payable on natural gas will range from 0% to 20%, and additional marginal royalty rates may apply between 30% to 45%, where average wellhead prices are above base prices. Again, this means that producers may pay varying royalties each month, depending on pricing factors, governmental adjustments and the underlying characteristics of the producer's assets.

The Government of Saskatchewan currently provides a number of targeted incentive programs. These include both royalty reduction and incentive volume programs, with targeted programs in effect for certain vertical crude oil wells, exploratory gas wells, horizontal crude oil and natural gas wells, enhanced crude oil recovery wells and high water-cut crude oil wells. As of April 1, 2021, on associated gas produced from wells other than gas wells, including natural gas produced from oil wells, the Minister of Energy and Resources implemented a 5-year Associated Gas Royalty Moratorium on the collection of Crown Royalty and Freehold Production Tax. The moratorium is in connection with the Government of Saskatchewan's Growth Plan and is aimed at meeting the Government of Saskatchewan's regulatory obligations to reduce methane-based GHG emissions by 40 to 45% between 2020 and 2025. The Associated Gas Royalty Moratorium is applicable to natural gas produced on or after April 1, 2021 and before April 1, 2026.

The Government of Saskatchewan also has a drilling incentive whereby qualifying incentive volumes of newly drilled oil wells are subject to a maximum royalty rate of 2.5% for Crown production and a maximum production tax rate of 0% for freehold production.

Royalty rates for the production of privately-owned crude oil and natural gas are negotiated between the producer and the resource owner. In addition, producers must pay a freehold production tax, determined by first establishing the Crown royalty rate, and then subtracting a calculated production tax factor that depends on the classification of the petroleum substance produced.

Freehold royalties and taxes

Royalty rates for the production of privately owned oil and natural gas are negotiated between the mineral freehold owner and the lessee under a negotiated lease or other contract. Producers and working interest participants may also pay additional royalties to parties other than the freehold mineral owner where such royalties are negotiated through private transactions.

In addition, producers must pay a freehold mineral taxes or production taxes. Freehold mineral taxes or production taxes are taxes levied by a provincial government on crude oil and natural gas production from lands where the Crown does not hold the mineral rights. A description of the freehold mineral taxes payable in the province of Saskatchewan is included in the above descriptions of the royalty regime.

PRODUCTION AND OPERATION REGULATION

The oil and natural gas industry in Canada is highly regulated and subject to significant control by provincial regulators. Regulatory approval is required for, among other things, the drilling of oil and natural gas wells, construction and operation of facilities, the storage, injection and disposal of substances and the abandonment and reclamation of well-sites. In order to conduct oil and gas operations and remain in good standing with the applicable provincial regulator, Saturn must comply with applicable legislation, regulations, orders, directives and other directions (all of which are subject to governmental oversight, review and revision, from time to time). Compliance with such legislation, regulations, orders, directives or other directions can be costly and a breach of the same may result in fines or other sanctions.



REGULATORY AUTHORITIES AND ENVIRONMENTAL REGULATION

As an operator of oil and natural gas properties in Canada, we are subject to stringent federal, provincial, territorial, and local laws and regulations relating to environmental protection as well as controlling the manner in which various substances, including wastes generated in connection with oil and gas exploration, production, and transportation operations, are released into the environment. Compliance with these laws and regulations can affect the location or size of wells and facilities, prohibit or limit the extent to which exploration and development may be allowed, and require proper abandonment of wells and restoration of properties when production ceases. Failure to comply with these laws and regulations may result in the assessment of administrative, civil, or criminal penalties, imposition of remedial obligations, incurrence of capital or increased operating costs to comply with governmental standards, and even injunctions that limit or prohibit exploration and production activities or that constrain the disposal of substances generated by oil field operations.

In addition to these specific, known requirements, future changes to environmental legislation, including anticipated legislation for air pollution and GHG emissions including carbon dioxide equivalents (“**CO₂e**”), may impose further requirements on operators and other companies in the crude oil and natural gas industry.

FEDERAL

Canadian environmental regulation is the responsibility of both the federal and provincial governments. While provincial governments and their delegates are responsible for most environmental regulation, the federal government can regulate environmental matters where they impact matters of federal jurisdiction or when they arise from projects that are subject to federal jurisdiction, such as interprovincial transportation undertakings, including pipelines and railways, and activities carried out on federal lands. Where there is a direct conflict between federal and provincial environmental legislation in relation to the same matter, the federal law will prevail. The federal government has primary jurisdiction over federal works, undertakings and federally regulated industries such as railways, aviation and interprovincial transport including interprovincial pipelines. The CERA and the Canadian Environmental Assessment Act provide the foundation for the federal government to protect the environment and cooperate with provinces to do the same.

The CERA and the *Impact Assessment Act* (the “**IAA**”) provide a number of important elements to the regulation of federally regulated major projects and their associated environmental assessments. However, the CERA separates the CER's administrative and adjudicative functions. The CER has jurisdiction over matters such as the environmental and economic regulation of pipelines, transmission infrastructure and certain offshore renewable energy projects. In its adjudicative role, the CERA tasks the CER with reviewing applications for the development, construction and operation of many of these projects, culminating in their eventual abandonment.

