

SATURN OIL & GAS INC.
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
(unaudited)

As at (\$000s)	March 31, 2025	December 31, 2024
ASSETS		
Cash	79,482	48,418
Accounts receivable	110,337	112,947
Deposits and prepaid expenses	23,531	24,184
Financial derivatives (note 13)	14,539	11,347
Total current assets	227,889	196,896
Property, plant and equipment (note 3)	1,876,633	1,877,675
Right-of-use assets (note 4)	74,097	76,490
Financial derivatives (note 13)	9,688	10,517
Total assets	2,188,307	2,161,578
LIABILITIES		
Accounts payable	176,035	171,116
Debt (note 7)	90,319	90,410
Lease liabilities (note 5)	8,552	8,381
Decommissioning obligations (note 6)	13,045	13,902
Financial derivatives (note 13)	25,048	21,080
Total current liabilities	312,999	304,889
Debt (note 7)	760,889	784,178
Lease liabilities (note 5)	66,768	68,874
Decommissioning obligations (note 6)	143,955	143,375
Deferred tax liability	44,686	32,293
Financial derivatives (note 13)	21,052	23,997
Total liabilities	1,350,349	1,357,606
SHAREHOLDERS' EQUITY		
Share capital (note 8)	419,276	426,146
Contributed surplus (note 8)	64,517	54,280
Warrants (note 8)	-	7,200
Retained earnings	354,165	316,346
Total shareholders' equity	837,958	803,972
Total liabilities and shareholders' equity	2,188,307	2,161,578

Commitments (note 14)

Subsequent events (note 7, 13)

See accompanying notes to the condensed consolidated interim financial statements

SATURN OIL & GAS INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME
(LOSS)
(unaudited)**

(\$000s, except per share amounts)	Three months ended March 31,	
	2025	2024
REVENUE		
Petroleum and natural gas sales (note 9)	278,081	168,219
Processing income (note 9)	3,541	3,469
Royalties	(33,893)	(21,189)
	247,729	150,499
Realized loss on derivatives (note 13)	(7,335)	(4,601)
Unrealized gain (loss) on derivatives (note 13)	1,688	(103,238)
	242,082	42,660
EXPENSES		
Operating	76,982	51,032
Transportation	5,845	3,155
General and administrative	5,995	3,525
Depletion, depreciation and amortization (notes 3,4)	74,098	42,229
Share based payments (note 8)	2,035	2,252
Financing (note 10)	28,691	24,497
Foreign exchange (gain) loss	(2,198)	33
	191,448	126,723
Net income (loss) before taxes	50,634	(84,063)
Deferred tax expense (recovery)	12,815	(21,081)
Net income (loss) and comprehensive income (loss)	37,819	(62,982)
Net income (loss) per share (note 8)		
Basic	0.19	(0.42)
Diluted	0.19	(0.42)

See accompanying notes to the condensed consolidated interim financial statements

SATURN OIL & GAS INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**
(unaudited)

(\$000s)	Number of Shares	Share Capital	Contributed Surplus	Warrants	Retained earnings	Total
Balance, December 31, 2023	139,313	292,388	46,834	7,200	262,240	608,662
Equity financings	22,223	50,002	-	-	-	50,002
Cash share issue costs (recovery)	-	(2,579)	-	-	-	(2,579)
Tax impact on share issue costs	-	649	-	-	-	649
Share based payments	-	-	2,655	-	-	2,655
Share based award exercises	9	-	-	-	-	-
Treasury shares, net of tax	(339)	(901)	-	-	-	(901)
Tax adjustment on share based payments	-	-	230	-	-	230
Net loss for the period	-	-	-	-	(62,982)	(62,982)
Balance, March 31, 2024	161,206	339,559	49,719	7,200	199,258	595,736
Balance, December 31, 2024	199,555	426,146	54,280	7,200	316,346	803,972
Share based payments	-	-	2,615	-	-	2,615
Treasury shares, net of tax	(549)	(1,026)	-	-	-	(1,026)
Tax adjustment on share based payments	-	-	422	-	-	422
NCIB share repurchases	(2,794)	(5,844)	-	-	-	(5,844)
Warrant expiry	-	-	7,200	(7,200)	-	-
Net income for the period	-	-	-	-	37,819	37,819
Balance, March 31, 2025	196,212	419,276	64,517	-	354,165	837,958

See accompanying notes to the condensed consolidated interim financial statements

SATURN OIL & GAS INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

(unaudited)

