



KPMG LLP
KPMG Tower
2200, 240 Fourth Ave SW
Calgary AB T2P 4H4
Canada
Tel 403 691 8000
Fax 403 691 8008

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Saturn Oil & Gas Inc.

Opinion

We have audited the consolidated financial statements of Saturn Oil & Gas Inc. (the Company), which comprise:

- the consolidated balance sheets as at December 31, 2025 and December 31, 2024
- the consolidated statements of net income and comprehensive income for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of the impact of estimated proved and probable oil and gas reserves on property, plant and equipment ("PP&E")

Description of the matter

We draw attention to note 2, note 3, and note 6 to the financial statements. The Company uses estimated proved and probable oil and gas reserves to deplete its oil and gas properties included in PP&E, to assess for indicators of impairment on the Company's cash generating units ("CGUs") and, if any such indicators exist, to perform an impairment test to estimate the recoverable amount of its CGUs.

The Company has \$1,968 million of PP&E as of December 31, 2025.

The Company identified an indicator of impairment at December 31, 2025 for the West Central Saskatchewan CGU and performed an impairment test to estimate the recoverable amount of the CGU. It was determined that the recoverable amount of the West Central Saskatchewan CGU exceeded its carrying value, which resulted in no impairment being recognized.

Determining the estimated recoverable amount of the West Central Saskatchewan CGU involves key inputs including:

- The estimate of proved and probable oil and gas reserves
- The discount rate.

The Company depletes its net carrying value of oil and gas properties using the unit-of-production method by reference to the ratio of production in the period to the related proved and probable oil and gas reserves, taking into account estimated forecasted future development costs necessary to bring those reserves into production. Depletion expense on PP&E was \$289 million for the year ended December 31, 2025.

The estimate of proved and probable oil and gas reserves includes assumptions related to:

- Forecasted oil and gas commodity prices
- Forecasted production volumes
- Forecasted operating costs



- Forecasted royalty costs
- Forecasted future development costs.

The Company engages independent third-party reserve evaluators to estimate the proved and probable oil and gas reserves.

Why the matter is a key audit matter

We identified the assessment of the impact of estimated proved and probable oil and gas reserves on PP&E as a key audit matter. Significant auditor judgement was required to evaluate the results of our audit procedures regarding the estimate of proved and probable oil and gas reserves and the discount rate.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter:

We examined management's impairment test for the West Central Saskatchewan CGU as at December 31, 2025 by comparing amounts to the underlying source documents and performing recalculations.

We assessed the depletion expense calculation for compliance with the relevant accounting standards.

With respect to the estimate of proved and probable oil and gas reserves:

- We evaluated the competence, capabilities and objectivity of the independent third-party reserve evaluators engaged by the Company
- We compared the forecasted oil and gas commodity prices to those published by other independent third-party reserve evaluators
- We compared the 2025 actual production volumes, operating costs, royalty costs, and development costs of the Company to those estimates used in the prior year's estimate of proved oil and gas reserves to assess the Company's ability to accurately forecast
- We evaluated the appropriateness of forecasted production volumes and forecasted operating costs, royalty costs, and future development cost assumptions by comparing to 2025 actual results. We took into account changes in conditions and events affecting the Company to assess the adjustments or lack of adjustments made by the Company in arriving at the assumptions.

With respect to the impairment test, we involved valuation professionals with specialized skills and knowledge, who assisted in:

- Evaluating the appropriateness of the West Central Saskatchewan CGU discount rate by comparing the discount rate to market and other external data
- Assessing the reasonableness of the Company's estimate of the recoverable amount of the West Central Saskatchewan CGU by comparing the Company's estimate to market metrics and other external data.



Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.



- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor's report is Timothy Arthur Richards.

Calgary, Canada

March 11, 2026

SATURN OIL & GAS INC.
CONSOLIDATED BALANCE SHEETS

As at (\$'000s)	December 31, 2025	December 31, 2024
ASSETS		
Cash	-	48,418
Accounts receivable	99,501	112,947
Deposits and prepaid expenses	30,400	24,184
Financial derivatives (note 17)	25,432	11,347
Total current assets	155,333	196,896
Property, plant and equipment (note 6)	1,968,319	1,877,675
Right-of-use assets (note 7)	66,686	76,490
Financial derivatives (note 17)	487	10,517
Total assets	2,190,825	2,161,578
LIABILITIES		
Accounts payable	132,867	171,116
Debt (note 10)	85,927	90,410
Lease liabilities (note 8)	8,958	8,381
Decommissioning obligations (note 9)	18,434	13,902
Financial derivatives (note 17)	1,635	21,080
Total current liabilities	247,821	304,889
Debt (note 10)	672,583	784,178
Lease liabilities (note 8)	59,704	68,874
Decommissioning obligations (note 9)	184,481	143,375
Deferred tax liability (note 12)	79,645	32,293
Financial derivatives (note 17)	-	23,997
Total liabilities	1,244,234	1,357,606
SHAREHOLDERS' EQUITY		
Share capital (note 11)	392,176	426,146
Contributed surplus (note 11)	70,500	54,280
Warrants (note 11)	-	7,200
Retained earnings	483,915	316,346
Total shareholders' equity	946,591	803,972
Total liabilities and shareholders' equity	2,190,825	2,161,578

Commitments (note 18)

Subsequent events (note 17)

See accompanying notes to the consolidated financial statements

Approved on behalf of the Board of Directors:

(signed) "S. Janet Yang"
S. Janet Yang
Director

(signed) "Thomas Gutschlag"
Thomas Gutschlag
Director

SATURN OIL & GAS INC.**CONSOLIDATED STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME**

(\$000s, except per share amounts)	Year ended December 31,	
	2025	2024
REVENUE		
Petroleum and natural gas sales (note 13)	983,691	908,296
Processing income (note 13)	15,934	12,499
Royalties	(117,976)	(114,080)
	881,649	806,715
Realized gain (loss) on derivatives (note 17)	3,498	(66,715)
Unrealized gain (loss) on derivatives (note 17)	67,492	(20,994)
	952,639	719,006
EXPENSES		
Operating	306,704	250,394
Transportation	23,878	17,370
General and administrative	23,401	12,483
Depletion, depreciation and amortization (notes 6,7)	300,369	229,028
Share based payments (note 11)	9,818	10,351
Financing (note 14)	112,152	105,647
Foreign exchange (gain) loss	(36,489)	20,284
Gain on repayment of Senior Notes (note 10)	(2,802)	-
Gain on acquisition	-	(41,021)
Transaction costs	-	14,972
Loss on debt extinguishment (note 10)	-	31,720
	737,031	651,228
Net income before taxes	215,608	67,778
Current tax recovery	(252)	-
Deferred tax expense (note 12)	48,291	13,672
Net income and comprehensive income	167,569	54,106
Net income per share (note 11)		
Basic	0.87	0.30
Diluted	0.82	0.29