The IAA relies on a designated project list as a trigger for a federal assessment. Designated projects that may have effects on matters within federal jurisdiction will generally require an impact assessment administered by the Impact Assessment Agency (the “**IA Agency**”) or, in the case of certain pipelines, a joint review panel comprised of members from the CER and the IA Agency. The impact assessment requires consideration of the project's potential adverse effects and the overall societal impact that a project may have, both of which may include a consideration of, among other items, environmental, biophysical and socio-economic factors, climate change, and impacts to Indigenous rights. It also requires an expanded public interest assessment. Designated projects specific to the oil and gas industry include pipelines that require more than 75km of new rights of way and pipelines located in national parks, large scale in situ oil sands projects not regulated by provincial GHG emissions caps and certain refining, processing and storage facilities.

The federal government has stated that an objective of the legislative changes was to improve decision certainty and turnaround times. Once a review or assessment is commenced under either the CERA or IAA, there are limits on the amount of time the relevant regulatory authority will have to issue its report and recommendation. Designated projects will go through a planning phase to determine the scope of the impact assessment, which the federal government has stated should provide more certainty as to the length of the full review process.



In response to a Supreme Court of Canada decision finding components of the IAA to be unconstitutional, the federal government implemented certain amendments to the act on June 20, 2024. The amendments are intended to be more targeted to project impacts within federal jurisdiction, however it is still uncertain how the amended IAA will be implemented in practice.

Alberta

The AER is the principal regulator responsible for all energy resource development in Alberta. It derives its authority from the *Responsible Energy Development Act* and a number of related statutes including the *Oil and Gas Conservation Act*, the *Oil Sands Conservation Act*, the *Pipeline Act*, and the *Environmental Protection and Enhancement Act*. The AER is responsible for ensuring the safe, efficient, orderly and environmentally responsible development of hydrocarbon resources, including allocating and conserving water resources, managing public lands, and protecting the environment. The AER's responsibilities exclude the functions of the Alberta Utilities Commission and the Surface Rights Board, as well as the Alberta Ministry of Energy's responsibility for mineral tenure.

The Government of Alberta relies on regional planning to accomplish its resource development goals. Its approach to natural resource management provides for engagement and consultation with stakeholders and the public and examines the cumulative impacts of development on the environment and communities. While the AER is the primary regulator for energy development, several other governmental departments and agencies may be involved in land use issues, including the Alberta Ministry of Environment and Parks, the Alberta Ministry of Energy, the Aboriginal Consultation Office and the Land Use Secretariat. The Government of Alberta's land-use policy sets out an approach to manage public and private land use and natural resource development in a manner that is consistent with the long-term economic, environmental and social goals of the province. It calls for the development of seven region-specific land-use plans in order to manage the combined impacts of existing and future land use within a specific region and the incorporation of a cumulative effects management approach into such plans.

The AER monitors seismic activity across Alberta to assess the risks associated with, and instances of, earthquakes induced by hydraulic fracturing. Hydraulic fracturing involves the injection of water, sand or other proppants and additives under pressure into targeted subsurface formations to fracture the surrounding rock and stimulate oil and natural gas production. In recent years, hydraulic fracturing has been linked to increased seismicity in the areas in which hydraulic fracturing takes place, prompting regulatory authorities to investigate the practice further.

The AER has developed monitoring and reporting requirements that apply to all oil and natural gas producers working in certain areas where the likelihood of an earthquake is higher, and implemented the requirements in Subsurface Order Nos. 2, 6, and 7. The Corporation does have operations in Brazeau. Oil and natural gas producers in each of the Seismic Protocol Regions are subject to a "traffic light" reporting system that sets thresholds on the Richter scale of earthquake magnitude. The thresholds vary among the Seismic Protocol Regions and trigger a sliding scale of obligations from the oil or natural gas producers operating there. Such obligations range from no action required, to informing the AER and invoking an approved response plan, to ceasing operations and informing the AER. The AER has the discretion to suspend operations while it investigates following a seismic event until it has assessed the ongoing risk of earthquakes in a specific area and/or may require the operator to update its response plan. The AER may extend these requirements to other areas of Alberta, if necessary, subject to the results of its ongoing province-wide monitoring.

Saskatchewan

The Saskatchewan Ministry of Energy and Resources is the primary regulator of oil and natural gas activities in the province. The *Oil and Gas Conservation Act* (the "**SKOGCA**") is the statute governing the regulation of resource development operations in the province, along with the *Oil and Gas Conservation Regulations, 2012* and the *Petroleum Registry and Electronic Documents Regulations*. The Government of Saskatchewan has implemented a number of operational requirements, including an increased demand for record-keeping, increased testing requirements for injection wells and increased investigation and enforcement powers; and procedural requirements including those related to Saskatchewan's participation as a partner in the Petrinex Database. The Petrinex Database delivers business processes and information required for the assessment, levy, and collection of crown royalties for Alberta, Saskatchewan, Manitoba and British Columbia. It provides information in support of the regulatory mandates



and legislation of the provinces, and services that facilitate important industry commercial activities, including partner to partner reporting, oil marketing, financial analytics, compliance assurance and production accounting.

ACCOUNTABILITY AND TRANSPARENCY

In 2015, the federal government's *Extractive Sector Transparency Measures Act* came into effect, which imposed mandatory reporting requirements on certain entities engaged in the commercial development of oil, gas or minerals, which includes exploration, extraction and holding permits to explore or extract. All companies must report payments over CAD\$100,000 made to any level of a Canadian or foreign government (including Indigenous groups), including royalty payments, taxes (other than consumption taxes and personal taxes), fees, production entitlements, bonuses, dividends (other than ordinary dividends paid to shareholders), infrastructure improvement payments and other prescribed categories of payments.