(\$000s)	Three months ended March 31,	
	2025	2024
OPERATING ACTIVITIES		
Net income (loss) for the period	37,819	(62,982)
Items not affecting cash:		
Depletion, depreciation and amortization (notes 3,4)	74,098	42,229
Share based payments (note 8)	2,035	2,252
Deferred income tax expense (recovery)	12,815	(21,081)
Unrealized (gain) loss on commodity derivatives (note 13)	(1,688)	103,238
Unrealized gain on foreign exchange (notes 7,13)	(1,549)	-
Non-cash financing expenses (note 10)	6,627	4,522
Realized foreign exchange loss on repayment of Senior Notes (note 7)	964	-
Decommissioning expenditures (note 6)	(857)	(4,521)
Change in non-cash working capital (note 11)	35,108	6,565
Cash from operating activities	165,372	70,222
FINANCING ACTIVITIES		
Repayment of debt (note 7)	(23,231)	(76,085)
Repurchase of common shares (note 8)	(5,844)	-
Purchase of treasury shares, net of tax	(1,026)	(901)
Lease payments (note 5)	(3,986)	(1,460)
Proceeds from share issuance (note 8)	-	50,002
Share issue costs (note 8)	-	(2,579)
Change in non-cash working capital (note 11)	(701)	-
Cash used in financing activities	(34,788)	(31,023)
INVESTING ACTIVITIES		
Capital expenditures (note 3)	(73,295)	(33,966)
Change in non-cash working capital (note 11)	(26,225)	(15,726)
Cash used in investing activities	(99,520)	(49,692)
Change in cash, during the period	31,064	(10,493)
Cash, beginning of period	48,418	26,460
Cash, end of period	79,482	15,967

Cash interest paid (note 10)

See accompanying notes to the condensed consolidated interim financial statements

SATURN OIL & GAS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2025 and 2024
(unaudited)

1. NATURE OF OPERATIONS

Saturn Oil & Gas Inc. (“Saturn” or the “Company”) is a Canadian resource company engaged in the business of acquisition, exploration and development of petroleum and natural gas resource deposits in Western Canada. The Company’s current focus is to advance the exploration and development of its oil and gas properties in Alberta and Saskatchewan. The common shares of the Company are listed on the Toronto Stock Exchange (“TSX”) and trade under the symbols “SOIL”.

The Company’s corporate headquarters are at 2800, 525 - 8th Ave SW, Calgary, AB, T2P 1G1.

2. BASIS OF PREPARATION

Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and in accordance with IAS 34 – Interim Financial Reporting. The unaudited condensed consolidated interim financial statements do not include all information required for annual consolidated financial statements and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2024. These unaudited condensed consolidated interim financial statements have been prepared following the same accounting policies as the Company’s audited consolidated financial statements for the year ended December 31, 2024.

These unaudited condensed consolidated interim financial statements were approved and authorized for issue by the Company’s Board of Directors on May 7, 2025.

Operating environment

The marketability and price of oil and natural gas that may be produced, acquired or discovered by the Company continues to be affected by global events. International conflicts, shifts in social opinion, geopolitical instability, changes to political regimes and tariffs may have a significant impact on the price of crude oil and natural gas and Saturn's petroleum and natural gas sales. While the specific impact to the Company would depend on the nature of the occurrence, any major event can cast uncertainty over future financial performance.

Basis of measurement, functional and presentation currency

The unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value through profit or loss.

The unaudited condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company’s functional currency.

Significant judgements, estimates, fair values and accounting policies

The preparation of the unaudited condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the application of accounting policies impacting fair value and the reported amount of assets, liabilities, income and expenses. Actual results may differ materially from these estimates. Estimates and their underlying assumptions are reviewed on an ongoing basis. Significant judgments, estimates and assumptions made by management in these unaudited condensed consolidated interim financial statements are outlined in note 2 of the Company’s December 31, 2024 annual consolidated financial statements. There have been no changes in the Company’s judgments, estimates, accounting policies or determination of fair values applied during the interim period ended March 31, 2025, relative to those described in the most recent annual consolidated financial statements as at and for the year ended December 31, 2024. Revisions to accounting estimates are recognized in the year in which the estimates are revised and for any future years affected.

3. PROPERTY, PLANT AND EQUIPMENT

Cost (\$000s)	Oil and gas properties	Exploration and evaluation assets	Other assets	Total
As at December 31, 2023	1,408,479	5,613	1,900	1,415,992
Additions	245,287	-	1,029	246,316
Acquisitions	654,491	-	-	654,491
Disposition	(32,968)	-	-	(32,968)
Capitalized share based payments	2,245	-	-	2,245
Expiries	-	(1,305)	-	(1,305)
Change in decommissioning obligations	24,824	-	-	24,824
As at December 31, 2024	2,302,358	4,308	2,929	2,309,595
Additions	73,077	-	218	73,295
Capitalized share based payments	580	-	-	580
Expiries	-	(121)	-	(121)
Change in decommissioning obligations	(3,345)	-	-	(3,345)
As at March 31, 2025	2,372,670	4,187	3,147	2,380,004
Accumulated depletion, depreciation and amortization				
As at December 31, 2023	216,934	-	1,089	218,023
Depletion, depreciation and amortization	219,437	-	682	220,119
Disposition	(6,222)	-	-	(6,222)
As at December 31, 2024	430,149	-	1,771	431,920
Depletion, depreciation and amortization	71,273	-	178	71,451
As at March 31, 2025	501,422	-	1,949	503,371
Net book value				
As at December 31, 2024	1,872,209	4,308	1,158	1,877,675
As at March 31, 2025	1,871,248	4,187	1,198	1,876,633

As at March 31, 2025, the calculation of depletion includes estimated forecasted future development costs relating to the development of proved and probable oil and gas reserves of \$1,733.9 million (December 31, 2024 - \$1,806.4 million). The Company capitalized \$1.3 million of general and administrative costs for the period ended March 31, 2025 (December 31, 2024 - \$10.4 million) and capitalized \$0.6 million of share based compensation expense for the period ended March 31, 2025 (December 31, 2024 - \$2.2 million).

