



## MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") provides the details of the financial condition and results of operations of Prospera Energy Inc. ("Prospera", "PEI", or the "Corporation") for the three months ended March 31, 2026 and should be read in conjunction with the Corporation's December 31, 2025 audited consolidated financial statements and related notes thereto. The Corporation's financial statements have been prepared in accordance with IFRS® Accounting Standards ("IFRS") and are presented in Canadian dollars.

Readers are cautioned of the advisories on forward-looking statements, estimates, non-GAAP measures, numerical references and Oil and Gas advisories which can be found at the beginning of this MD&A. This MD&A is dated and was prepared using available information as of May 27, 2026.

In this MD&A, the three months ended March 31, 2026 may be referred to as "Q1 2026" and the comparative three months ended March 31, 2025 may be referred to as "Q1 2025".

### Forward Looking Statements

This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this MD&A, other than statements of historical facts, that address activities, events, or developments that Prospera expects are forward looking statements. The Corporation believes the expectations expressed in such forward-looking statements are based on reasonable assumptions which the Corporation is required to make regarding future events and may constitute forward-looking statements within the meaning of applicable securities laws. Management's assessment of future plans and operations, capital expenditure requirements, methods of financing and the ability to fund financial liabilities, changes in royalty rates and the timing and impact of accounting policies may constitute forward-looking statements under applicable laws and necessarily involve risks including and without limitation, risks associated with oil and gas exploration, development and exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations imprecision of reserve estimates, environmental risks, competition from, other producers, the inability to fully realize the benefits of acquisitions, delays resulting from, or inability to obtain, required regulatory approvals and ability to access sufficient capital from internal and external sources. Readers and investors are cautioned that such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include market prices, exploration, and exploitation successes, continued availability of capital and financing and general economic, market or business conditions.

Although the Corporation believes the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will be realised. The use of any of the words "anticipate", "believe", "continue", "estimate", "expect", "may", "will", "forecast", "project", "plan", "should" and similar expressions are intended to identify forward-looking information. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. The risks associated with these forward-looking statements include, but are not limited to, the following:

- Fluctuations in oil production levels
- Volatility in market prices for petroleum and natural gas
- Uncertainties associated with estimating reserves
- Well production and decline rates
- Changes in the general economic conditions in Canada and Worldwide
- The effects of weather conditions
- The ability of Prospera to obtain financing including equity and debt
- Actions taken and policies by governmental or regulatory authorities including changes to tax laws, incentive programs, royalty calculations and environmental regulations.

## Additional Information

Additional information about Prospera, is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), and on the Corporation's website at [www.prosperaenergy.com](http://www.prosperaenergy.com).

## Petroleum and Natural Gas ("P&NG") Volume Disclosures

This document contains disclosure expressed as "Boe", "MBoe", "Boe/d", "Mcf", "Mcf/d", "MMcf", "MMcf/d", "Bcf", "Bbl", and "Bbl/d". All P&NG equivalency volumes have been derived using the ratio of six thousand cubic feet of natural gas to one barrel of oil (6:1). Equivalency measures may be misleading, particularly if used in isolation. A conversion ratio of six thousand cubic feet of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head.

## Numerical References

Amounts are shown in Canadian dollars unless otherwise stated. All production volumes disclosed herein are sales volumes. The columns on some tables in this document may not add due to rounding.

## Non-IFRS and Other Financial Measures

Throughout this MD&A and in other materials disclosed by the Corporation, certain measures are employed to analyze financial performance, financial position, and cash flow. These non-IFRS and other financial measures do not have any standardized meaning prescribed by IFRS Accounting Standards and therefore may not be comparable to similar measures provided by other issuers. Non-IFRS and other financial measures should not be considered to be more meaningful than financial measures which are determined in accordance with IFRS Accounting Standards, such as net income (loss), P&NG sales revenue and net cash flows provided (used in) by operating activities as indicators of our performance.

"**Operating netback**" is a non-IFRS measure. Operating netback is comprised of P&NG sales revenue minus royalties and operating costs. Management uses this metric to measure the discrete operating results of its oil and gas properties. See "Operating Results Summary – Operating Netback" for a reconciliation of operating netback to P&NG sales revenue, being our nearest measure prescribed by IFRS.