INDIGENOUS RIGHTS

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

As of June 2022, the federal government has sought to implement the UNDRIP Act by, among other things, creating a Secretariat within the Department of Justice to support Indigenous participation in the implementation of UNDRIP (the "**Implementation Secretariat**"), consulting with Indigenous peoples to identify their priorities, drafting an action plan to align federal laws with UNDRIP, and implementing efforts to educate federal departments on UNDRIP's principles. On June 21, 2023, the Implementation Secretariat released The United Nations Declaration on the Rights of Indigenous Peoples Act Action Plan (the "**Action Plan**") with respect to aligning federal laws with UNDRIP, which has a 2023-2028 implementation timeframe. In June 2024, the federal government tabled its Third Annual Progress Report on the implementation of the UNDRIP Act (the "**Progress Report**"), which provides various progress updates, including on the implementation of Canada's Action Plan.

Various Indigenous-related legislation is currently being considered, and related regulations being developed, by the federal government, including the proposed *First Nations Clean Water Act* (currently being considered by the House of Commons) and regulations regarding Indigenous impact assessment co-administration agreements (currently being developed under the *Impact Assessment Act*). In addition to the changing legislative landscape, common law precedent regarding existing and new Indigenous-related laws continues to develop. Such developments are expected to continue to add uncertainty to the ability of entities operating in the Canadian oil and gas industry to execute on major resource development and infrastructure projects, including, among other projects, pipelines.

On June 29, 2021, the British Columbia Supreme Court issued a judgment in *Yahey v British Columbia* (the "**Blueberry Decision**"), in which it determined that the cumulative impacts of industrial development on the traditional territory of the Blueberry River First Nation ("**BRFN**") in Northeast British Columbia had breached BRFN's rights guaranteed under Treaty 8. The Blueberry Decision may have significant impacts on the regulation of industrial activities in Northeast British Columbia and may lead to similar claims of cumulative effects across Canada in other areas covered by numbered treaties, as has been seen in Alberta.

On January 18, 2023, the Government of British Columbia and BRFN signed the Blueberry River First Nations Implementation Agreement (the "**BRFN Agreement**"). The BRFN Agreement aims to address the cumulative effects of development on BRFN's claim area through restoration work, establishment of areas protected from industrial



development, and a constraint on development activities. Such measures will remain in place while a long-term cumulative effects management regime is implemented. Specifically, the BRFN Agreement includes, among other measures, the establishment of a \$200-million restoration fund by June 2025, an ecosystem-based management approach for future land-use planning in culturally important areas, limits on new petroleum and natural gas development, and a new planning regime for future oil and gas activities. BRFN will receive \$87.5 million over three years, with an opportunity for increased benefits based on petroleum and natural gas revenue sharing and provincial royalty revenue sharing in the next two fiscal years. In July 2024, BRFN filed a civil claim against the province of British Columbia concerning the first implementation plan made under the BRFN Agreement, raising questions about implementation challenges surrounding the BRFN Agreement.

The BRFN Agreement has acted as a blueprint for other agreements between the Government of British Columbia and Indigenous groups in Treaty 8 territory. In late January 2023, the Government of British Columbia and four Treaty 8 First Nations – Fort Nelson, Sauteau, Halfway River and Doig River First Nations – reached consensus on a collaborative approach to land and resource planning (the “**Consensus Agreement**”). The Consensus Agreement implements various initiatives including a “cumulative effects” management system linked to natural resource landscape planning and restoration initiatives, new land-use plans and protection measures, and a new revenue-sharing approach to support the priorities of Treaty 8 First Nations communities.

In July 2022, Duncan's First Nation filed a lawsuit against the Government of Alberta relying on similar arguments to those advanced successfully by BRFN. Duncan's First Nation claims in its lawsuit that Alberta has failed to uphold its treaty obligations by authorizing development without considering the cumulative impacts on the First Nation's treaty rights. Beaver Lake Cree Nation (“BLCN”) brought a similar Treaty claim against the Government of Alberta in 2008, and after 10 years and millions of dollars spent attempting to advance the claim, BLCN filed an application for advanced cost which, if successful, would require both the Alberta and federal governments to pay part of BLCN's litigation costs. This claim ultimately made its way to the SCC, which ruled in favour of BLCN, establishing a new test regarding whether an applicant “can afford” litigation. The initial Treaty claim has been remitted back to the trial court and the parties have been ordered to pay annual litigation costs (including the Government of Alberta being ordered to pay \$1.5 million annually) until the matter is settled. The long-term impacts of these lawsuits on the Canadian oil and gas industry remain uncertain.

CLIMATE CHANGE REGULATION

Climate change regulation at each of the international, federal and provincial levels has the potential to significantly affect the regulation of the oil and natural gas industry in Canada. These impacts are uncertain, and it is not possible to predict the extent of future requirements. Any new laws and regulations (or additional requirements to existing laws and regulations) could have a material impact on the Corporation's operations and cash flow.