At March 31, 2025 and December 31, 2024, there were no indicators of impairment identified. Accordingly, an impairment test was not performed.

4. RIGHT-OF-USE ASSETS

The Company recognizes right-of-use assets and corresponding lease liabilities related to certain office facilities and vehicles. See note 5 for additional information regarding the Company's leases.

Cost (\$000s)	Gas Processing	Offices	Vehicles	Total
As at December 31, 2023	-	8,525	2,995	11,520
Additions	61,293	8,559	7,689	77,541
As at December 31, 2024	61,293	17,084	10,684	89,061
Additions (disposals)	-	179	(46)	133
As at March 31, 2025	61,293	17,263	10,638	89,194
Accumulated depreciation				
As at December 31, 2023	-	3,480	1,487	4,967
Depreciation	3,352	2,390	1,862	7,604
As at December 31, 2024	3,352	5,870	3,349	12,571
Depreciation	1,437	552	537	2,526
As at March 31, 2025	4,789	6,422	3,886	15,097
Net book value				
As at December 31, 2024	57,941	11,214	7,335	76,490
As at March 31, 2025	56,504	10,841	6,752	74,097

5. LEASES

The following table reconciles the changes in the lease liability for the periods:

(\$000s)	March 31, 2025	December 31, 2024
Balance, beginning of period	77,255	5,767
Net additions	133	77,541
Lease payment	(3,986)	(11,452)
Interest expense	1,918	5,399
Carrying value, end of period	75,320	77,255
Current	8,552	8,381
Long-term	66,768	68,874

As at March 31, 2025, the estimated undiscounted cash flows required to settle the Company's lease liability was \$113.2 million (December 31, 2024 - \$116.6 million).

6. DECOMMISSIONING OBLIGATIONS

The decommissioning obligation represents costs to reclaim and abandon the Company's wells and facilities and the estimated timing of the costs to be incurred in future periods. Management of the Company has estimated that the total undiscounted cash flows required to settle the obligations will be \$579.8 million (December 31, 2024 - \$576.9 million) which has been inflated at 2.0% (December 31, 2024 - 2.0%) and discounted using the credit adjusted risk-free rate of 10.0% (December 31, 2024 - 10.0%) with an estimated timeline to abandoned between 1 and 49 years.

(\$000s)	March 31, 2025	December 31, 2024
Balance, beginning of period	157,277	100,655
Acquired	-	34,441
Disposed	-	(1,157)
Obligations incurred	266	517
Change in estimates	(3,611)	(13,498)
Change in discount rate	-	37,805
Cash settlements	(857)	(16,310)
Accretion	3,925	14,824
Balance, end of period	157,000	157,277
Current	13,045	13,902
Long-term	143,955	143,375

The Company's assets in both Saskatchewan and Alberta are subject to provincial programs that mandate the minimum spend targets on the Company's decommissioning obligations. These amounts have been moved to current decommissioning obligations, net of current year spend.

7. DEBT

(\$000s)	March 31, 2025	December 31, 2024
Senior Notes ⁽¹⁾	864,356	888,520
Unamortized debt issue costs	(13,148)	(13,932)
Total Debt	851,208	874,588
Current	90,319	90,410
Long-term	760,889	784,178

(1) As at March 31, 2025, the Senior Notes were translated into Canadian dollars at the period end exchange rate of US \$1.00 = CA \$1.4376 (December 31, 2024 - US \$1.00 = CA \$1.4389).

Senior Secured Notes

On June 14, 2024, Saturn issued US\$650 million of Senior Secured Notes (the "Senior Notes"). The Senior Notes bear interest at 9.625% per annum, payable semi-annually in arrears, have mandatory repayments of 10% per annum, payable quarterly, and have a 5-year term maturing on June 15, 2029. As at March 31, 2025, the principal balance on the Senior Notes was \$864.4 million (US\$601.3 million).

As at December 31, 2024, the principal balance on the Senior Notes was \$888.5 million (US\$617.5 million).

The Senior Notes are not subject to any financial covenants and are secured by a second priority lien on substantially all of the assets of the Company. Subject to certain exceptions and qualifications, the Senior Notes contain certain covenants that limit the Company'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 Company is subject to certain minimum hedging requirements that are consistent with the Company's risk management policy. As at March 31, 2025, the Company is in compliance with all covenants.

The Senior 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 Company 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 Company may redeem up to 35% of the aggregate principal amount of the Senior 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 Company 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%.