"**Operating netback per BOE**" is a non-IFRS ratio. Operating netback per BOE is comprised of operating netback divided by total BOE sales volumes in the period. Management believes this measure is a useful supplemental measure of the Corporation's profitability relative to commodity prices. In addition, management believes that operating netback per BOE is a key industry performance measure of operational efficiency and provide investors with information that is also commonly presented by other P&NG producers. "Operating Results Summary – Operating Netback" for the calculation of operating netback per BOE.

"**Working capital**" is a capital management measure. Working capital is comprised of current assets less current liabilities. Management believes that working capital is a useful measure to assess the Corporation's capital position and its ability to execute its development programs. See "Selected Financial Information" for a reconciliation of working capital to current assets and current liabilities, being our nearest measures prescribed by IFRS.

"**Non-current financial liabilities**" is a supplemental financial measure. Non-current financial liabilities are comprised of the non-current portion of lease liability, promissory note, convertible debt and GORR financing as presented in the Corporation's statements of financial position. See "Selected Financial Information".

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## 1. Business Overview

Prospera is a Canadian natural resources corporation presently engaged in optimization, development, exploration, and acquisition of oil and gas properties in Western Canada.

The Corporation was incorporated on April 14, 2003, under the Canada Business Corporations Act ("CBCA"). The Corporation's shares initially began trading on the TSX Venture Exchange under the trading symbol "ORR" on March 29, 2005, and on the Frankfurt Exchange under the trading symbol "OF6" on June 21, 2006. On August 25, 2008, the Corporation's name was changed to "Georox Resources Inc." and the TSX Venture Exchange trading symbol changed to "GXR". On June 28, 2018, the Corporation changed its name to "Prospera Energy Inc." and the TSX Venture Exchange symbol changed to "PEI".

On August 29, 2025, the Corporation closed the acquisition of 100% of the issued and outstanding common shares of White Tundra Petroleum ("Tundra") whose primary petroleum and natural gas assets are located near Loyalist and Hanna, Alberta. The results of Tundra have been consolidated with the results of Prospera from the August 29, 2025 acquisition date to December 31, 2025 and for three months ended March 31, 2026.

## 2. Overview of Q1 2026

Q1 2026 delivered exceptionally stable winter operations for Prospera, historically the highest-risk operating window for Western Canadian heavy oil producers. The Corporation maintained field uptime of approximately 85% with zero pipeline failures (compared to five in Q1 2025), all achieved on a disciplined capital spend of only \$0.7 million. In parallel, Prospera completed a series of financing and liability management transactions that reduced near-term obligations and repositioned the capital structure ahead of the planned Luseland production ramp.

### Capital Investment and Operational Reliability

Q1 2026 capital expenditures of \$0.7 million comprised \$0.2 million for pipeline infrastructure and facility services and \$0.5 million for plant maintenance and workover activities, reinforcing infrastructure integrity and supporting continued production from the Corporation's reactivated well inventory.

Despite seasonal risks like line freeze-offs and cold-weather equipment failures, operations ran uninterrupted — a result of the 2025 pipeline integrity program and ongoing improvements to the Corporation's management of facility infrastructure. The Corporation's well reactivation strategy, combined with its sand management program (sand suspension chemistries, recycle pumping configurations, and refined operating practices), delivered continued production growth from reactivated wells while sustaining on-stream performance without service rig intervention — a notable departure from prior reactivation cycles in which sand cuts forced repeated workovers.

### Balance Sheet Transformation

The Corporation completed the following financing and liability management transactions during Q1 2026:

1. **Shares-for-Debt Settlements.** Settled approximately \$1.7 million of trade and other payables with 57 creditors through the issuance of 47.3 million common shares at an average deemed price of \$0.0357/share, contributing to a \$2.0 million quarter-over-quarter reduction in accounts payable. A non-cash gain on settlement of \$122K was recognized.
2. **Non-Brokered Private Placement (March 11, 2026).** Closed a \$3.0 million non-brokered private placement at \$0.035/unit for a total of 85.7 million units, with each unit consisting of one common share and one share purchase warrant entitling the holder to acquire one additional common share at \$0.05/share for a period of three years. The private placement materially strengthened the Corporation's capital structure on two fronts:
  - o *Cash component* — The Corporation raised gross cash proceeds of \$1.2 million through the issuance of 34,753,994 common shares and warrants, providing additional liquidity to fund operations and continued field development across the Corporation's core assets.
  - o *Debt-to-equity settlement* — Concurrent with the cash component, approximately \$1.8 million of outstanding obligations — comprising principal under the Corporation's previously issued convertible debentures and promissory note, together with trade payables (refer to Notes 8 and 9 of the condensed consolidated interim financial statement) — was converted into the placement. A significant portion of the converted debt was held by Prospera board members. This \$1.8 million debt conversion is separate from, and in addition to, the \$1.8 million shares-for-debt settlement described in item 1 above.
3. **Term Debt Facility Advances.** Drew an additional \$0.65 million under the July 2024 term debt facility to fund ongoing development and optimization programs (see Section 6 — Liquidity and Capital Resources).
4. **Promissory Note Repayment.** Repaid \$0.2 million, fully discharging all promissory notes maturing in Q1 2026.