Federal

Canada has been a signatory to the United Nations Framework Convention on Climate Change (the “**UNFCCC**”) since 1992. Since its inception, the UNFCCC has instigated numerous policy changes with respect to climate governance. In 2016, 195 countries signed the Paris Agreement, committing to prevent global temperatures from rising more than 2° Celsius above pre-industrial levels and to pursue efforts to limit this rise to no more than 1.5° Celsius. When Canada ratified the Paris Agreement, it committed to reducing its emissions by 30% below 2005 levels by 2030. In 2021, Canada updated its original commitment by pledging to reduce emissions by 40-45% below 2005 levels by 2030, and to net-zero by 2050.

During the course of the 2021 United Nations Climate Change Conference in Glasgow, Scotland, Canada made several pledges aimed at reducing Canada's GHG emissions and environmental impact, including: (i) reducing methane emissions in the oil and gas sector to 75% of 2012 levels by 2030; (ii) ceasing the export of thermal coal by 2030; (iii) imposing a cap on emissions from the oil and gas sector; (iv) halting direct public funding to the global fossil fuel sector by the end of 2022; and (v) committing that all new vehicles sold in the country will be zero-emission on or before 2040.



The Government of Canada released the Pan-Canadian Framework on Clean Growth and Climate Change in 2016, setting out a plan to meet the federal government's 2030 emissions reduction targets. On June 21, 2018, the federal government enacted the *Greenhouse Gas Pollution Pricing Act* (the "**GGPPA**"), which came into force on January 1, 2019. This regime has two parts: an output-based pricing system ("**OBPS**") for large industry (enabled by the *Output-Based Pricing System Regulations*) and a fuel charge (enabled by the *Fuel Charge Regulations*), both of which impose a price on CO₂e emissions. This system applies in provinces and territories that request it and in those that do not have their own equivalent emissions pricing systems in place that meet the federal standards and ensure that there is a uniform price on emissions across the country. Originally, under the federal plans, the price was set to escalate by \$10 per year until it reached a maximum price of \$50/tonne of CO₂e in 2022; however, on December 11, 2020, the federal government announced its intention to continue the annual price increases beyond 2022. As of 2023, the benchmark price per tonne of CO₂e will increase by \$15 per year until it reaches \$170/tonne of CO₂e in 2030. Effective January 1, 2025, the minimum price permissible under the GGPPA rose to \$95/tonne of CO₂e. While several provinces challenged the constitutionality of the GGPPA following its enactment, the SCC confirmed its constitutional validity in a judgment released on March 25, 2021.

On April 26, 2018, the federal government passed the Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds (Upstream Oil and Gas Sector) (the "**Federal Methane Regulations**"). The Federal Methane Regulations seek to reduce emissions of methane from the oil and natural gas sector and came into force on January 1, 2020. By introducing a number of additional control measures, the Federal Methane Regulations aim to reduce unintentional leaks and the intentional venting of methane and ensure that oil and natural gas operations use low-emission equipment and processes. Among other things, the Federal Methane Regulations limit how much methane upstream oil and natural gas facilities are permitted to vent. The Government of Canada has committed to expanding its oil and gas methane emissions reduction target to at least a 75% reduction below 2012 levels by 2030. In December 2023, a draft federal methane regulations for the oil and gas sector were released to achieve the 2030 target.

The federal government has enacted the Multi-Sector Air Pollutants Regulation under the authority of the Canadian Environmental Protection Act, 1999, which regulates certain industrial facilities and equipment types, including boilers and heaters used in the upstream oil and gas industry, to limit the emission of air pollutants such as nitrogen oxides and sulphur dioxide.

The Canadian *Net-Zero Emissions Accountability Act* (the "**CNEAA**") received royal assent on June 29, 2021, and came into force on the same day. The CNEAA binds the Government of Canada to a process intended to help Canada achieve net-zero emissions by 2050. It establishes rolling five-year emissions-reduction targets and requires the government to develop plans to reach each target and support these efforts by creating a Net-Zero Advisory Body. The CNEAA also requires the federal government to publish annual reports that describe how departments and Crown corporations are considering the financial risks and opportunities of climate change in their decision-making. A comprehensive review of the CNEAA is required every five years from the date the CNEAA came into force.

The Government of Canada introduced its 2030 Emissions Reduction Plan (the "**2030 ERP**") on March 29, 2022. In the 2030 ERP, the Government of Canada proposes a roadmap for Canada's reduction of GHG emissions to 40-45% below 2005 levels by 2030. As the first emissions reduction plan issued under the CNEAA, the 2030 ERP aims to reduce emissions by incentivizing electric vehicles and renewable electricity, and capping emissions from the oil and gas sector, among other measures.

On June 8, 2022, the *Canadian Greenhouse Gas Offset Credit System Regulations* were published in the Canada Gazette. The regulations establish a regulatory framework to allow certain kinds of projects to generate and sell offset credits for use in the federal OBPS through Canada's Greenhouse Gas Offset Credit System. The system enables project proponents to generate federal offset credits through projects that reduce GHG emissions under a published federal GHG offset protocol. Offset credits can then be sold to those seeking to meet limits imposed under the OBPS or those seeking to meet voluntary targets.



In July 2023, the *Clean Fuel Regulations* came into force, establishing Canada's Clean Fuel Standard. The Clean Fuel Standard will replace the former Renewable Fuels Regulation, aiming to discourage the use of fossil fuels by increasing the price of those fuels when compared to lower-carbon alternatives. Coming into force in 2023, the Clean Fuel Standard will impose obligations on primary suppliers of transportation fuels in Canada and require fuels to contain a minimum percentage of renewable fuel content and meet emissions caps calculated over the life cycle of the fuel. The *Clean Fuel Regulations* also establish a market for compliance credits. Compliance credits can be generated by primary suppliers, among others, through carbon capture and storage, producing or importing low-emission fuel, or through end-use fuel switching (for example, operating an electric vehicle charging network).