The following table reconciles changes in the Senior Notes principal outstanding for the period:

Principal (\$000s)	Senior Notes (US\$)	Senior Notes (CA\$)
As at December 31, 2023	-	-
Proceeds on issuance ⁽¹⁾	650,000	890,695
Principal repayments	(32,500)	(45,268)
Realized foreign exchange loss on repayment	-	733
Unrealized foreign exchange loss	-	42,360
As at December 31, 2024	617,500	888,520
Principal repayments	(16,250)	(23,231)
Realized foreign exchange loss on repayment	-	964
Unrealized foreign exchange gain	-	(1,897)
As at March 31, 2025 ⁽²⁾	601,250	864,356

(1) As at June 14, 2024, exchange rate was US \$1.00 = CA \$1.3703.

(2) As at March 31, 2025, exchange rate was US \$1.00 = CA \$1.4376 (December 31, 2024 - US \$1.00 = CA \$1.4389).

As at March 31, 2025, the fair value of the Senior Notes was \$836.0 million (US\$581.5 million) based on observable market quoted prices (Level 1).

Subsequent to March 31, 2025, the Company repurchased an additional \$15.0 million of Senior Notes for retirement.

Revolving Credit Facility

On June 14, 2024, Saturn entered into a \$150.0 million credit facility (the "Credit Facility") with a syndicate of banks. The Credit Facility consists of a \$100.0 million reserve-based credit facility and a \$50.0 million 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 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 Company'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 Company and is senior in priority to the Senior Notes. The Credit Facility contains certain covenants that limit the Company'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 March 31, 2025, the Company is in compliance with all covenants.

As at March 31, 2025, amounts borrowed under the Credit Facility bear interest at a floating rate based on the applicable Canadian prime rate, US base rate, Canadian Overnight Repo Rate Average ("CORRA"), or Secured Overnight Financing Rate ("SOFR") plus a margin and standby fee based on the Company's Net Debt to Consolidated EBITDA Ratio as defined in the Credit Agreement, currently between 2.50% to 3.50% and 0.88%, respectively.

As at March 31, 2025, the Company had no amounts drawn nor any of letters of credit outstanding under the Credit Facility.

Unsecured letter of credit facility

The Company has a \$20.0 million unsecured demand letter of credit facility (the "LC Facility") with a Canadian bank. Saturn's obligations under the LC Facility are supported by a performance security guarantee ("PSG") from Export Development Canada. At March 31, 2025, \$8.7 million was drawn under the LC Facility (December 31, 2024 - \$7.9 million). The PSG is subject to annual renewal with the next scheduled renewal date of June 30, 2025.

8. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares with no par value. As at March 31, 2025 there are 196,211,573 common shares outstanding.

Issued and outstanding

(000s)	March 31, 2025		December 31, 2024	
	Shares	Amount	Shares	Amount
Balance, beginning of period	199,555	426,146	139,313	292,388
Common shares issued for cash proceeds	-	-	64,777	150,004
Cash share issue costs, net of tax recovery	-	-	-	(5,862)
Normal Course Issuer Bid	(2,794)	(5,844)	(4,480)	(10,240)
Restricted share unit exercise	-	-	8	(4)
Stock option exercise	-	-	100	435
Treasury shares	(549)	(1,026)	(163)	(575)
Balance, end of period	196,212	419,276	199,555	426,146

On August 23, 2024, the TSX approved the commencement of the Company's Normal Course Issuer Bid ("NCIB"). Pursuant to the NCIB, the Company will purchase for cancellation, from time to time, as it considers advisable, up to a maximum of 11,306,825 common shares of the Company between August 27, 2024 and August 26, 2025.

For the three months ended March 31, 2025, the Company repurchased 2,793,524 shares under its NCIB at a weighted average price of \$2.08 per share for a total cost of \$5.8 million. Subsequent to March 31, 2025, the Company repurchased an additional 1,084,004 shares at a weighted average price of \$1.56 per share for a total cost of \$1.7 million.

For the year ended December 31, 2024, the Company repurchased 4,480,288 shares under its NCIB at a weighted average price of \$2.28 per share for a total cost of \$10.2 million.

Warrants

(000s, except per warrant price)	March 31, 2025		December 31, 2024	
	Warrants	Weighted average exercise price	Warrants	Weighted average exercise price
Balance, beginning of period	6,871	4.00	6,871	4.00
Expired	(6,871)	4.00	-	-
Balance, end of period	-	-	6,871	4.00

Stock options

The Company has an omnibus long term incentive plan ("LTIP") under which it is authorized to grant stock options to directors, officers, employees and consultants enabling them to acquire common shares of the Company upon exercise. The stock options are generally granted for maximum term of five years, and vest in thirds on each of the first, second and third anniversary after the grant date. Vesting conditions are determined by the Board of Directors.