See accompanying notes to the consolidated financial statements

SATURN OIL & GAS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(\$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	64,777	150,004	-	-	-	150,004
Cash share issue costs	-	(7,808)	-	-	-	(7,808)
Tax impact on share issue costs	-	1,946	-	-	-	1,946
Share based payments	-	-	12,596	-	-	12,596
Share based award exercises	108	431	(194)	-	-	237
Treasury shares, net of tax	(163)	(575)	(4,956)	-	-	(5,531)
NCIB Share repurchases	(4,480)	(10,240)	-	-	-	(10,240)
Net income for the year	-	-	-	-	54,106	54,106
Balance, December 31, 2024	199,555	426,146	54,280	7,200	316,346	803,972
Balance, December 31, 2024	199,555	426,146	54,280	7,200	316,346	803,972
Cash share issue costs	-	(316)	-	-	-	(316)
Share based payments	-	-	12,942	-	-	12,942
Share based award exercises	13	33	(44)	-	-	(11)
Treasury shares, net of tax	(1,034)	500	(4,817)	-	-	(4,317)
Tax adjustment on share based payments	-	-	939	-	-	939
NCIB and SIB share repurchases	(14,450)	(34,187)	-	-	-	(34,187)
Warrant expiry	-	-	7,200	(7,200)	-	-
Net income for the year	-	-	-	-	167,569	167,569
Balance, December 31, 2025	184,084	392,176	70,500	-	483,915	946,591

See accompanying notes to the consolidated financial statements

SATURN OIL & GAS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$000s)	Year ended December 31,	
	2025	2024
OPERATING ACTIVITIES		
Net income for the year	167,569	54,106
Items not affecting cash:		
Depletion, depreciation and amortization (notes 6,7)	300,369	229,028
Share based payments (note 11)	9,818	10,351
Deferred income tax expense (note 12)	48,291	13,672
Unrealized (gain) loss on commodity derivatives (note 17)	(67,492)	20,994
Unrealized (gain) loss on foreign exchange (notes 10,17)	(22,205)	22,365
Gain on repayment of Senior Notes (note 10)	(2,802)	-
Gain on acquisition	-	(41,021)
Loss on debt extinguishment	-	31,720
Non-cash financing expenses (note 14)	28,844	23,171
Realized foreign exchange loss on repayment of Senior Notes (note 10)	1,562	733
Decommissioning expenditures (note 9)	(15,777)	(16,310)
Change in non-cash working capital (note 15)	9,222	(36,872)
Cash from operating activities	457,399	311,937
FINANCING ACTIVITIES		
Proceeds from Senior Notes (note 10)	-	890,695
Proceeds from Credit Facility (note 10)	34,532	-
Debt issue costs (note 10)	(787)	(16,353)
Repayment of debt (note 10)	(110,097)	(502,403)
Early retirement fees (note 10)	-	(27,355)
Stock option exercises (note 11)	(11)	237
Repurchase of common shares (note 11)	(34,187)	(10,240)
Purchase of treasury shares, net of tax	(4,317)	(5,531)
Lease payments (note 8)	(16,160)	(11,452)
Proceeds from share issuance	-	150,004
Share issue costs (note 11)	(316)	(7,808)
Change in non-cash working capital (note 15)	(87)	(240)
Cash from (used in) financing activities	(131,430)	459,554
INVESTING ACTIVITIES		
Acquisitions, net of cash acquired (note 5)	(93,813)	(564,407)
Proceeds from dispositions	-	25,132
Capital expenditures (note 6)	(241,240)	(246,316)
Change in non-cash working capital (note 15)	(39,334)	36,058
Cash used in investing activities	(374,387)	(749,533)
Change in cash, during the year	(48,418)	21,958
Cash, beginning of year	48,418	26,460
Cash, end of year	-	48,418

Cash interest paid (note 14)

See accompanying notes to the consolidated financial statements

SATURN OIL & GAS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended December 31, 2025 and 2024

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, Saskatchewan, and Manitoba. 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 consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) as at and for the year ended December 31, 2025, including 2024 comparative periods.

These consolidated financial statements were approved and authorized for issue by the Company’s Board of Directors on March 11, 2026.

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

Use of estimates and significant judgments

The preparation of the consolidated 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. Revisions to accounting estimates are recognized in the year in which the estimates are revised and for any future years affected.

Regulations on carbon emissions and climate change

The following provides certain disclosures as to the impact of carbon emissions and climate change on the amounts recorded in the consolidated financial statements as at and for the year ended December 31, 2025. The below is not a comprehensive list or analysis of all climate change impacts and risks.

Emissions, carbon and other regulations impacting climate and climate related matters are constantly evolving. With respect to environmental, social and governance and climate reporting, the International Sustainability Standards Board has issued an IFRS Sustainability Disclosure Standard with the aim to develop sustainability disclosure standards that are globally consistent, comparable and reliable. The Canadian Securities Administrators (“CSA”) previously began developing Proposed National Instrument 51-107 - *Disclosure of Climate-Related Matters*, intended to introduce climate-related disclosure requirements for reporting issuers in Canada with limited exceptions. In April 2025, the CSA paused its work on this instrument, stating its intention to revisit the project in the future. The cost to comply with any standards that may be developed or evolve over time, has not yet been quantified by the Company.

The Company has considered the impact of the evolving worldwide demand for energy and global advancement of alternative sources of energy that are not sourced from fossil fuels in its assessment as a possible indication of impairment of its oil and gas properties. The Company completed the analysis of triggers for impairment as at December 31, 2025 and climate risk/climate change, in of itself, was not considered a trigger. The Company has considered the impact of the evolving worldwide demand for energy and global advancement of alternative sources of energy that are not sourced from fossil fuels in its assessment of depletion on its oil and gas properties. Depletion of the Company's oil and gas properties was based on proved and probable reserves, the life of which is generally less than 20 years. The ultimate period in which global energy markets can transition from carbon-based sources to alternative energy is uncertain.

The Company engages independent third-party reserve evaluators to estimate proved and probable oil and gas reserves. The reserve report includes impacts from emissions related taxes and carbon pricing currently in place. Most notably, the reserve report includes the estimated carbon charge related to the Company's operations based on current rates.

The evolving energy transition and general sentiment to the oil and gas industry may result in reduced access to capital markets. Management will continue to adjust the capital structure to the dynamic environment. The Company's financial results for 2025 were not directly impacted from a climate event. In 2025, the Company did not incur material weather-related damages to its property, plant and equipment. During 2025, management is not aware of a material disruption in its supply chain or the marketers of the Company's product related to climate events.

Business combinations

Transactions are assessed against the criteria in IFRS 3 *Business Combinations* ("IFRS 3") to assess whether they constitute a business combination or an asset acquisition. Business combinations are accounted for using the acquisition method of accounting. The determination of estimated acquisition-date fair value often requires management to make assumptions and estimates about future events. The estimated acquisition-date fair value of property, plant and equipment ("PP&E"), including oil and gas properties, and decommissioning obligations, acquired generally require the most judgement. The determination of the estimated acquisition-date fair value of PP&E involves significant estimates, including proved and probable oil and gas reserves and discount rates. The estimate of proved and probable reserves includes significant assumptions related to forecasted oil and gas commodity prices, forecasted production volumes, forecasted operating costs, forecasted royalty costs and forecasted future development costs. Changes in the assumptions or estimates used in determining the estimated acquisition date fair value of the acquired assets and liabilities could impact the allocation of the purchase price between assets and liabilities recorded on the balance sheet and revenue and expenses recorded on the statement of comprehensive income.

Decommissioning obligations

In most circumstances, the retirement and remediation of the Company's assets occurs many years into the future. The amounts recorded for these decommissioning obligations and the related accretion expense require the use of estimates with respect to the amount and timing of the related cash flows, future environmental and regulatory legislation, as well as the credit-adjusted risk-free rate applied.

Cash generating units

PP&E is aggregated into cash-generating units ("CGUs") classified as the smallest identifiable, independent group of assets that generate future cash flows. The determination of these CGUs is based on management's judgment regarding shared infrastructure, geographical proximity, commodity type, similar exposure to market risk and materiality.