Collectively, these transactions reduced near-term cash obligations, retired legacy liabilities, and improved the composition of the Corporation's capital structure heading into the Luseland development program.

### Commodity Price Environment and Q2 2026 Outlook

Q1 2026 commodity prices were materially affected by the global oil supply disruption that emerged in late February 2026, including the curtailment of shipping through the Strait of Hormuz. Western Canada Select benchmark prices strengthened progressively through the quarter, with the most pronounced pricing improvement realized in March 2026.

Internal monthly results illustrate the inflection: realized sales revenue per BOE rose from approximately \$58/BOE in January 2026 to approximately \$87/BOE in March 2026, with operating netback per BOE expanding from approximately \$5/BOE in January to approximately \$28/BOE in March. March 2026 alone contributed approximately 80% of the Corporation's Q1 2026 net operating result and was the first month in the period to generate positive contribution after general and administrative expense and finance costs.

Subsequent to March 31, 2026, global oil prices have remained at elevated levels supported by ongoing supply disruptions associated with the Strait of Hormuz situation. WTI crude oil July 2026 futures traded at approximately US\$97.91 per barrel on May 15, 2026, compared with a Q1 2026 WTI average of US\$71.90 per barrel. As a Canadian heavy oil producer with operated assets across Western Canada and 100% working interest in its core operating areas, Prospera is positioned to participate in the cash flow benefit of sustained higher commodity prices. If recent commodity price levels are maintained,

and the Western Canada Select differential to WTI remains broadly consistent with recent quarters, the Corporation would expect operating netbacks to remain meaningfully above the Q1 2026 quarterly average of \$10.99/BOE, providing additional capacity to advance the Luseland development program and to continue retiring legacy liabilities.

Readers are cautioned that commodity prices are inherently volatile and have historically been subject to rapid change, that the duration and resolution of the geopolitical situation underlying current pricing remains uncertain, and that no assurance can be provided as to future realized prices, the Western Canada Select differential, or the Corporation's ability to convert higher commodity prices into improved operating results. See "Forward Looking Statements" at the beginning of this MD&A.

#### Q1 2026 Operational Highlights

- Prospera realized average net sales of 720 boe/d in Q1 2026, a 3% decrease from 745 boe/d in Q4 2025 and a 9% increase over 660 boe/d in Q1 2025.
- Sales revenue was \$4,522,137 (\$69.75/boe) in Q1 2026, a 3% increase from \$4,373,743 (\$63.84/boe) in Q4 2025, reflecting higher pricing in March 2026, and a 2% decrease from \$4,598,472 (\$77.33/boe) in Q1 2025, as higher sales volumes were offset by lower benchmark prices.
- Operating costs were \$49.90/boe in Q1 2026, broadly in line with \$50.06/boe in Q4 2025 and 16% lower than \$59.46/boe in Q1 2025, primarily reflecting reductions in contract operator fees, field maintenance costs, and road usage fees, together with the favourable impact of the 14% working interest acquisition.
- Operating netback was \$0.7 million (\$10.99/boe) in Q1 2026, compared with \$0.6 million (\$9.19/boe) in Q4 2025 and \$0.6 million (\$10.55/boe) in Q1 2025.