(000s, except per option price)	March 31, 2025		December 31, 2024	
	Stock options	Weighted average exercise price	Stock options	Weighted average exercise price
Balance, beginning of period	718	2.41	1,048	2.52
Exercised	-	-	(100)	2.40
Expired	(4)	2.41	(230)	-
Balance, end of period	714	2.41	718	2.41

As at March 31, 2025, the following stock options were outstanding and exercisable:

(000s, except per option price and life remaining)	Stock options outstanding			Stock options exercisable		
	Number outstanding	Weighted average exercise price	Weighted average life remaining (years)	Number exercisable	Weighted average exercise price	Weighted average life remaining (years)
2.00	125	2.00	0.3	125	2.00	0.3
2.01 - 2.40	480	2.40	1.3	-	-	-
2.41 - 3.00	109	2.90	1.3	-	-	-
	714	2.41	1.1	125	2.00	0.3

Restricted Share Units

In accordance with the LTIP, the Company is authorized to grant Restricted Share Units (“RSUs”) to directors, officers, employees and consultants. The RSUs are granted for a term of three years and vest in thirds on each of the first, second and third anniversary after the grant date. The RSUs may be cash or equity settled upon vesting as determined by the Board of Directors. The fair value per RSU is equivalent to the market price at which the common shares of the Company traded on the day immediately preceding the grant date.

	March 31, 2025	December 31, 2024
(000s, except life remaining)	RSUs	RSUs
Balance, beginning of period	4,088	2,282
Issued	-	2,975
Exercised	(59)	(924)
Forfeited	(41)	(245)
Balance, end of period	3,988	4,088
Weighted average life remaining (years)	0.9	1.1

Performance share units

In accordance with the LTIP, the Company is authorized to grant Performance Share Units (“PSUs”) to directors, officers, employees and consultants. The PSUs are granted for a term of one year with certain performance measures specified at the grant date and may be cash or equity settled upon vesting as determined by the Company's Board of Directors. Based upon the achievement of the performance measures, a pre-determined adjustment factor between 0.5-1.5x is applied to the PSUs eligible to vest at the end of the performance period. The fair value per PSU is equivalent to the market price at which the common shares of the Company traded on the day immediately preceding the grant date.

	March 31, 2025	December 31, 2024
(000s, except life remaining)	PSUs	PSUs
Balance, beginning of period	622	667
Issued	-	622
Exercised	-	(667)
Balance, end of period	622	622
Weighted average life remaining (years)	0.10	0.3

Performance warrants

The Company has issued performance warrants to certain officers and directors enabling them to acquire common shares of the Company upon exercise. The performance warrants will vest upon certain vesting threshold conditions, based on the 5-day volume weighted average trading price (“VWAP”) of the Company’s common shares listed on the TSX. Once vested, the performance warrants may be exercised by the holder at any time from the date of vesting to the expiry date. A summary of the changes in performance warrants outstanding is as follows:

(000s, except per performance warrant price)	March 31, 2025		December 31, 2024	
	Performance warrants	Weighted average exercise price	Performance warrants	Weighted average exercise price
Balance, beginning of period	7,000	2.50	7,000	2.50
Balance, end of period	7,000	2.50	7,000	2.50

As at March 31, 2025, the following performance warrants were outstanding:

(000s, except per performance warrant price, years and VWAP) Exercise Price	Performance warrants outstanding			Performance warrants exercisable		
	Number outstanding	Vesting threshold VWAP	Weighted average life remaining (years)	Number exercisable	Vesting threshold VWAP	Weighted average life remaining (years)
2.50	2,333	4.00	4.8	-	-	-
2.50	2,333	6.00	4.8	-	-	-
2.50	2,334	8.00	4.8	-	-	-
	7,000		4.8	-		-

Per share amounts

Basic net income (loss) per share is calculated using the weighted-average number of common shares outstanding during the reporting period. Diluted net income per share is calculated using the weighted-average number of common shares outstanding adjusted for the dilutive effect of all potentially dilutive securities, including stock options, broker options, performance warrants, and RSUs. Where applicable, diluted net loss per share is equal to basic net loss per share as the effect of all potential dilutive securities are anti-dilutive. The components of basic and diluted net income (loss) per share are as follows:

(000s, except per share amounts)	Three months ended March 31,	
	2025	2024
Weighted average shares outstanding		
Basic	198,113	148,558
Diluted	202,727	151,457
Per share income (loss)		
Basic	0.19	(0.42)
Diluted	0.19	(0.42)

The following securities were excluded from the calculation of diluted earnings per share as their effect was anti-dilutive:

	Three months ended March 31,	
	2025	2024
Warrants	-	6,871,000
Stock options	588,750	922,500
Performance warrants	7,000,000	7,000,000

9. REVENUE

(\$000s)	Three months ended March 31,	
	2025	2024
Crude oil	253,587	153,100
NGLs	15,076	8,712
Natural gas	9,418	6,407
Petroleum and natural gas sales	278,081	168,219
Processing income	3,541	3,469
	281,622	171,688

Petroleum and natural gas sales represent the proceeds received from the sale of oil, natural gas, and NGLs production under variable price contracts. The transaction price is based on a benchmark commodity price, adjusted for quality, location, processing charges or other factors, whereby each component of the pricing formula (apart from the benchmark commodity price) can be either fixed or variable, depending on the contract terms. Revenue is typically collected on the 25th day of the month following the prior month's production, with revenue being recorded once the product is delivered to a contractually agreed upon delivery point.