Reserves estimates

The Company uses estimated proved and probable oil and gas reserves to deplete its oil and gas properties included in property, plant and equipment, to assess for indicators of impairment on the Company's CGUs and if any such indicators exist, to perform an impairment test to estimate the recoverable amount of its CGUs. Estimates of proved and probable oil and gas reserves are based upon a number of significant assumptions, such as forecasted production volumes, forecasted oil and gas commodity prices, forecasted operating costs, forecasted royalty costs and forecasted future development costs. The Company engaged independent third party reserve evaluators to evaluate the Company's estimates of proved and probable oil and gas reserves at December 31, 2025 and 2024. Reserve adjustments are made annually based on actual volumes produced, the results from capital expenditure programs, revisions to previous estimates, new discoveries and acquisitions and dispositions made during the year.

Proved oil and gas reserves are those forecasted quantities of petroleum and natural gas determined to be economically recoverable under existing economic and operating conditions with a high degree of certainty, of at least 90 percent, that those quantities will be equalled or exceeded. Probable oil and gas reserves are those forecasted quantities of petroleum and natural gas determined to be economically recoverable under existing economic and operating conditions with a

moderate degree of certainty, of at least 50 percent, that those quantities will be equaled or exceeded. Saturn reports production and reserve quantities in accordance with Canadian practices and specifically in accordance with National Instrument 51-101 - *Standards of Disclosures for Oil and Gas Activities* ("NI 51-101").

Property, plant and equipment

Oil and natural gas properties are depleted using the unit-of-production method based on estimated proved and probable oil and gas reserves determined using a number of significant assumptions, such as forecasted oil and gas commodity prices, forecasted production volumes, forecasted operating costs, forecasted royalty costs and forecasted future development costs.

Impairment of property, plant and equipment

Judgments are required to assess when internal or external indicators of impairment, or indicators of impairment reversal, exist and impairment testing is required. The recoverable amount of a CGU or of an individual asset is determined as the greater of its fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). In determining the recoverable amount of PP&E, which includes oil and gas properties, impairment tests are based on estimates of proved and probable oil and gas reserves which are based upon a number of significant assumptions, such as forecasted production volumes, forecasted oil and gas commodity prices, forecasted operating costs, forecasted royalty costs and forecasted future development costs. The estimated future cash flows are discounted to their net present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Financial derivative instruments

Estimates of the fair value of the Company's derivative financial instruments ("Financial derivatives") is dependent on projected forward prices or foreign exchange rates and the volatility in those prices and rates.

Income taxes

Income tax, goods and services tax, provincial sales tax, and other tax returns filed with the various provincial and federal taxation authorities are subject to tax interpretations. These tax positions are subject to measurement uncertainty.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries and any reference to the Company throughout these consolidated financial statements refers to the Company and its subsidiaries. All intercompany balances, transactions, revenue and expenses are eliminated on consolidation. The consolidated accounts are prepared using uniform accounting policies.

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when Saturn is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Financial Instruments

Financial instruments are initially recognized at fair value on the balance sheet. Measurement in subsequent periods depends on the classification of the financial asset or liability as amortized cost, fair value through other comprehensive income or fair value through profit or loss ("FVTPL").

Financial instruments classified as FVTPL are measured at their fair values at each reporting period with the change in fair value recognized in profit or loss. Cash, deposits, accounts receivable, accounts payable and Senior Notes are measured at amortized cost. The financial assets and financial liabilities are initially measured at fair value and are subsequently measured at amortized cost using the effective interest method. The Company's financial derivative contracts are classified as FVTPL and are recognized at fair value based on quoted market prices at each reporting date. The Company does not apply hedge accounting to its derivative instruments.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced and/or substantially modified, the difference in the respective carrying amounts is recognized in net and comprehensive income.

The Company recognizes loss allowances for expected credit losses ("ECLs") on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit loss and are discounted at the effective interest rate of the related financial asset.

Business combinations

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. The excess of the cost of the acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets acquired, the difference is recognized immediately in net income or loss. Transaction costs associated with a business combination are expensed as incurred.

The Company has the option to apply a concentration test that permits a simplified assessment of whether an acquisition is in fact a business. The concentration test is substantially met if all of the fair value of the assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. An entity may make such an election for each transaction independently. If the concentration test is substantially met, the acquisition is determined not to be a business and no further assessment is needed.

Property, plant and equipment

PP&E, which includes oil and gas properties, are recorded at cost less accumulated depletion, depreciation, amortization and accumulated impairment losses, net of recovered impairment losses. These assets include all costs associated with the development and production of proved and probable oil and gas reserves. Costs may include proved property acquisitions, development drilling, completion, gathering and infrastructure, geological and geophysical, decommissioning costs, amounts transferred from exploration and evaluation assets and directly attributable internal costs. Expenditures to renew or improve the productive capacity or extend the life of an asset are capitalized. Maintenance and repairs are expensed as incurred.

Any gains or losses from the divestiture of oil and gas properties are recognized in profit or loss.

Other capital assets are comprised of furniture and fixtures, computer equipment and leasehold improvements and are recorded at cost less accumulated depreciation.

Depletion, depreciation and amortization

The net carrying value of the oil and gas properties is depleted using the unit-of-production method based on period production relative to the estimated proved and probable oil and gas reserves, taking into account estimated forecasted future development costs necessary to bring those reserves into production. Depletion is calculated on a CGU basis.

Proved plus probable oil and gas reserves are estimated by independent third-party reserve evaluators in accordance with NI 51-101. Natural gas volumes are converted to equivalent crude oil volumes based upon the relative energy content of six thousand cubic feet of natural gas to one barrel of crude oil. Changes in estimates used in prior periods, such as proved and probable oil and gas reserves, that affect the unit-of-production calculations are dealt with on a prospective basis.

Other capital assets are depreciated using a declining balance method using rates from 20-100% depending on the asset classification.

Impairment

The carrying amounts of the Company's PP&E are reviewed at each reporting date for indicators of impairment. If any such indication exists, the recoverable amount of the CGU is estimated to determine the amount of the impairment, if any. The recoverable amount of an asset is evaluated at the CGU level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount of a CGU is the greater of its FVLCD and its VIU. The FVLCD is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal. In assessing VIU, the estimated future cash flows from proved and probable oil and gas reserves are

discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized in profit or loss for the period to the extent that the carrying amount of the CGU or asset exceeds the recoverable amount.

Impairment losses recognized in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the CGU or asset does not exceed the carrying amount that would have been determined, net of depletion and amortization, had no impairment loss been recognized for the CGU or asset.

A reversal of an impairment loss is recognized immediately in profit or loss.

E&E assets are assessed for impairment when they are reclassified to oil and gas properties, or if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Financial derivatives

Derivative financial instruments are used by the Company to manage its exposure to market risks relating to commodity prices and foreign exchange. The Company's policy is not to use derivative financial instruments for speculative purposes. The estimate of fair value of all derivative instruments is based on quoted market prices, or in their absence, third party market indications and forecasts and includes an estimate of the credit quality of counterparties to the derivative instruments. The estimated fair value of financial assets and liabilities is subject to measurement uncertainty.

The Company has not designated its financial derivative commodity or foreign exchange contracts as effective accounting hedges, and therefore has not applied hedge accounting, even though the Company considers all commodity and foreign exchange contracts to be economic hedges. As a result, all financial derivative contracts are measured at fair value, with any gains and losses recorded in profit or loss.

Decommissioning obligations

The Company is subject to various government laws and regulations relating to environmental disturbances caused by the Company's development activities. The Company records the present value of the estimated legal and constructive obligations required to restore sites in the period in which the obligation is expected to be incurred. The nature of decommissioning liabilities includes restoration, reclamation, and revegetation of the affected sites.