### 3. Selected Financial Information

(expressed in \$, except shares outstanding)	March 31 2026	December 31 2025	December 31 2024
Current assets	3,473,101	2,870,765	3,196,640
Current liabilities	42,521,531	42,515,514	20,766,507
Working capital	(39,048,429)	(39,644,749)	(17,569,867)
Property and equipment	54,497,517	54,749,740	47,776,659
Total assets	59,399,957	59,004,534	53,932,973
Non-current financial liabilities	3,800,653	5,609,886	17,002,470
Share capital	36,563,411	33,105,787	31,346,508
Total common shares issued and outstanding	552,066,386	463,252,995	426,954,767

(expressed in \$, except number of shares)	Q1,2026	Q4 2025	Q1,2025	YTD 2026	YTD 2025
P&NG sales revenue	4,522,137	4,373,743	4,598,472	4,522,137	4,598,472
Loss for the period	(2,481,914)	(6,624,689)	(1,742,717)	(2,481,914)	(1,742,717)
Loss per share	(0.01)	(0.01)	(0.00)	(0.01)	(0.00)
Funds flow used in operations	(41,555)	(118,067)	(63,747)	(41,555)	(63,747)
Net cash flows provided by (used in) operating activities	(562,960)	1,596,679	(596,516)	(562,960)	(596,516)
Net cash per share – operating activities	(0.00)	0.00	0.00	(0.00)	0.00
Weighted average number of shares – basic	484,228,109	461,625,495	429,720,956	484,228,109	429,720,956

### 4. Operating Results Summary

#### Operating Netback

	Q1 2026	Q4 2025	Q1 2025	YTD 2026	YTD 2025
P&NG sales revenue (\$)	4,522,137	4,373,743	4,598,472	4,522,137	4,598,472
Royalties (\$)	(574,227)	(314,467)	(435,115)	(574,227)	(435,115)
Operating costs (\$)	(3,234,857)	(3,429,522)	(3,536,091)	(3,234,857)	(3,536,091)

Operating netback (\$)	<b>713,053</b>	629,754	627,266	<b>713,053</b>	627,266
Per BOE, except total BOE sales volumes	<b>Q1 2026</b>	Q4 2025	Q1 2025	<b>YTD 2026</b>	YTD 2025
Total BOE sales volumes	<b>64,830</b>	68,507	59,469	<b>64,830</b>	59,469
P&NG sales revenue (\$)	<b>69.75</b>	63.84	77.33	<b>69.75</b>	77.33
Royalties (\$)	<b>(8.86)</b>	(4.59)	(7.32)	<b>(8.86)</b>	(7.32)
Operating costs (\$)	<b>(49.90)</b>	(50.06)	(59.46)	<b>(49.90)</b>	(59.46)
Operating netback per BOE (\$)	<b>10.99</b>	9.19	10.55	<b>10.99</b>	10.55

Variances in operating netback are explained by changes in sales volumes, realized prices, royalties, and operating costs as discussed below.

Operating netback per BOE was \$10.99 in Q1 2026, 20% higher than \$9.19 in Q4 2025 (primarily reflecting higher realized prices in March 2026, partially offset by higher royalties) and 4% higher than \$10.55 in Q1 2025 (primarily reflecting lower operating costs and higher production volumes from the 2025 acquisitions offset by lower realized pricing). The quarterly average obscures significant intra-quarter strengthening, with March 2026 operating netback per BOE materially exceeding the January and February averages as benchmark heavy oil pricing strengthened. See Section 2 — Commodity Price Environment and Q2 2026 Outlook.

#### Sales Volumes and Revenues

Sales Volumes	<b>Q1 2026</b>	Q4 2025	Q1 2025	<b>YTD 2026</b>	YTD 2025
Oil and condensate (bbls)	<b>62,281</b>	68,136	57,607	<b>62,281</b>	57,607
Natural gas (mcf)	<b>2,549</b>	2,226	11,173	<b>2,549</b>	11,173
Total BOE	<b>64,830</b>	68,507	59,469	<b>64,830</b>	59,469
Liquids composition	<b>99%</b>	99%	97%	<b>99%</b>	97%
Oil and condensate bbls per day	<b>692</b>	741	640	<b>692</b>	640
Natural gas mcf per day	<b>168</b>	24	124	<b>168</b>	124
Total BOE per day	<b>720</b>	745	660	<b>720</b>	660

Q1 2026 sales volumes of 720 boe/d declined from 745 boe/d in Q4 2025, primarily reflecting downtime at the Cuthbert wells caused by a Water Injection Variable Frequency Drive (“VFD”) failure. Repairs and upgrades have since been completed and are expected to eliminate any recurrence of the associated downtime in future periods. Q1 2026 volumes were 9% higher than 660 boe/d in Q1 2025, reflecting the contribution of the 14% Cuthbert working interest acquisition and the White Tundra Petroleum acquisition, both of which closed in Q3 2025.