Included in accounts receivable as at March 31, 2025 is \$90.2 million (December 31, 2024 - \$83.1 million) of accrued petroleum and natural gas sales related to March 2025 production.

Saturn generates oil treating, gas processing, and other services revenue from fees charged to third parties provided at facilities where Saturn has an ownership interest. This revenue is recorded as processing income.

10. FINANCING

(\$000s)	Three months ended March 31,	
	2025	2024
Interest expense	22,662	20,405
Interest income	(598)	(430)
Amortization of original issue discount and debt issue costs	784	674
Accretion, debt instruments	-	13
Accretion, leases (note 5)	1,918	349
Accretion, decommissioning obligations (note 6)	3,925	3,486
Financing expenses	28,691	24,497

11. SUPPLEMENTAL CASH FLOW INFORMATION

(\$000s)	Three months ended March 31,	
	2025	2024
Change in non-cash working capital:		
Accounts receivable	2,610	(3,083)
Deposits and prepaid expenses	653	(477)
Accounts payable	4,919	(5,601)
	8,182	(9,161)
Related to:		
Operating activities	35,108	6,565
Financing activities	(701)	-
Investing activities	(26,225)	(15,726)
Total change in non-cash working capital	8,182	(9,161)

12. CAPITAL MANAGEMENT

The Company manages its capital to safeguard its ability to continue as a going concern, so that it may provide adequate returns to shareholders, benefits to other stakeholders and have sufficient funds on hand for business opportunities as they arise. The Company's capital structure may be adjusted by issuing or repurchasing equity instruments, issuing or repurchasing debt, modifying capital spending programs and disposing of assets; the availability of any such means being dependent upon market conditions. Management reviews its approach to capital management on an ongoing basis and believes that this approach is appropriate. The Company uses the terms adjusted EBITDA, adjusted funds flow, free funds flow, net debt, capital expenditures and adjusted working capital as key capital management measures which are described and calculated below. These capital management measures are not standardized and therefore may not be comparable with the calculation of similar measures by other entities.

Adjusted EBITDA

The Company considers Adjusted EBITDA ("Adjusted EBITDA") (defined in the credit agreement as Consolidated EBITDA) to be a key capital management measure as it is both used within Company's Revolving Credit Facility (note 7) and demonstrates Saturn's standalone profitability, operating and financial performance in terms of cash flow generation, adjusting for interest related to its capital structure. Adjusted EBITDA is defined by the Company as earnings before interest, taxes, depreciation, amortization and other non-cash or extraordinary items.

Adjusted funds flow

The Company considers adjusted funds flow to be a key capital management measure as it demonstrates Saturn's ability to generate the necessary funds to manage production levels and fund future growth through capital investment. Management believes that this measure provides an insightful assessment of Saturn's operations on a continuing basis by eliminating certain non-cash charges, actual settlements of decommissioning obligations, of which the nature and timing of expenditures may vary based on the stage of the Company's assets and operating areas, and transaction costs which vary based on the Company's acquisition and disposition activity.

Free funds flow

The Company considers free funds flow to be a key capital management measure as it is used to determine the efficiency and liquidity of Saturn's business, measuring its funds available after capital investment available for debt repayment, pursue acquisitions and gauge optionality to pay dividends and/or return capital to shareholders through share repurchases. Saturn calculates free funds flow as adjusted funds flow in the period less expenditures on property, plant and equipment and exploration and evaluation assets, together "capital expenditures". By removing the impact of current period capital expenditures from adjusted funds flow, management monitors its free funds flow to inform its capital allocation decisions.

The following table reconciles adjusted EBITDA, adjusted funds flow and free funds flow to cash flow from operating activities:

(\$000s)	Three months ended March 31,	
	2025	2024
Cash flow from operating activities	165,372	70,222
Change in non-cash working capital	(35,108)	(6,565)
Decommissioning expenditures	857	4,521
Net interest ⁽¹⁾	22,064	19,975
Adjusted EBITDA	153,185	88,153
Net interest ⁽¹⁾	(22,064)	(19,975)
Adjusted funds flow	131,121	68,178
Capital expenditures	(73,295)	(33,966)
Free funds flow	57,826	34,212

(1) Calculated as interest expense, net of interest income.