Decommissioning obligations generally arise when the environmental disturbance, subject to government laws and regulations, requires remediation. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related petroleum and natural gas assets. Over time, the discounted liability is increased for changes in the present value based on current market discount rates and liability specific risks.

Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and decommissioning obligation in the period in which they occur.

Leases

New contracts that the Company enters into are assessed against IFRS 16 *Leases* ("IFRS 16") criteria. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time. A lease liability is recognized at the commencement of the lease term at the present value of the lease payments, determined by discounting the remaining lease payments using the interest rate implicit in the lease, if available, or the Company's incremental borrowing rate. At the commencement date, a corresponding right-of-use asset is recognized at the amount of the lease liability, adjusted for lease incentives received, retirement costs and initial direct costs. Depreciation is recognized on the right-of-use asset over the lease term. Interest expense is recognized on the lease liabilities and payments are applied against the lease liability.

Share Capital

Proceeds from the issuance of common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity as share issue costs.

Revenue

Revenue from the sale of crude oil, natural gas and natural gas liquids (“NGLs”) is measured based on the consideration specified in contracts with marketers and other third parties. Saturn recognizes revenue when it transfers control of the product to the contract customer. In making this evaluation, management considers if Saturn has the ability to direct the use of, and obtain substantially all of the remaining benefits from the delivery of the product.

Saturn evaluates its arrangements with marketers and other third parties to determine if the Company acts as the principal or as an agent. In making this evaluation, the Company considers if it obtains control of the product delivered or services provided, which is indicated by the Company having the primary responsibility for the delivery of the product or rendering of the service, having the ability to establish prices or having inventory risk. If the Company acts in the capacity of an agent rather than as a principal in a transaction, then the revenue is recognized on a net-basis, only reflecting the fee, if any, realized by the Company from the transaction.

The Company does not have contracts with customers where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Company does not adjust any of the transaction prices for the time value of money.

Share-based payments

The Company uses the fair value method of accounting for instruments granted under its omnibus long-term incentive plan (“LTIP”), which include stock options, restricted share units (“RSUs”), deferred share units (“DSUs”) and performance share units (“PSUs”). Judgments include which valuation model is most appropriate for the grant of the award to estimate its fair value. Estimates and assumptions are then used in the valuation model to determine fair value (note 17).

For stock options, the Company uses the Black-Scholes option pricing model which requires that management make assumptions for the expected life of the option, the anticipated volatility of the share price over the life of the option, the risk-free interest rate for the life of the option, and the number of options that will ultimately vest. Share based compensation expense is expensed over the vesting period with a corresponding increase to contributed surplus. Consideration received on the exercise of stock options, together with the amount previously recognized in contributed surplus is credited to share capital. The Company capitalizes a portion of share-based payments directly attributable to development activities, with a corresponding decrease to share-based payments expense.

For RSUs and DSUs, the fair value of the award is estimated based on the market price as ascribed by the TSX, being the closing price on the day issued. Judgment is also required to estimate the rate of forfeiture, or number of RSUs or DSUs that will ultimately vest. Share based compensation expense is expensed over the vesting period with a corresponding increase to contributed surplus. Once vested, common shares are issued from Treasury and recorded with an increase to share capital and a corresponding decrease to contributed surplus. The Company capitalizes a portion of share-based payments directly attributable to development activities, with a corresponding decrease to share-based payments expense.

PSUs are measured at the fair value of the award is estimated based on the market price as ascribed by the TSX, being the closing price on the day issued. Share based compensation expense is expensed over the vesting period with a corresponding increase to contributed surplus. Once vested, common shares are issued and recorded with an increase to share capital and a corresponding decrease to contributed surplus. The Company capitalizes a portion of share-based payments directly attributable to development activities, with a corresponding decrease to share-based payments expense.

Financing expense

Finance expense comprises interest expense on borrowings, accretion of debt instruments, accretion of leases and accretion of decommissioning obligations. The original issue discount and debt issue costs are recognized within profit or loss using the effective interest method.

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are

expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred-tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred-tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred-tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Earnings per share

Basic earnings per share is computed by dividing net earnings available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options, warrants, RSUs, DSUs, and PSUs if dilutive. The number of additional shares is calculated by assuming that outstanding stock options, warrants, RSUs, DSUs, and PSUs were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Foreign currency

Transactions in foreign currencies are translated to Canadian dollars at exchange rates in effect to the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the period end exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are not subsequently re-translated. Foreign currency differences arising on translation are recognized in profit or loss.

Future Accounting Pronouncements

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

4. DETERMINATION OF FAIR VALUES

Several of the Company's accounting policies and disclosures require the determination of fair value, both for financial and non-financial assets and liabilities. Inputs used to estimate fair values are categorized into three levels in a fair value hierarchy. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The three levels are defined below:

Level 1 - Inputs based on unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs that are not based on observable market data.

PP&E

The fair value of property, plant and equipment recognized is based on market values. The fair value of PP&E is the estimated amount for which PP&E could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of oil and gas properties is estimated with reference to the discounted cash flows expected to be derived from proved and probable oil and gas reserves based on independent third-party proved and probable oil and gas reserve reports or in certain circumstances proved and probable oil and gas reserves as estimated by internal reserve evaluators.

Deposits and Prepaid Expenses, Accounts Receivable, Accounts Payable, Accrued Liabilities and Debt

The carrying value of deposits and prepaid expenses, accounts receivable, accounts payable, accrued liabilities is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. As at December 31, 2025 and December 31, 2024, the fair value of these instruments approximated their carrying value due to their short term to maturity.

The fair value of the senior secured notes (the “Senior Notes”) is estimated as the present value of future net cash flows, discounted at the market rate of interest at the reporting date. The fair value of these balances are disclosed in note 10.

Financial Derivatives

Derivatives are recorded on the balance sheet at fair value at each reporting period with the change in fair value being recognized as an unrealized gain or loss in the statement of comprehensive income. The fair value of swaps is determined by discounting the difference between the contracted prices and published forecasted oil and gas commodity prices as at the balance sheet date, using the remaining contracted volumes and a credit adjusted interest rate. The fair value of options and collars is based on option models that use published information with respect to volatility, prices and interest rates.

5. ACQUISITIONS AND DISPOSITIONS

Clearview Acquisition

On October 20, 2025, the Company completed the acquisition of Clearview Resources Ltd. (the “Clearview Acquisition”) for total cash consideration of \$22.7 million. The Company passed the optional IFRS 3 concentration test which resulted in the acquisition being recorded at cost with associated capitalized transaction costs of \$0.4 million.

(\$000s)	October 20, 2025
Net assets acquired:	
Working capital	758
Property, plant and equipment	27,750
Decommissioning obligations	(5,372)
Total	23,136
Consideration:	
Cash	22,775
Capitalized transaction costs	361
Total	23,136

Southeast Saskatchewan Acquisition

On July 31, 2025, the Company acquired certain oil and gas properties primarily in Southeast Saskatchewan (the “Southeast Saskatchewan Acquisition”) for total cash consideration of \$63.4 million, prior to customary closing adjustments. The Company passed the optional IFRS 3 concentration test which resulted in the acquisition being recorded at cost with associated capitalized transaction costs of \$1.9 million.