Sales Revenue	<b>Q1 2026</b>	Q4 2025	Q1 2025	<b>YTD 2026</b>	YTD 2025
Oil and condensate (\$)	<b>4,518,411</b>	4,367,548	4,579,726	<b>4,518,411</b>	4,579,726
Natural gas (\$)	<b>3,726</b>	6,195	18,746	<b>3,726</b>	18,746
Total P&NG sales revenue	<b>4,522,137</b>	4,373,743	4,598,472	<b>4,522,137</b>	4,598,472
Oil and condensate per bbls (\$)	<b>72.55</b>	64.10	79.50	<b>72.55</b>	79.50
Natural gas per mcf (\$)	<b>1.46</b>	2.78	1.68	<b>1.46</b>	1.68
Total sales revenue per BOE (\$)	<b>69.75</b>	63.84	77.33	<b>69.75</b>	77.33

Q1 2026 oil and condensate sales revenue of \$4,518,411 was 3% higher than Q4 2025, reflecting a 13% increase in realized prices that more than offset lower volumes; and was 1% lower than Q1 2025, as a 9% increase in volumes was offset by an 8% decrease in realized prices in January and February 2026.

The following table summarizes the average benchmark commodity prices for the following periods:

	<b>Q1 2026</b>	Q4 2025	Q1 2025	<b>YTD 2026</b>	YTD 2025
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### Crude Oil

West Texas Intermediate (US\$/Bbl)	<b>71.90</b>	59.10	71.42	<b>71.90</b>	71.42
Canada Light Sweet - light oil (Cdn\$/Bbl)	<b>93.40</b>	76.80	95.19	<b>93.40</b>	95.19
Western Canada Select – heavy oil (Cdn\$/Bbl)	<b>79.20</b>	65.70	84.60	<b>79.20</b>	84.60

### Natural Gas

NYMEX - Henry Hub (US\$/mmBtu)	<b>4.79</b>	3.75	4.15	<b>4.79</b>	4.15
AECO 5A C (Cdn\$/Mcf)	<b>1.90</b>	2.10	2.05	<b>1.90</b>	2.05
AECO 7A C (Cdn\$/Mcf)	<b>2.36</b>	2.20	1.92	<b>2.36</b>	1.92

<b>US to Canadian dollar average exchange rate</b>	<b>1.37</b>	1.39	1.43	<b>1.37</b>	1.43
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### Royalties

	<b>Q1 2026</b>	Q4 2025	Q1 2025	<b>YTD 2026</b>	YTD 2025
Royalties (\$)	<b>574,227</b>	314,467	435,115	<b>574,227</b>	435,115
Royalties per BOE (\$)	<b>8.86</b>	4.59	7.32	<b>8.86</b>	7.32
Royalties as a percentage of sales revenue	<b>13%</b>	7%	9%	<b>13%</b>	9%

Royalties as a percentage of P&NG sales revenue were 13% in Q1 2026, compared to 7% in Q4 2025 and 9% in Q1 2025. The increase relative to Q4 2025 was primarily attributable to higher realized prices and higher Saskatchewan Crown royalty rates triggered by the March 2026 pricing environment. The increase relative to Q1 2025 was primarily attributable to higher production volumes (including from the 14% working interest acquisition and the Tundra acquisition, both of which closed in Q3 2025) which moved a greater proportion of barrels into higher royalty tiers.

### Operating Costs

	<b>Q1 2026</b>	Q4 2025	Q1 2025	<b>YTD 2026</b>	YTD 2025
Production and processing (\$)	<b>2,866,133</b>	2,320,033	3,146,753	<b>2,866,133</b>	3,146,753
Well servicing and workover expenses (\$)	<b>70,388</b>	782,880	–	<b>70,388</b>	–
Transportation (\$)	<b>298,336</b>	326,609	389,338	<b>298,336</b>	389,338
Operating costs (\$)	<b>3,234,857</b>	3,429,522	3,536,091	<b>3,234,857</b>	3,536,091
Production and processing per BOE (\$)	<b>44.21</b>	33.87	52.91	<b>44.21</b>	52.91
Well servicing and workover expenses per BOE(\$)	<b>1.09</b>	11.43	–	<b>1.09</b>	–
Transportation per BOE (\$)	<b>4.60</b>	4.77	6.55	<b>4.60</b>	6.55
Operating costs per BOE (\$)	<b>49.90</b>	50.07	59.46	<b>49.90</b>	59.46

Q1 2026 operating costs of \$49.90/boe were broadly in line with \$50.07/boe in Q4 2025, and 16% lower than \$59.46/boe in Q1 2025.