In November 2024, the federal government published the Proposed O&G GHG Regulations that would cap emissions from a range of oil and gas related activities, create an emissions cap-and-trade system, and require facility operators to comply with various reporting and remittance obligations. The final version of the Proposed O&G GHG Regulations is expected to be published in mid-2025 and come into force by January 1, 2026.

The Government of Canada has developed a Carbon Management Strategy, whereby it aims to deploy various carbon management technologies, including carbon capture, to help achieve federal climate goals. Carbon capture is a technology that captures carbon dioxide from facilities, including industrial or power applications, or directly from the atmosphere. The captured carbon dioxide is then compressed and transported for permanent storage in underground geological formations or used to make new products such as concrete. As part of the 2021 budget, the federal government committed to investing \$319 million over seven years into research, development and demonstrations to advance the commercial viability of carbon capture technologies.

In June 2024, the federal government enacted various new tax credits for sustainability-related projects, including the Carbon Capture, Utilization, and Storage ("**CCUS**") Investment Tax Credit ("**ITC**"). The CCUS ITC is a refundable tax credit that applies to certain expenses incurred for eligible CCUS projects. It was enacted on June 19, 2024 (but deemed to have come into effect on January 1, 2022). The credit is available from January 1, 2022 until December 31, 2040, with the magnitude of the credit being reduced by 50% beginning on January 1, 2031.

In June 2023, the ISSB issued two international environmental reporting standards: IFRS S1, which addresses sustainability-related disclosure, and IFRS S2, which addresses climate-related disclosure. The CSSB subsequently released for public comment substantially similar proposed Canadian versions of the international standards ("**CSDS 1**" and "**CSDS 2**"), which were finalized in December 2024 (collectively, the "**Canadian Standards**").

The Canadian Standards require issuers, among other things, to include quantitative data regarding their climate change considerations, to use scenario analysis in developing their disclosure, and to disclose Scope 3 emissions (i.e. indirect emissions from an organization's operations). The finalized Canadian Standards are substantially similar to IFRS S1 and S2 (and earlier drafts of CSDS 1 and CSDS 2), however they have extended implementation timelines for select criteria. Canadian companies are not required to follow the Canadian Standards at this time; however, the Canadian Securities Administrators are considering amending Canadian reporting requirements to include certain aspects of these new Canadian Standards; to what extent they will be adopted remains unclear.

In June 2024, the federal Competition Act was amended to enact new deceptive marketing provisions targeting "greenwashing". The new provisions introduced unclear substantiation requirements for companies making environmental claims and significant fines for failing to meet the new requirements. As a result of the uncertainty with respect to the applicability of the new rules, some companies removed their environmental and sustainability-related disclosure from the public domain. In December 2024, the constitutionality of the new deceptive marketing provisions was challenged in the Alberta Court of King's Bench and the lawsuit remains ongoing.

Provincial

In June 2019, the fuel charge element of the federal backstop program took effect in Alberta. In December 2019, the federal government approved Alberta's Technology Innovation and Emissions Reduction ("**TIER**") regulation, which applies to large emitters. The TIER regulation came into effect on January 1, 2020 (as amended on January 1, 2023) and replaced the previous Carbon Competitiveness Incentives Regulation. The TIER regulation meets the federal



benchmark stringency requirements for emissions sources covered in the regulation, but the federal backstop continues to apply to emissions sources not covered by the regulation.

The GGPPA system applies in part in Saskatchewan for specific industry sectors, and the federal backstop continues to apply to emissions sources not covered by the provincial emissions legislation.

The Government of Alberta aims to lower annual methane emissions by 45% by 2025. The Government of Alberta enacted the *Methane Emission Reduction Regulation* on January 1, 2020, and in November 2020, the Government of Canada and the Government of Alberta announced an equivalency agreement regarding the reduction of methane emissions such that the Federal Methane Regulations will not apply in Alberta.

The Government of Alberta committed to lowering annual methane emissions from 2014 levels by 45% by 2025 and reached this target 3 years early. The Government of Alberta enacted the Methane Emission Reduction Regulation on January 1, 2020, and in November 2020, the Government of Canada and the Government of Alberta announced an equivalency agreement regarding the reduction of methane emissions such that the Federal Methane Regulations will not apply in Alberta.

In 2024, the Government of Saskatchewan and Canada entered into a similar equivalency agreement such that the Federal Methane Regulations will not apply in Saskatchewan.

LIABILITY MANAGEMENT RATING PROGRAMS

Alberta

The AER administers several liability management programs to manage liability for most conventional upstream oil and natural gas wells, facilities and pipelines in Alberta. The province is gradually moving from a prescriptive framework toward a more holistic approach to liability management. Alberta has an orphan fund to help pay the costs to suspend, abandon, remediate and reclaim a well, facility or pipeline included in certain of the AER's programs if a licensee or working interest participant becomes insolvent or is unable to meet its obligations. The orphan fund is funded through a levy and a loan from the provincial government. In March 2024, the Government of Alberta approved a \$135 million levy to fund the Orphan Well Association's operating budget for the 2024-2025 year.