(\$000s)	July 31, 2025
Net assets acquired:	
Property, plant and equipment	91,991
Decommissioning obligations	(26,652)
Total	65,339
Consideration:	
Cash	63,462
Capitalized transaction costs	1,877
Total	65,339

Capital Energy Corp

On June 6, 2025, the Company completed the acquisition of Capital Energy Corp. for total cash consideration of \$4.5 million. The Company passed the optional IFRS 3 concentration test which resulted in the acquisition being recorded at cost with associated capitalized transaction costs of \$0.7 million.

(\$000s)	June 6, 2025
Net assets acquired:	
Working capital	62
Property, plant and equipment	7,787
Decommissioning obligations	(2,612)
Total	5,237
Consideration:	
Cash	4,563
Capitalized transaction costs	674
Total	5,237

Brazeau Acquisition

On October 1, 2024, the Company closed an acquisition of certain oil and gas properties in the Brazeau area of Alberta targeting the Cardium formation. The assets were purchased for total cash consideration of \$20.5 million, after final customary closing adjustments. The Company passed the optional IFRS 3 concentration test which resulted in the acquisition being recorded at cost.

(\$000s)	October 1, 2024
Fair value of net assets acquired:	
Property, plant and equipment	22,870
Decommissioning obligations	(2,228)
Total	20,642
Consideration:	
Cash	20,642
Total	20,642

South Saskatchewan Acquisition

On June 14, 2024, the Company acquired certain oil and gas properties in southern Saskatchewan (the "South Saskatchewan Acquisition"). The South Saskatchewan Acquisition is comprised of two distinct asset packages that directly offset existing core properties, which include Battrum area assets located in Southwest Saskatchewan (the "Battrum Assets") and Flat Lake area assets located in Southeast Saskatchewan (the "Flat Lake Assets", together with the Battrum Assets, the "Acquired Assets"). The South Saskatchewan Acquisition was completed for total cash consideration of \$534.2 million, after final customary closing adjustments. The South Saskatchewan Acquisition has been accounted for as a business combination using the acquisition method of accounting, whereby the assets acquired and liabilities assumed are recorded at the estimated fair value on the acquisition date. There were \$15.0 million of transaction costs incurred by the Company and expensed through earnings.

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

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

Results from operations for the Acquired Assets are included in the Company's consolidated financial statements from the closing date of the transaction to December 31, 2024 on a prospective basis. The estimated acquisition date fair value attributed to PP&E was calculated from a blend of discounted reserve values and relevant market metrics. The reserve values were derived from the estimate of proved developed producing oil and gas reserves and the related cash flows prepared by independent third-party reserve evaluators as at December 31, 2023 and updated internally by management to the date of the acquisition. The estimated proved developed producing oil and gas reserves and the related cash flows were discounted at a rate based on what a market participant would have paid, as well as market metrics in the prevailing area at that time. The fair value of decommissioning obligations was estimated using a credit adjusted risk-free rate of 10.0%.

Swan Hills Disposition

On June 4, 2024, the Company disposed of its non-core Deer Mountain property in North Alberta (the "Swan Hills Disposition") for cash consideration of \$25.1 million with a carrying value of \$25.6 million resulting in a loss of \$0.5 million.

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

Adonai Resources II Corp

On May 6, 2024, the Company completed the acquisition of Adonai Resources II Corp. for total cash consideration of \$8.3 million. The Company passed the optional IFRS 3 concentration test which resulted in the acquisition being recorded at cost.

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

6. 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	240,405	-	835	241,240
Acquisitions (note 5)	127,629	-	-	127,629
Capitalized share based payments	3,124	-	-	3,124
Expiries	-	(485)	-	(485)
Change in decommissioning obligations	9,006	-	-	9,006
As at December 31, 2025	2,682,522	3,823	3,764	2,690,109
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	289,225	-	645	289,870
As at December 31, 2025	719,374	-	2,416	721,790
Net book value				
As at December 31, 2024	1,872,209	4,308	1,158	1,877,675
As at December 31, 2025	1,963,148	3,823	1,348	1,968,319

As at December 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 \$2,064.2 million (December 31, 2024 - \$1,806.4 million). The Company capitalized \$7.7 million of general and administrative costs for the year ended December 31, 2025 (December 31, 2024 - \$10.4 million) and capitalized \$3.1 million of share based compensation expense for the year ended December 31, 2025 (December 31, 2024 - \$2.2 million).

As at December 31, 2025, the Company determined an indicator of impairment existed within the West Central Saskatchewan CGU due to the change in forward pricing subsequent to the asset being acquired. As a result of the assessment, the Company performed the required impairment test utilizing the independent third-party reserve evaluators to estimate of the proved and probable oil and gas reserves, incorporating benchmark pricing based on the average of the three independent reserve evaluators' forecast prices at December 31, 2025. The Company used an after-tax discount rate of 10%. The test determined that the recoverable amount of the West Central Saskatchewan CGU exceeded its carrying value as at December 31, 2025 and as a result, no impairment was recognized.

As at December 31, 2024, there were no indicators of impairment identified. Accordingly, an impairment test was not performed.

7. RIGHT-OF-USE ASSETS

The Company recognizes right-of-use assets and corresponding lease liabilities related to certain office facilities and vehicles. See note 8 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	-	256	(46)	210
As at December 31, 2025	61,293	17,340	10,638	89,271
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	5,746	2,119	2,149	10,014
As at December 31, 2025	9,098	7,989	5,498	22,585
Net book value				
As at December 31, 2024	57,941	11,214	7,335	76,490
As at December 31, 2025	52,195	9,351	5,140	66,686

8. LEASES

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

(\$000s)	December 31, 2025	December 31, 2024
Balance, beginning of year	77,255	5,767
Net additions	210	77,541
Lease payment	(16,160)	(11,452)
Accretion	7,357	5,399
Carrying value, end of year	68,662	77,255
Current	8,958	8,381
Long-term	59,704	68,874

As at December 31, 2025, the estimated undiscounted cash flows required to settle the Company's lease liability was \$105.4 million (December 31, 2024 - \$116.6 million).

9. 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 \$652.6 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 abandonment between 1 and 49 years.

(\$000s)	December 31, 2025	December 31, 2024
Balance, beginning of year	157,277	100,655
Acquired (note 5)	34,636	34,441
Disposed	-	(1,157)
Obligations incurred	575	517
Change in estimates	8,431	(13,498)
Change in discount rate	-	37,805
Cash settlements	(15,777)	(16,310)
Accretion	17,773	14,824
Balance, end of year	202,915	157,277
Current	18,434	13,902
Long-term	184,481	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.

10. DEBT

(\$000s)	December 31, 2025	December 31, 2024
Senior Notes ⁽¹⁾	734,983	888,520
Credit Facility	34,532	-
Unamortized debt issue costs	(11,005)	(13,932)
Total Debt	758,510	874,588
Current	85,927	90,410
Long-term	672,583	784,178

(1) As at December 31, 2025, the Senior Notes were translated into Canadian dollars at the year end exchange rate of US \$1.00 = CA \$1.3706 (December 31, 2024 - US \$1.00 = CA \$1.4389).

Senior Secured Notes

On June 14, 2024, Saturn issued US\$650 million of 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 an original 5-year term maturing on June 15, 2029. As at December 31, 2025, the principal balance on the Senior Notes was \$735.0 million (US\$536.3 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 December 31, 2025, the Company is in compliance with all covenants.