The year-over-year reduction primarily reflects (i) lower field labour costs, (ii) reduced emulsion, water trucking, and water disposal charges following well suspension at the Brooks property, (iii) the spreading of fixed costs over higher production volumes, and (iv) the favourable impact of the additional 14% working interest acquired in the Cuthbert property. On a sequential basis, workover expenses in Q1 2026 were lower than in Q4 2025, as management elected to scale back capital expenditure activity in response to softer oil prices during the first two months of the quarter.

### General and Administrative (“G&A”) Expenses

	<b>Q1 2026</b>	Q4 2025	Q1 2025	<b>YTD 2026</b>	YTD 2025
Gross G&A expenses (\$)	<b>754,608</b>	747,821	759,263	<b>754,608</b>	759,263
G&A recoveries (\$)	–	–	(68,250)	–	(68,250)
Net G&A expenses (\$)	<b>754,608</b>	747,821	691,013	<b>754,608</b>	691,013
Net G&A expenses per BOE (\$)	<b>11.64</b>	10.92	11.62	<b>11.64</b>	11.62

Net G&A expenses in Q1 2026 were \$754,608, marginally higher than \$747,821 in Q4 2025 and 9% higher than \$691,013 in Q1 2025. The Q1 2025 comparative was reduced by \$68,250 of overhead recoveries; gross G&A in Q1 2026 of \$754,608 was broadly in line with \$759,263 in Q1 2025. The Q1 2026 increase relative to Q4 2025 was primarily attributable to higher software and AI tool subscriptions and increased marketing spending.

The Corporation's G&A cost structure is largely fixed, with the majority of expenses comprising personnel, public company costs, professional fees, and core systems that do not scale directly with production. As a result, planned production growth from the Luseland development program and continued contributions from the reactivated well inventory are expected to drive a meaningful reduction in G&A on a per boe basis over the balance of 2026 and beyond, as fixed costs are absorbed across a larger production base.

## Depletion and Depreciation

	Q1 2026	Q4 2025	Q1 2025	YTD 2026	YTD 2025
Depletion (\$)	<b>815,479</b>	947,131	887,995	<b>815,479</b>	887,995
Depreciation (\$)	<b>92,550</b>	62,953	50,445	<b>92,550</b>	50,445
	<b>908,029</b>	1,010,084	938,440	<b>908,029</b>	938,440
Depletion rate per BOE (\$)	<b>14.01</b>	13.83	15.12	<b>14.01</b>	15.12

Depletion charges reflect the depletion of capitalized drilling, working interest acquisition, and facility and gathering system costs over proved plus probable reserves. Depreciation of right-of-use assets is recognized on a straight-line basis over the underlying lease term.

The Q1 2026 depletion rate of \$14.01/boe was comparable to \$13.83/boe in Q4 2025, with the small variance reflecting differences in production volumes. The Q1 2026 rate was 7% lower than \$15.12/boe in Q1 2025, primarily reflecting the increase in proved plus probable reserves following the 14% working interest acquisition and the Tundra acquisition. As at March 31, 2026 and December 31, 2025, estimated future development costs ("FDC") associated with proved plus probable reserves were \$60.9 million; the Q1 2025 calculation used \$44.1 million of FDC as at December 31, 2024.

## Accretion

During Q1 2026, Q4 2025 and Q1 2025, the Corporation recognized \$200,964, \$213,147 and \$151,802, respectively, of accretion expense in respect of its decommissioning obligations. As at March 31, 2026, the undiscounted decommissioning obligation associated with existing properties was estimated at \$36.7 million, with a corresponding present value of \$22.2 million calculated using a risk-free discount rate of 3.88%, an annual inflation rate of 2.0%, and an estimated timing of cash flows of 1 to 46 years.

## Share-based Compensation

No stock options or other share-based compensation awards were granted during the three months ended March 31, 2026. During Q1 2026, the Corporation recognized \$18,201 of share-based compensation expense (Q1 2025 — \$18,237) in respect of previously issued stock options that continue to vest.