The SCC's decision in *Orphan Well Association v Grant Thornton* (also known as the "Redwater" decision), provides the backdrop for Alberta's approach to liability management. As a result of the Redwater decision, receivers and trustees can no longer avoid the AER's legislated authority to impose abandonment orders against licensees or to require a licensee to pay a security deposit before approving a licence transfer when any such licensee is subject to formal insolvency proceedings. This means that insolvent estates can no longer disclaim assets that have reached the end of their productive lives (and therefore represent a net liability) in order to deal primarily with the remaining productive and valuable assets without first satisfying any abandonment and reclamation obligations associated with the insolvent estate's assets. The burden of a defunct licensee's abandonment and reclamation obligations first falls on the defunct licensee's working interest partners, and second, the AER may order the orphan fund to assume care and custody and accelerate the clean-up of wells or sites which do not have a responsible owner.

To address abandonment and reclamation liabilities in Alberta, the AER also implements, from time to time, programs intended to encourage the decommissioning, remediation and reclamation of inactive or marginal oil and natural gas infrastructure.

Saskatchewan

The Saskatchewan Ministry of Energy and Resources administrates the Licensee Liability Rating Program (the "**SK LLR Program**"), which was updated in January 2023. The SK LLR Program is designed to assess and manage the financial risk that a licensee's well and facility abandonment and reclamation liabilities pose to the orphan fund (the "**Oil and Gas Orphan Fund**") established under the SKOGCA. The Oil and Gas Orphan Fund takes on the obligation of carrying out the abandonment and reclamation of wells and facilities contained within the SK LLR Program when the Saskatchewan Ministry of Energy and Resources confirms there is no legally responsible or financially able party to



deal with the abandonment and/or reclamation responsibilities. The SK LLR Program also outlines requirements for security deposits and licence transfers. If a licence holder wishes to transfer a licence, a licence transfer application must be completed through the Integrated Resource Information System (“**IRIS**”). An assessment is conducted on both the transferee and the transferor listed in the IRIS application. To complete the assessment, both a licensee liability rating (“**LLR**”) assessment and a proportional risk transfer is conducted. If a licence transfer will result in either the transferor or transferee having an LLR of less than 1.0, the transferor or transferee, as applicable, must submit the amount of security deposit required by the minister.

In February 2021, the Energy Regulation Division of the Ministry of Energy and Resources announced that it was consulting with stakeholders on proposed regulatory enhancements intended to strengthen Saskatchewan's oil and gas liability management framework and reduce the prospect of new orphan oil and gas wells and facilities in Saskatchewan. This process led to the development of the new *Financial Security and Site Closure Regulations* (the “**Closure Regulations**”), which came into force on January 1, 2023.

The Closure Regulations include: (i) changes to the formula for determining if a licensee poses a risk; (ii) annual spend targets for closure activities by licensees; and (iii) new guidance on when a security deposit may be required by a licensee or in connection with a transfer. *The Oil and Gas Conservation Regulations, 2012* (the “**Conservation Regulations**”) remain in effect. Among other things, the Conservation Regulations provide a formula for determining a licensee's LLR, outline eligibility requirements for holding licences, and provide guidance on when a security deposit may be required by a licensee or in connection with a transfer.

PROMOTERS

To the knowledge of the Corporation, no person or company has been, within the two most recently completed financial years or during the current financial year, a promoter of the Corporation.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

LEGAL PROCEEDINGS

There are no legal proceedings that the Corporation is or was a party to, or that any of our property is or was a subject of, during the most recently completed financial year that were or are material to the Corporation, nor are any such legal proceedings known to the Corporation to be contemplated which could be deemed material to the Corporation.

In the normal conduct of operations, there may be actual and/or pending claims by and against the Corporation. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance.

REGULATORY ACTIONS

To the knowledge of management of the Corporation, no penalties or sanctions have been imposed by a court relating to securities legislation or by a securities regulatory body or by any other court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision, nor have any settlement agreements been entered into by the Corporation with a court relating to securities legislation or with a securities regulatory authority during the most recently completed financial year.



INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

None of the directors, executive officers of the Corporation, nor any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class or series of outstanding voting securities of the Corporation, nor any associate or affiliate of the foregoing persons or companies had any material interest, direct or indirect, in any transaction during the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Corporation.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Odyssey Trust Company at its principal office in Calgary, Alberta, Vancouver, British Columbia, and Toronto, Ontario.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the Corporation did not enter into any material contracts within the most recently completed financial year, or contracts before the last financial year that are still in effect, except for those set forth below:

1. Fourth and fifth amendments to our Third A&R Term Loan Agreement;
2. Battrum/Flat Lake Acquisition Agreement;
3. March 2024 Underwriting Agreement;
4. Credit Agreement; and
5. Note Indenture.

The Corporation's material contracts described above are filed under Saturn's profile on SEDAR+ at www.sedarplus.ca.

INTERESTS OF EXPERTS

NAMES OF EXPERTS

Reserves estimates contained in this Annual Information Form were derived from the 2024 Reserves Report prepared by Ryder Scott, an independent reserves evaluator. As of December 31, 2024, to the knowledge of the Corporation, the directors, officers, employees and consultants of Ryder Scott who participated in the preparation of the 2024 Reserves Report who were in a position to directly influence the preparation or outcome of the preparation of the 2024 Reserves Report as a group, do not hold any of the securities of the Corporation. In addition, none of the officers, directors, employees or consultants of Ryder Scott are currently expected to be elected, appointed or employed as a director, officer or employee of the Corporation or any of the Corporation's associates or affiliates.