The Senior Notes have mandatory repayments equal to 10% per annum of principal amount of the notes outstanding on the issue date, due quarterly no later than 30 days after the end of each fiscal quarter, beginning September 30, 2024 at a redemption price of 104.813%. 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 year:

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 ⁽²⁾	617,500	888,520
Principal repayments	(81,250)	(110,097)
Realized foreign exchange loss on repayment	-	1,562
Gain on repayment of Senior Notes	-	(2,802)
Unrealized foreign exchange gain	-	(42,200)
As at December 31, 2025 ⁽³⁾	536,250	734,983

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

(2) As at December 31, 2024, exchange rate was US \$1.00 = CA \$1.4389

(3) As at December 31, 2025, exchange rate was US \$1.00 = CA \$1.3706

For the year ended December 31, 2025, the Company made additional principal repayments by purchasing US\$16.3 million of Senior Notes in the open market at a discount to par value for \$19.8 million, resulting in a \$2.8 million realized gain on repayment.

As at December 31, 2025, the fair value of the Senior Notes was \$724.5 million (US\$528.6 million) based on observable market quoted prices (Level 1).

Revolving Credit Facility

As at December 31, 2025, Saturn has a \$150.0 million credit facility (the "Credit Facility") with a syndicate of banks consisting of a \$100.0 million reserve-based credit facility and a \$50.0 million operating facility. The credit agreement (the "Credit Agreement") governing the Credit Facility includes an additional \$100.0 million accordion feature allowing for the expansion up to \$250.0 million in total, subject to certain conditions. The Credit Facility is committed on a revolving basis until June 30, 2027, 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 next scheduled borrowing base review to occur by June 30, 2026. 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 December 31, 2025, the Company is in compliance with all covenants.

As at December 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, or Secured Overnight Financing Rate 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 December 31, 2025, the Company had \$34.5 million (December 31, 2024 - nil) drawn on the Credit Facility. There were no letters of credit outstanding under the Credit Facility.

Unsecured Letter of Credit Facility

The Company has a \$20.0 million unsecured demand letter of credit facility (the "LC Facility") with a Canadian bank. Saturn's obligations under the LC Facility are supported by a performance security guarantee ("PSG") from Export Development Canada. At December 31, 2025, \$10.8 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, 2026.

Senior Term Loan

On June 14, 2024, the Company early retired its Senior Term Loan with a principal amount outstanding of \$364.7 million and incurred a loss on debt extinguishment, consisting of early retirement fees of \$27.4 million paid to the lender and a \$4.4 million of non-cash original issue discount and debt issue costs which were accelerated and expensed in profit or loss.

11. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares with no par value. As at December 31, 2025 there are 184,083,623 common shares outstanding.

Issued and outstanding

(000s)	December 31, 2025		December 31, 2024	
	Shares	Amount	Shares	Amount
Balance, beginning of year	199,555	426,146	139,313	292,388
Common shares issued for cash proceeds	-	-	64,777	150,004
Cash share issue and purchase costs, net of tax recovery	-	(316)	-	(5,862)
Normal Course Issuer Bid	(12,842)	(30,660)	(4,480)	(10,240)
Substantial Issuer Bid	(1,608)	(3,527)	-	-
Restricted share unit exercise	-	-	8	(4)
Stock option exercise	13	33	100	435
Treasury shares	(1,034)	500	(163)	(575)
Balance, end of year	184,084	392,176	199,555	426,146

On August 25, 2025, the TSX approved the renewal of the Company's normal course issuer bid ("NCIB"). Pursuant to the NCIB, the Company may purchase for cancellation, from time to time, as it considers advisable, up to a maximum of 12,078,583 common shares of the Company between August 27, 2025 and August 26, 2026.

For the year ended December 31, 2025, the Company repurchased 12,841,768 common shares under its NCIB at a weighted average price of \$2.33 per share for a cost of \$29.9 million plus \$0.7 million in fees and taxes. Subsequent to December 31, 2025, the Company repurchased an additional 3,240,820 common shares at a weighted average price of \$3.09 per share for a cost of \$10.0 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 cost of \$10.2 million.

On June 5, 2025, the Company initiated a substantial issuer bid ("SIB"). Pursuant to the SIB, the Company offered to purchase up to 7,000,000 common shares from holders of the Company's common shares for cancellation at a purchase price of \$2.15 per common share between June 11, 2025 and July 16, 2025, for an aggregate purchase price not exceeding \$15.1 million. On July 16, 2025 the SIB expired with 1,608,182 common shares being tendered and taken up under the SIB for an aggregate purchase price of \$3.5 million plus \$0.1 million in fees and taxes.

Warrants

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

Stock options

The Company has a LTIP under which it is authorized to grant stock options to directors, officers, employees and consultants of Saturn, 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)	December 31, 2025		December 31, 2024	
	Stock options	Weighted average exercise price	Stock options	Weighted average exercise price
Balance, beginning of year	718	2.41	1,048	2.52
Exercised	(75)	2.00	(100)	2.40
Expired	(54)	2.03	(230)	-
Balance, end of year	589	2.49	718	2.41

As at December 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	-	-	0.0	-	-	-
2.01 - 2.40	480	2.40	0.6	480	2.40	0.6
2.41 - 3.00	109	2.90	0.5	-	-	-
	589	2.49	0.6	480	2.40	0.6

Restricted Share Units

In accordance with the LTIP, the Company is authorized to grant RSUs to directors, officers, employees and consultants of Saturn. 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.

(000s, except life remaining)	December 31, 2025	December 31, 2024
	RSUs	RSUs
Balance, beginning of year	4,088	2,282
Issued	6,744	2,975
Exercised	(1,665)	(924)
Forfeited	(395)	(245)
Balance, end of year	8,772	4,088
Weighted average life remaining (years)	1.1	1.1

Performance share units

In accordance with the LTIP, the Company is authorized to grant PSUs to directors, officers, and employees of Saturn. 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.

	December 31, 2025	December 31, 2024
(000s, except life remaining)	PSUs	PSUs
Balance, beginning of year	622	667
Issued	1,245	622
Exercised	(622)	(667)
Balance, end of year	1,245	622
Weighted average life remaining (years)	0.3	0.3

Deferred share units

In accordance with the LTIP, the Company is authorized to grant DSUs to non-management directors. The DSUs are fully vested on issuance and may be cash or equity settled upon vesting as determined by the Company's Board of Directors. The fair value per DSU is equivalent to the market price at which the common shares of the Company traded on the day immediately preceding the grant date.

	December 31, 2025	December 31, 2024
(000s, except life remaining)	DSUs	DSUs
Balance, beginning of year	-	-
Issued	423	-
Exercised	-	-
Balance, end of year	423	-
Weighted average life remaining (years)	-	-

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:

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

As at December 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	4.1	-	-	-
2.50	2,333	6.00	4.1	-	-	-
2.50	2,334	8.00	4.1	-	-	-
	7,000		4.1	-	-	-

Per share amounts

Basic net income 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, performance warrants, RSUs, DSUs, and PSUs. The components of basic and diluted net income per share are as follows:

(000s, except per share amounts)	Year ended December 31,	
	2025	2024
Weighted average shares outstanding		
Basic	193,402	180,864
Diluted	203,842	185,607
Per share income		
Basic	0.87	0.30
Diluted	0.82	0.29

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

	Year ended December 31,	
	2025	2024
Warrants	-	6,871
Stock options	589	109
Performance warrants	7,000	7,000

12. INCOME TAXES

The following table reconciles income taxes calculated at the Canadian statutory rate with the actual provision for deferred income taxes per the statements of net loss and comprehensive loss.