## Finance Expense, Net

	Q1 2026	Q4 2025	Q1 2025	YTD 2026	YTD 2025
Finance fees on trade receivables (\$)	<b>109,502</b>	101,518	110,594	<b>109,502</b>	110,594
Imputed interest on lease liability (\$)	<b>5,526</b>	7,775	12,126	<b>5,526</b>	12,126
Promissory note interest and accretion (\$)	<b>50,301</b>	39,355	91,113	<b>50,301</b>	91,113
Convertible debenture interest and accretion (\$)	<b>226,950</b>	103,334	37,754	<b>226,950</b>	37,754
GORR financing accretion (\$)	<b>74,006</b>	179,692	87,493	<b>74,006</b>	87,493
Term loan interest and accretion (\$)	<b>665,858</b>	641,033	401,340	<b>665,858</b>	401,340
Vendor interest charges (\$)	<b>291,270</b>	194,037	-	<b>291,270</b>	-
Other interest and bank charges (\$)	<b>5,712</b>	907	34,372	<b>5,712</b>	34,372
Interest and other income (expense) (\$)	<b>6,204</b>	(222,101)	(151,150)	<b>6,204</b>	(151,150)

**1,435,329**    1,263,485    623,642    **1,435,329**    623,642

Finance expenses of \$1,435,329 in Q1 2026 were 14% higher than \$1,263,485 in Q4 2025 and 130% higher than \$623,642 in Q1 2025. The year-over-year increase was primarily attributable to: (i) interest and accretion on the convertible debentures issued during 2025 (Q1 2026 — \$226,950; Q1 2025 — \$37,754); (ii) higher term loan interest on the increased principal balance and the Tundra-acquired secured loans (Q1 2026 — \$665,858; Q1 2025 — \$401,340); (iii) vendor interest charges of \$291,270 (Q1 2025 — nil); and (iv) the reclassification, beginning in December 2025, of third-party GORR royalty payments from operating costs to finance expense.

Finance expense may decline in future periods to the extent that the Corporation is successful in reducing its outstanding debt through equity conversions, refinancing, or other restructuring initiatives. The Q1 2026 debt-to-equity conversion of approximately \$1.8 million and full discharge of maturing promissory notes (described under Balance Sheet Transformation) eliminate the carrying cost of those balances, and the Corporation continues to evaluate further debt-to-equity conversions to reduce the interest-bearing portion of its capital structure.

In addition, the Luseland reactivation program is converting no-reserve-associated (NRA) wells to proved developed producing (PDP) wells, extending their abandonment timing. This is assuming successful completion of planned financing and capital programs necessary to fund the reactivation program. This adjusts the asset retirement obligation (ARO) on the balance sheet and increases the associated accretion expense recognized in finance expense going forward.

## 5. Capital Spending and Acquisitions

	Q1 2026	Q1 2025
Cash additions to P&NG assets (\$)	742,742	2,524,720
	<b>742,742</b>	<b>2,524,720</b>

In Q1 2026, the Corporation invested \$0.7 million in capital expenditures, comprising \$0.2 million on pipeline infrastructure and facility services, and \$0.5 million on plant maintenance and workover activities. These expenditures included the installation of fluid recycle systems and sand suspension chemicals to mitigate potential sand-related production issues. Additional facility expenditures included the repair and enhancement of the Cuthbert water injection electrical system, which is expected to eliminate future downtime associated with the issues experienced earlier in the period.

### Net working interest ownership by area

The following table summarizes the Corporation's net working interest ownership by area:

	March 31, 2026	March 31, 2025
Red Earth	100%	100%
Hearts Hill	100%	100%
Luseland	100%	100%
Cuthbert	100%	100%
Pouce Coupe	85%	85%
Brooks	100%	100%
Wildunn	92%	—
Loyalist	98%	—
Average working interest	97%	95%

## 6. Liquidity and Capital Resources

Liquidity risk is the risk that the Corporation will not meet its financial obligations as they become due. The Corporation manages its liquidity risk through management of its capital structure and annual budgeting of its revenues, expenditures and cash flows.

The Corporation's financial statements have been prepared on a going concern basis, which implies the Corporation will continue to realize its assets and discharge its liabilities in the normal course of business. The Corporation has historically met its day-to-day working capital requirements and funded its capital and operating expenditures through funding received

from the proceeds of share issuances and debt. As at March 31, 2026, the Corporation has a working capital deficiency of \$39,048,429 (December 31, 2025 – \$39,644,749), and an accumulated deficit of \$53,615,880 (December 31, 2025 – \$51,133,966).

During Q1 2026, the Corporation generated \$713,053 of operating netback, compared to \$627,266 in Q1 2025. The Q1 2026 increase was primarily attributable to higher production volumes from the 14% Cuthbert working interest acquisition and lower operating costs, partially offset by lower realized oil prices in January and February 2026. See Section 4 — Operating Results Summary.