KPMG LLP is the auditor of the Corporation as at the year ended December 31, 2024. KPMG LLP has confirmed that it is independent of the Corporation in accordance with the relevant rules and related interpretation prescribed by the Institute of Chartered Accountants of Alberta.

Other than as set out above, no other experts (whose profession or business gives authority to a report, valuation, statement or opinion made by them) were named in any securities disclosure document filed by the Corporation pursuant to NI 51-102 in the most recently completed financial year.



INTERESTS OF EXPERTS

To the knowledge of the Corporation, based on information provided by the experts, none of the experts named above, at the time of preparing the applicable report, valuation, statement or opinion, held or has received or will receive any registered or beneficial interests, direct or indirect, in any securities or other property of the Corporation or any associates or affiliates of the Corporation in connection with the preparation or certification of any report, valuation, statement or opinion.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR+ at www.sedarplus.ca. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Corporation's information circular dated April 25, 2024 for our most recent annual meeting of shareholders. Additional financial information is also provided in the Corporation's consolidated financial statements and MD&A for the year ended December 31, 2024.

SCHEDULE "A"

REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATOR

To the Board of Directors of Saturn Oil & Gas Inc. (the "**Corporation**"):

1. We have evaluated the Corporation's reserves data as at December 31, 2024. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2024, estimated using forecast prices and costs.
2. The reserves data are the responsibility of the Corporation's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.
3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "**COGE Handbook**") maintained by the Petroleum Evaluation Engineers (Calgary Chapter).
4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.
5. The following table sets forth the net present value of future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Corporation evaluated by us for the year ended December 31, 2024, and identifies the respective portions thereof that we have evaluated and reported on to the Corporation's management:

Independent Qualified Reserves Evaluator or Auditor	Saturn Oil & Gas Inc. Reserve Estimation and Economic Evaluation	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue (\$MM, before income taxes, 10% discount rate)			
			Audited	Evaluated	Reviewed	Total
Ryder Scott Company	December 31, 2024	Canada	\$0	\$3,607,351	\$0	\$3,607,351

6. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.
7. We have no responsibility to update our reports referred to in paragraph 5 for events and circumstances occurring after the effective date of our reports.
8. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Ryder Scott Company-Canada, Calgary, Alberta, Canada

Dated as of the 11th day of February, 2025

Signed by: (signed) "Andy Thompson"
 Andy Thompson, P. Eng.
 Managing Senior Vice President

SCHEDULE “B” REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

Management of Saturn Oil & Gas Inc. (the “**Corporation**”) are responsible for the preparation and disclosure of information with respect to the Corporation's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data which are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2024, estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated the Corporation's reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The Reserves Committee of the board of directors of the Corporation has:

- (a) reviewed the Corporation's procedures for providing information to the independent qualified reserves evaluator;
- (b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and
- (c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Reserves Committee of the board of directors has reviewed the Corporation's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has approved:

- (a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;
- (b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data; and
- (c) the content and filing of this report.

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

DATE: March 13, 2025

(signed) “John Jeffrey”
John Jeffrey
Chief Executive Officer

(signed) “Justin Kaufmann”
Justin Kaufmann
Chief Development Officer

(signed) “Christopher Ryan”
Christopher Ryan
Director

(signed) “Andrew Claugus”
Andrew Claugus
Director

SCHEDULE “C”

AUDIT COMMITTEE MANDATE AND TERMS OF REFERENCE

AUDIT COMMITTEE MANDATE AND TERMS OF REFERENCE

Role and Objective

The Audit Committee (the “**Committee**”) is a committee of the board of directors (the “**Board**”) of Saturn Oil & Gas Inc. (“**Saturn**” or the “**Corporation**”) to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for Board approval, the audited financial statements and other mandatory disclosure releases containing financial information. The objectives of the Committee are as follows:

1. to assist directors in meeting its responsibilities in respect of the preparation and disclosure of the financial statements of Saturn and related matters;
2. to provide good communication between directors and external auditors;
3. to enhance the external auditor's independence;
4. to review the credibility and objectivity of financial reports; and
5. to strengthen the role of the outside directors by facilitating discussions between directors on the Committee, management and external auditors.

Membership of the Committee

1. The Board will appoint members to the Committee. All members of the Committee shall be financially literate, and if not so when appointed, will endeavour to obtain a working familiarity with basic finance and accounting practices within a reasonable time. An individual will be deemed financially literate when he or she has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.
2. The Committee shall consist of at least (3) directors of Saturn, none of whom are members of management of Saturn and all of whom are “independent” (as such term is used in National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”)).
3. The Board shall appoint the Committee Chair, who shall be an independent director.