Market capitalization and net debt

Management considers net debt a key capital management measure in assessing the Company's liquidity. Total market capitalization and net debt to annualized quarterly adjusted funds flow are used by management and the Company's investors in analyzing the Company's balance sheet strength and liquidity. The summary of total market capitalization, net debt, annualized quarterly adjusted funds flow and net debt to annualized quarterly adjusted funds flow is as follows:

(\$000s)	March 31, 2025	December 31, 2024
Total common shares outstanding (000s)	196,212	199,555
Share price ⁽¹⁾	1.96	2.16
Total market capitalization	384,576	431,039
Adjusted working capital ⁽²⁾	(37,315)	(14,433)
Senior Notes	851,208	874,588
Net debt	813,893	860,155
Current quarter adjusted funds flow	131,121	129,205
Annualized factor	4	4
Annualized quarterly adjusted funds flow	524,484	516,820
Net debt to annualized quarterly adjusted funds flow	1.6x	1.7x

(1) Represents the closing share price on the TSX on the last day of trading of the period.

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

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, currency risk, interest rate risk and price risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Financial derivatives

(\$000s)	Commodity contracts	FX contracts	Total
As at December 31, 2024	(43,208)	19,995	(23,213)
Realized (loss) gain on settlement	(7,335)	1,630	(5,705)
Change in fair market value	9,023	(1,978)	7,045
As at March 31, 2025	(41,520)	19,647	(21,873)

Saturn manages the risks associated with changes in commodity prices by entering into a variety of risk management commodity contracts classified as financial derivatives. The Company assesses the effects of movement in commodity prices on income (loss) before tax. A ten percent increase or decrease in commodity prices would have resulted in a \$55.4 million change to unrealized gains (losses) on risk management contracts and net income (loss) before tax assuming all other variables remain constant.

Saturn manages the risks associated with fluctuations in foreign exchange rates on its US\$ denominated Senior Notes by entering into foreign exchange risk management contracts. A ten percent increase or decrease in US\$/CA\$ exchange rate would have resulted in a \$38.0 million change to unrealized gains (losses) on foreign exchange risk management contracts and net income (loss) before tax assuming all other variables remain constant.

The Company had the following outstanding derivative commodity contracts as at March 31, 2025:

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

(1) Weighted average prices for the period.

(2) For the reporting periods Q1 2025 to Q4 2025, the Company has a weighted average option premium of US\$2.41/bbl.

Period	WTI/MSW Differential		WTI/WCS Differential		Natural Gas Swaps			
	Volume bbls/d	Price ⁽¹⁾ US\$/bbl	Volume bbls/d	Price ⁽¹⁾ US\$/bbl	Volume GJ/d	Price ⁽¹⁾ CA\$/GJ	Volume GJ/d	Price ⁽²⁾ CA\$/GJ
Q2 2025	14,097	(4.91)	3,489	(15.36)	15,000	2.49	10,550	Index
Q3 2025	14,500	(3.65)	4,000	(12.91)	15,000	2.49	10,550	Index
Q4 2025	4,000	(5.00)	4,000	(13.95)	11,685	2.62	10,550	Index
Q1 2026	-	-	-	-	10,000	2.73	10,550	Index
Q2 2026	-	-	-	-	15,000	2.69	10,550	Index
Q3 2026	-	-	-	-	15,000	2.69	10,550	Index
Q4 2026	-	-	-	-	18,315	2.95	3,555	Index
Q1 2027	-	-	-	-	10,000	3.35	-	-

(1) Weighted average prices for the period.

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

The Company had the following outstanding foreign exchange contracts as at March 31, 2025:

Period	Forward Rate Contracts- USD/CAD		
	Notional Amount (\$000s, US\$)	Rate	Contract Type
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

Subsequent to March 31, 2025, the Company entered into the following financial derivative commodity contracts:

Period	NGL Propane Swaps		WTI/MSW Differential	
	Volume bbls/d	Price ⁽¹⁾ US\$/bbl	Volume bbls/d	Price ⁽¹⁾ US\$/bbl
Q2 2025	251	49% of WTI	5,000	(2.05)
Q3 2025	375	49% of WTI	1,000	(2.80)
Q4 2025	375	49% of WTI	-	-
Q1 2026	375	49% of WTI	-	-

(1) Weighted average prices for the period.

In addition to the above, the Company subsequently terminated certain 2026 and 2027 WTI swap contracts at an average price of CA\$81.35/bbl for \$2.3 million.

Financial derivative assets and liabilities are only offset if the Company has the legal right to offset and intends to settle on a net basis. The Company offsets financial instrument assets and liabilities when the counterparty, commodity, currency and timing of settlement are the same. The following table summarizes the gross asset and liability positions of the Company's financial derivative commodity contracts that are offset on the balance sheet as at March 31, 2025:

(\$000s)	Gross financial derivative instruments	Amount offset	Net financial derivative instruments
Current asset	18,868	(4,329)	14,539
Long term asset	9,688	-	9,688
Current liability	(29,377)	4,329	(25,048)
Long term liability	(21,052)	-	(21,052)
Net liability position	(21,873)	-	(21,873)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company actively manages its liquidity risk through strategies such as prudent capital spending, an active commodity risk management program and by continuously monitoring forecast and actual cash flows from operating, financing and investing activities. Management believes it will have sufficient funding to meet foreseeable liquidity requirements. The Company has the following maturities of financial liabilities at March 31, 2025:

(\$000s)	Less than 1 year	1-3 years	3-5 years	Greater than 5 years	Total
Senior Notes ⁽¹⁾	93,444	186,888	584,024	-	864,356
Interest payments ⁽²⁾	86,839	146,728	84,593	-	318,160
Lease liabilities ⁽³⁾	6,315	8,373	5,780	61	20,529
Gas processing contracts	12,569	23,045	21,358	50,045	107,017
Accounts payable	176,035	-	-	-	176,035
	375,202	365,034	695,755	50,106	1,486,097

(1) Represents the remaining principal repayments of US\$601.3 million on the Company's Senior Notes converted at the period end exchange rate of 1.4376.