(\$000s, except statutory rates)	Year ended December 31,	
	2025	2024
Income before income taxes	215,608	67,778
Statutory income tax rate	25.44%	25.17%
Expected income tax expense	54,841	17,060
Increase (decrease) resulting from:		
Non-deductible expenses	(4,450)	2,962
Gain on acquisition	-	(10,325)
Investment Tax Credit	(602)	(585)
Stock based compensation	866	2,207
Adjustments in respect of prior year	(141)	(462)
Change in effective tax rate and other	319	-
Change in unrecognized deferred income tax assets	(2,794)	2,815
Income tax expense	48,039	13,672

The components of the Company's deferred income tax asset (liability) are as follows:

(\$000s)	December 31, 2024	Recognized on the Statement of Comprehensive Income	Recognized on business combination	Recognized on Statement of Change in Equity	December 31, 2023
PP&E and E&E assets	(129,052)	(60,361)	(22,490)	-	(46,201)
Financial derivatives	10,875	5,283	-	-	5,592
Debt issue costs	3,278	2,253	-	-	1,025
Decommissioning obligations	39,512	6,101	8,074	-	25,337
Debt obligations	-	(257)	-	-	257
Lease liabilities	19,445	17,993	-	-	1,452
Stock based compensation	1,358	(275)	-	-	1,633
Share issue costs	4,158	(1,506)	-	1,946	3,718
Non-capital losses	12,575	11,539	591	-	445
Repayment of Debt	4,948	4,948	-	-	-
Other	610	610	-	-	-
	(32,293)	(13,672)	(13,825)	1,946	(6,742)

(\$000s)	December 31, 2025	Recognized on the Statement of Comprehensive Income	Recognized on business combination	Recognized on Statement of Change in Equity	December 31, 2024
PP&E and E&E assets	(157,021)	(27,969)	-	-	(129,052)
Financial derivatives	(6,177)	(17,052)	-	-	10,875
Debt issue costs	2,285	(993)	-	-	3,278
Decommissioning obligations	51,536	12,024	-	-	39,512
Lease liabilities	17,409	(2,036)	-	-	19,445
Stock based compensation	3,351	1,054	-	939	1,358
Share issue costs	2,606	(1,552)	-	-	4,158
Non-capital losses	4,422	(8,153)	-	-	12,575
Repayment of Debt	714	(4,234)	-	-	4,948
Other	1,230	620	-	-	610
	(79,645)	(48,291)	-	939	(32,293)

At December 31, 2025, the petroleum and natural gas assets and facilities owned by Saturn have a tax basis in excess of \$1.4 billion (December 31, 2024 - \$1.4 billion) available for deduction against future taxable income. The Company has approximately \$17.0 million (December 31, 2024 - \$49.5 million) in non-capital loss carryforwards available to reduce future taxable income which expire by 2043 that are recognized through the financial statements. The Company has \$196.0 million in unrecognized non-capital loss carryforwards due to the initial recognition exemption (December 31, 2024 - \$nil). At December 31, 2025, all other deductible temporary differences have been recognized (December 31, 2024 - \$11.2 million unrecognized).

13. REVENUE

(\$000s)	Year ended December 31,	
	2025	2024
Crude oil	900,197	843,704
NGLs	53,654	45,414
Natural gas	29,840	19,178
Petroleum and natural gas sales	983,691	908,296
Processing income	15,934	12,499
	999,625	920,795

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 December 31, 2025 is \$74.6 million (December 31, 2024 - \$83.1 million) of accrued petroleum and natural gas sales related to December 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.

14. FINANCING

(\$000s)	Year ended December 31,	
	2025	2024
Interest expense	84,920	85,190
Interest income	(1,612)	(2,714)
Amortization of original issue discount and debt issue costs	3,714	2,926
Accretion, debt instruments	-	22
Accretion, leases (note 8)	7,357	5,399
Accretion, decommissioning obligations (note 9)	17,773	14,824
Financing expenses	112,152	105,647

15. SUPPLEMENTAL CASH FLOW INFORMATION

(\$000s)	Year ended December 31,	
	2025	2024
Change in non-cash working capital:		
Accounts receivable	13,446	(42,222)
Deposits and prepaid expenses	(6,216)	(7,476)
Accounts payable	(38,249)	48,983
Non-cash working capital acquired and other	820	(339)
	(30,199)	(1,054)
Related to:		
Operating activities	9,222	(36,872)
Financing activities	(87)	(240)
Investing activities	(39,334)	36,058
Total change in non-cash working capital	(30,199)	(1,054)

16. 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 Credit Facility (note 10) 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)	Year ended December 31,	
	2025	2024
Cash flow from operating activities	457,399	311,937
Change in non-cash working capital	(9,222)	36,872
Decommissioning expenditures	15,777	16,310
Transaction costs	-	14,972
Terminated derivative contracts	2,312	20,430
Current tax recovery	(252)	-
Net interest ⁽¹⁾	83,308	82,476
Adjusted EBITDA	549,322	482,997
Terminated derivative contracts	(2,312)	(20,430)
Current tax recovery	252	-
Net interest ⁽¹⁾	(83,308)	(82,476)
Adjusted funds flow	463,954	380,091
Capital expenditures	(241,240)	(246,316)
Free funds flow	222,714	133,775

(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)	December 31, 2025	December 31, 2024
Total common shares outstanding (000s)	184,084	199,555
Share price ⁽¹⁾	2.43	2.16
Total market capitalization	447,324	431,039
Adjusted working capital deficit (surplus) ⁽²⁾	2,966	(14,433)
Senior Notes	723,978	874,588
Credit Facility	34,532	-
Net debt	761,476	860,155
Current quarter adjusted funds flow	120,697	129,205
Annualized factor	4	4
Annualized quarterly adjusted funds flow	482,788	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.

17. 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	3,498	14,482	17,980
Change in fair market value	63,994	(34,477)	29,517
As at December 31, 2025	24,284	-	24,284

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 realized and unrealized gains and losses are recognized on the statement of income and comprehensive income. 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 \$18.8 million change to unrealized gains (losses) on risk management contracts and net income (loss) before tax assuming all other variables remain constant.

During the year ended December 31, 2025, the Company terminated certain 2026 and 2027 WTI swap contracts with an average price of CA\$81.35/bbl for \$2.3 million. During the year ended December 31, 2024, the Company realized derivative contract termination payments of \$20.4 million.

Saturn monetized its foreign exchange risk management contracts during the fourth quarter of 2025, resulting in a realized gain on settlement of \$10.7 million.

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

Period	WTI Collars				WTI Swaps				NGL Propane Swaps	
	Volume bbls/d	Price ⁽¹⁾ US\$/bbl	Volume bbls/d	Price ⁽¹⁾⁽²⁾ CA\$/bbl	Volume bbls/d	Price ⁽¹⁾ US\$/bbl	Volume bbls/d	Price ⁽¹⁾ CA\$/bbl	Volume bbls/d	Price ⁽¹⁾ US\$/bbl
Q1 2026	1,080	65.00-68.10	6,500	73.08-95.56	3,077	67.21	4,481	85.46	375	49% WTI
Q2 2026	-	-	6,500	73.08-95.56	4,028	67.30	4,320	85.47	-	-
Q3 2026	-	-	2,500	75.00-98.25	-	-	4,649	83.51	-	-
Q4 2026	-	-	2,500	75.00-98.25	-	-	4,463	83.47	-	-

(1) Weighted average prices for the period.