Mandate and Responsibilities of Committee

The Committee will have the authority and responsibility to:

1. oversee the work of the external auditors, including the resolution of any disagreements between management and the external auditors regarding financial reporting;
2. satisfy itself on behalf of the Board with respect to the Corporation's internal control systems identifying, monitoring and mitigating business risks including risks relating to cyber-security attacks and cyber-fraud events; and ensuring compliance with legal, ethical and regulatory requirements;
3. review the annual and interim financial statements of the Corporation and related management's discussion and analysis (“**MD&A**”) prior to their submission to the Board for approval; the process should include but is not limited to:
 - i. reviewing changes in accounting principles and policies, or in their application, which may have a

- material impact on the current or future years' financial statements;
 - ii. reviewing significant accruals, reserves, estimates (such as the ceiling test calculation) and judgments made by management in preparation of financial statements and the appropriateness of such accruals, reserves, estimates and judgments;
 - iii. reviewing accounting treatment of unusual or non-recurring transactions;
 - iv. ascertaining compliance with covenants under loan agreements;
 - v. reviewing disclosure requirements for commitments and contingencies;
 - vi. reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
 - vii. reviewing unresolved differences between management and the external auditors; and
 - viii. obtain explanations of significant variances with comparative reporting periods.
4. review the financial statements, MD&A and all public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval; the Committee must be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of other financial information and must periodically assess the adequacy of those procedures;
5. with respect to the appointment of external auditors by the Board:
- i. recommend to the Board the external auditors to be nominated;
 - ii. recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors will report directly to the Committee;
 - iii. on an annual basis, review and discuss with the external auditors all significant relationships such auditors have with the Corporation to determine the auditors' independence;
 - iv. when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change;
 - v. review and pre-approve any non-audit services to be provided to the Corporation or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member(s) report to the Committee at the next scheduled meeting such pre-approval and the member(s) comply with such other procedures as may be established by the Committee from time to time; and
 - vi. review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of the Corporation and its subsidiaries;
6. review with external auditors (and internal auditor if one is appointed by the Corporation) their assessment of the internal controls of the Corporation, their written reports containing recommendations for improvement, and management's response and follow up to any identified weaknesses;
7. review risk management policies and procedures of the Corporation (i.e., hedging, litigation and insurance);
8. establish a procedure for and, if desired, also engage an independent service provider to assist with:
- i. the receipt, retention and treatment of complaints received by Saturn regarding accounting, internal account controls or auditing matters; and

- ii. the confidential, anonymous submission by employees of Saturn of concerns regarding questionable accounting or auditing matters, including the resolution of any such complaints or concerns by management or, if warranted, by the Board.
9. Review and approve the Saturn's hiring policies regarding employees and former employees of the present and former external auditors of Saturn.
10. Review all related party transactions (as defined by applicable regulations) and ensure the nature and extent of such transactions are properly disclosed.
11. Review the status of taxation matters of Saturn.

Relationship with External Auditors

1. The external auditors must be able to complete their audit procedures and reviews with professional independence, free from any undue interference from the management or directors.
2. The external auditors must be able to complete their audit procedures and reviews with professional independence, free from any undue interference from the management or directors.
3. The Audit Committee must direct and ensure that the management fully co-operates with the external auditors in the course of carrying out their professional duties.
4. The Audit Committee will have direct communications access at all times with the external auditors.

Non-Audit Services

1. The external auditors are prohibited from providing any non-audit services to the Corporation, without the express written consent of the Audit Committee. In determining whether the external auditors will be granted permission to provide non-audit services to the Corporation, the Audit Committee must consider that the benefits to the Corporation from the provision of such services, outweighs the risk of any compromise to or loss of the independence of the external auditors in carrying out their auditing mandate.
2. Notwithstanding section 1 above, the external auditors are prohibited at all times from carrying out any of the following services, while they are appointed the external auditors of the Corporation:
 - (i) acting as an agent of the Corporation for the sale of all or substantially all of the undertaking of the Corporation; and
 - (ii) performing any non-audit consulting work for any director or senior officer of the Corporation in their personal capacity, but not as a director, officer or insider of any other entity not associated or related to the Corporation.

Meeting and Administrative Matters

1. At all meetings of the Committee every resolution shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote.
2. The Chair will preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee that are present will designate from among such members the Chair for purposes of the meeting.
3. A quorum for meetings of the Committee will be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee will be the same as those governing the Board unless otherwise determined by the Committee or the Board.
4. Meetings of the Committee should be scheduled to take place at least four times per year and at such other times as the Chair of the Committee may determine. Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.

5. The Committee will meet with the external auditor in camera at least once per quarter (in connection with the preparation of the annual and interim financial statements) and at such other times as the external auditor and the Committee considers appropriate.
6. Agendas, approved by the Chair, will be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
7. The Chief Financial Officer shall attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chair. The Committee may invite such other senior officers and directors of the Corporation as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee.
8. The Committee has authority to communicate directly with the internal auditors (if any) and the external auditors of the Corporation. The Committee will also have the authority to investigate any financial activity of the Corporation. All employees of the Corporation are to cooperate as requested by the Committee.
9. The Committee may retain persons having special expertise and may obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation, as determined by the Committee.
10. Any members of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, following appointment as a member of the Committee, each member will hold such office until the Committee is reconstituted.
11. Any issues arising from these meetings relating to the relationship between the Board and management should be communicated to the Chair of the Board by the Committee Chair.
12. In discharging its duties under this Mandate, the Committee may investigate any matter brought to its attention and will have access to all books, records, facilities and personnel, may conduct meetings or interview any senior officer the Corporation's legal counsel, external auditors and consultants and may invite any such persons to attend any part of any meeting of the Committee.

Approved by the Board of Directors on May 24, 2023