(2) The Senior Notes bear interest at 9.625% per annum, payable semi-annually in arrears, have mandatory prepayments of 10% per annum, payable quarterly.

(3) Represents the remaining undiscounted minimum lease payments on the Company's lease liabilities, excluding gas processing contracts subject to IFRS 16.

Credit risk

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

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

Currency risk

Currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. All of the Company's petroleum and natural gas sales are conducted in Canada and are denominated in Canadian dollars. Canadian commodity prices are influenced by fluctuations in the Canada to United States dollar exchange rate. Prices for oil are determined in global markets and generally denominated in United States dollars. The Company is exposed to currency risk in relation to its US dollar denominated financial derivatives and Senior Notes. A ten percent change in the US dollar would have resulted in a \$89.2 million change to net income (loss) before tax (December 31, 2024 – \$89.4 million) assuming all other variables remain constant. The exposure of realized prices fluctuations of the US dollar and Canadian dollar exchange rate, serves as natural hedges to the US dollar denominated financial derivatives.

Price risk

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

Net debt and capital structure

Management considers net debt a key measure in assessing the Company's liquidity. The Company's net debt and capital structure is as follows:

(\$000s)	March 31, 2025	December 31, 2024
Net debt	813,893	860,155
Shareholders' equity	837,958	803,972
Total capitalization	1,651,851	1,664,127

The Company manages its capital structure to support current and future business plans and periodically adjusts the structure in response to changes in economic conditions, acquisitions or divestitures and the risk characteristics of the Company's underlying assets and operations. The capital structure may be adjusted by issuing or repurchasing shares, issuing or repurchasing debt, modifying capital spending programs and acquisition or disposal of assets, the availability of any such means being dependent upon market conditions.

14. COMMITMENTS

The Company has the following contractual obligations and commitments as at March 31, 2025:

(\$000s)	Less than 1 year	1-3 years	3-5 years	Greater than 5 years	Total
Senior Notes ⁽¹⁾	93,444	186,888	584,024	-	864,356
Interest payments ⁽²⁾	86,839	146,728	84,593	-	318,160
Lease liabilities ⁽³⁾	6,315	8,373	5,780	61	20,529
Gas processing contracts	12,569	23,045	21,358	50,045	107,017
	199,167	365,034	695,755	50,106	1,310,062

(1) Represents the remaining principal repayments of US\$601.3 million on the Company's Senior Notes converted at the period end exchange rate of 1.4376.

(2) The Senior Notes bear interest at 9.625% per annum, payable semi-annually in arrears, have mandatory prepayments of 10% per annum, payable quarterly.

(3) Represents the remaining undiscounted minimum lease payments on the Company's lease liabilities, excluding gas processing contracts subject to IFRS 16.

CORPORATE INFORMATION

LEADERSHIP TEAM

John Jeffrey

Chief Executive Officer

Scott Sanborn

Chief Financial Officer

Justin Kaufmann

Chief Development Officer

Grant MacKenzie

Chief Legal Officer

BOARD OF DIRECTORS

John Jeffrey⁽²⁾⁽⁴⁾

Chief Executive Officer

Ivan Bergerman⁽³⁾

Director

Andrew Claugus⁽²⁾

Director

Dr. Thomas Gutschlag⁽¹⁾⁽³⁾

Director

Grant MacKenzie⁽⁴⁾

Chief Legal Officer and Director

Jim Payne⁽¹⁾⁽⁴⁾

Director

Christopher Ryan⁽²⁾⁽⁴⁾

Director

S. Janet Yang⁽¹⁾⁽³⁾

Director

(1) Member of the Audit Committee

(2) Member of the Reserve Committee

(3) Member of the Compensation Committee

(4) Member of the Health, Safety, and Environment Committee

BANKERS

National Bank of Canada Financial Inc.

Goldman Sachs

ATB Securities Inc.

AUDITORS

KPMG LLP

Calgary, Alberta

TRANSFER AGENT - COMMON SHARES

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RESERVE EVALUATORS

Ryder Scott Company LP

Calgary, Alberta

U.S. CO-INDENTURE TRUSTEE

Computershare Trust Company, N.A.

1505 Energy Park Drive

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STOCK EXCHANGES

Toronto Stock Exchange - TSX: "SOIL"

OTC Markets Group - OTCQX: "SOILSF"

Frankfurt Stock Exchange - FSE: "SKMA"

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