Period	MSW Differential		WCS Differential		Natural Gas Swaps				Natural Gas Collars	
	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	Volume GJ/d	Price ⁽¹⁾ CA\$/GJ
Q1 2026	12,000	(4.59)	2,000	(14.25)	11,500	2.82	10,550	Index	-	-
Q2 2026	12,500	(3.82)	2,000	(13.05)	15,000	2.69	10,550	Index	-	-
Q3 2026	10,000	(3.54)	-	-	15,000	2.69	10,550	Index	-	-
Q4 2026	5,000	(3.90)	-	-	21,630	3.03	3,555	Index	3,315	3.20-3.70
Q1 2027	-	-	-	-	15,000	3.40	-	-	5,000	3.20-3.70
Q2 2027	-	-	-	-	5,000	2.70	-	-	-	-
Q3 2027	-	-	-	-	5,000	2.70	-	-	-	-
Q4 2027	-	-	-	-	1,685	2.70	-	-	-	-

(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).

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

Period	WTI Collars		WTI Swaps		WTI Swaps	
	Volume bbls/d	Price ⁽¹⁾ CA\$/bbl	Volume bbls/d	Price ⁽¹⁾ CA\$/bbl	Volume bbls/d	Price ⁽¹⁾ US\$/bbl
Q1 2026	2,656	78.77-90.19	1,500	81.49	138	73.41
Q2 2026	5,500	84.46-102.51	1,500	80.99	1,185	79.50
Q3 2026	6,500	77.27-96.71	-	-	-	-
Q4 2026	5,000	76.20-94.05	-	-	-	-
Q1 2027	3,000	76.50-94.83	-	-	-	-
Q2 2027	2,500	76.00-93.46	-	-	-	-

(1) Weighted average prices for the period.

Period	LSB Differential		MSW Differential		WCS Differential	
	Volume bbls/d	Price ⁽¹⁾ US\$/bbl	Volume bbls/d	Price ⁽¹⁾ US\$/bbl	Volume bbls/d	Price ⁽¹⁾ US\$/bbl
Q1 2026	138	(6.05)	-	-	-	-
Q2 2026	-	-	5,000	(2.30)	-	-
Q3 2026	-	-	7,500	(2.67)	2,000	(14.00)
Q4 2026	-	-	7,000	(4.37)	2,000	(15.08)
Q1 2027	-	-	-	-	-	-
Q2 2027	-	-	-	-	-	-

(1) Weighted average prices for the period

Subsequent to December 31, 2025, the Company entered into the following foreign exchange contracts:

Period	Forward Rate Contracts- USD/CAD		
	Notional Amount (\$000s, US\$)	Rate	Contract Type
Q1 2026	17,100	1.3484	Average rate currency swap
Q2 2026	43,500	1.3484	Average rate currency swap
Q3 2026	17,100	1.3484	Average rate currency swap
Q4 2026	41,900	1.3484	Average rate currency swap
Q1 2027	17,100	1.3484	Average rate currency swap
Q2 2027	23,300	1.3484	Average rate currency swap

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 December 31, 2025:

(\$000s)	Gross financial derivative instruments	Amount offset	Net financial derivative instruments
Current asset	25,445	(13)	25,432
Long term asset	487	-	487
Current liability	(1,648)	13	(1,635)
Long term liability	-	-	-
Net asset position	24,284	-	24,284

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. While the Company is exposed to liquidity risk, that risk is actively managed through strategies such as prudent capital spending, an active commodity risk management program 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 December 31, 2025:

(\$000s)	Less than 1 year	1-3 years	3-5 years	Greater than 5 years	Total
Senior Notes ⁽¹⁾	89,089	178,178	467,716	-	734,983
Credit Facility	-	34,532	-	-	34,532
Interest payments ⁽²⁾	72,680	119,454	24,467	-	216,601
Lease liabilities ⁽³⁾	6,011	8,815	4,872	280	19,978
Gas processing contracts	12,532	23,567	20,729	42,280	99,108
Accounts payable	132,867	-	-	-	132,867
	313,179	364,546	517,784	42,560	1,238,069

- (1) Represents the remaining principal repayments of US\$536.3 million on the Senior Notes converted at the period end exchange rate of 1.3706.
- (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 favour 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.

The maximum credit exposure on accounts receivable at the reporting date by type of customer was:

(\$000s)	December 31, 2025	December 31, 2024
Oil and natural gas marketing companies	74,611	84,876
Joint venture partners	19,037	27,749
Other	5,853	322
Total accounts receivable	99,501	112,947

The Company's five most significant customers account for \$30.6 million of accounts receivable as at December 31, 2025 (December 31, 2024 – \$29.6 million) and are classified as current. As at December 31, 2025, the Company's trade and other receivables balance was \$99.5 million (December 31, 2024 - \$112.9 million) and \$4.6 million (December 31, 2024 - \$6.2 million) was outstanding for greater than 90 days. Counterparties to financial instruments expose the Company to credit losses in the event of non-performance. Counterparties for derivative instrument transactions are limited to investment grade counterparties.

Currency risk

Currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. All of the Company's petroleum and natural gas sales are conducted in Canada and are denominated in Canadian dollars. Canadian commodity prices are influenced by fluctuations in the Canada to 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 \$73.3 million change to net income 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 a natural hedge 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)	December 31, 2025	December 31, 2024
Net debt	761,476	860,155
Shareholders' equity	946,591	803,972
Total capitalization	1,708,067	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.

18. COMMITMENTS

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

(\$000s)	Less than 1 year	1-3 years	3-5 years	Greater than 5 years	Total
Senior Notes ⁽¹⁾	89,089	178,178	467,716	-	734,983
Credit Facility	-	34,532	-	-	34,532
Interest payments ⁽²⁾	72,680	119,454	24,467	-	216,601
Lease liabilities ⁽³⁾	6,011	8,815	4,872	280	19,978
Gas processing contracts	12,532	23,567	20,729	42,280	99,108
	180,312	364,546	517,784	42,560	1,105,202

(1) Represents the remaining principal repayments of US\$536.3 million on the Company's Senior Notes converted at the year end exchange rate of 1.3706.

(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.

19. RELATED PARTY TRANSACTIONS

The Company engages Broadbill Energy Inc. and its subsidiaries (“Broadbill”) to provide Saturn with oil and gas marketing and pipeline transportation services. The Chief Executive Officer of Broadbill is a director and shareholder of Saturn, and the Chief Executive Officer of Saturn is a director of Broadbill. During the year ended December 31, 2025, the Company incurred \$0.5 million in marketing and pipeline services (December 31, 2024 – \$0.7 million). As at December 31, 2025, a \$0.2 million receivable balance (December 31, 2024 – \$1.8 million receivable balance) was outstanding from Broadbill.

Compensation relating to key management personnel and directors of the Company, including salaries and accrued bonuses and share based payments for the year ended December 31, 2025 totaled \$4.5 million and \$4.8 million, respectively (December 31, 2024 – \$4.6 million and \$3.5 million).

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

Jim Payne⁽¹⁾⁽⁴⁾

Director

Lynn A. Peterson⁽³⁾⁽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, Corporate Governance and Nominating 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

Odyssey Trust Company

1230, 300 5th Avenue S.W.

Calgary, Alberta T2P 3C4

Tel: (587) 885-0960

RESERVE EVALUATORS

Ryder Scott Company LP

Calgary, Alberta

U.S. CO-INDENTURE TRUSTEE

Computershare Trust Company, N.A.

1505 Energy Park Drive

St. Paul, Minnesota 55108

Tel: 1 (800) 344-5128

STOCK EXCHANGES

Toronto Stock Exchange - TSX: "SOIL"

OTC Markets Group - OTCQX: "SOILSF"

CANADIAN CO-INDENTURE TRUSTEE

Computershare Trust Company of Canada

600, 530 - 8th Avenue S.W.

Calgary, Alberta T2P 3S8

Tel: (403) 267-6800