At March 31, 2026, maturities of the Corporation's financial obligations are as follows:

	Carrying amount	Contractual cash flows	Timing of cash flows		
			Within 1 year	Within 2 years	Within 3 years
Trade and other payables (Note 6)	\$16,099,060	\$16,304,576	\$15,208,846	\$1,095,730	\$ –
Lease liability (Note 7)	253,493	269,199	269,199	–	–
Promissory notes (Note 8)	1,500,000	1,500,000	1,500,000	–	–
Convertible debentures (Note 9)	2,399,988	3,670,800	–	–	3,670,800
GORR financing (Note 10)	3,320,755	3,357,355	3,042,277	–	315,078
Term debt (Note 11)	22,081,811	22,648,265	22,648,265	–	–
	<b>\$45,655,106</b>	<b>\$47,750,195</b>	<b>\$42,668,587</b>	<b>\$1,095,730</b>	<b>\$3,985,878</b>

(a) Capital Management

The Corporation's policy is to maintain a strong capital base for the objectives of maintaining financial flexibility, to sustain the development of the Corporation's current capital projects and for future corporate growth. The Corporation monitors its working capital and expected capital spending and raises funds through debt financing and/or the issue of equity to manage its development plans. The Corporation has no externally imposed capital requirements. The Corporation continues to assess its petroleum and natural gas projects and plans to raise additional debt or equity amounts as needed to fund acquisitions and to maintain sufficient working capital to meet administrative expenditures.

The Corporation considers its capital structure to be working capital and shareholders' equity. Management reviews its capital management approach on a regular basis and believes that this approach, given the relative size of the Corporation, is reasonable. There were no changes in the Corporation's approach to capital management during the three months ended March 31, 2026.

	March 31 2026	December 31 2025
Working capital deficit	\$ (39,048,429)	\$ (39,644,749)
Shareholders' equity	\$ (8,448,337)	\$ (10,537,119)

## 7. Related Party Transactions

Except as disclosed below, transactions with related parties during the three months ended March 31, 2026 were carried out in the normal course of operations and were measured at the exchange amount, being the amount of consideration established and agreed by the related parties.

- During Q1 2026, the Corporation incurred \$60,000 (Q1 2025 — \$50,000) of charges from a company controlled by the Executive Chairman and Chief Executive Officer in respect of consulting services. During the period, \$40,000 of the

outstanding balance was settled through the issuance of common shares (refer to Note 13 and 14). As at March 31, 2026, trade and other payables included \$13,875 (December 31, 2025 – \$20,375) owing to this related party.

- During Q1 2026, the Corporation incurred \$20,700 (Q1 2025 — \$24,750) of charges from a company controlled by a director of the Corporation in respect of consulting services. During the period, \$80,000 of the outstanding balance was settled through the issuance of common shares (refer to Note 13 and 14). As at March 31, 2026, trade and other payables included \$35,437 (December 31, 2025 – \$94,737) owing to this related party.
- During Q1 2026, the Corporation incurred \$76,728 (Q1 2025 — \$79,199) of charges from a company controlled by a director of the Corporation in respect of services capitalized to property and equipment.
- On September 4, 2025, the Corporation issued a non-interest-bearing promissory note in the principal amount of \$112,500 a director of the Corporation, maturing November 16, 2025. On March 3, 2026, the Corporation agreed to settle the matured obligation through the issuance of 3,214,286 units under the March 11, 2026 non-brokered private placement (refer to FS Note 8, 13 and 14).
- In December 2024, the Corporation issued \$900,000 aggregate principal amount of 12% promissory notes under a non-brokered private placement, of which \$200,000 was issued to a company controlled by a director of the Corporation in settlement of an equivalent amount of trade payables owing to that company. On March 16, 2026, the Corporation repaid this \$200,000 promissory note in full cash (Refer to FS Note 8 — Promissory Notes).

## 8. Share Capital

	Common shares	Share purchase warrants	Stock options
<b>Issued and outstanding</b>			
Balance, December 31, 2025	463,252,995	23,406,923	12,404,708
Shares issued for working interest acquisition (a)	5,703,814	5,334,550	–
Shares issued under PP11- cash subscription (b)	34,753,994	34,753,994	–
Shares issued under PP11- debt conversion (b)	38,242,781	38,242,781	–
Shares issued under PP11- trade payable settlement (b)	3,428,571	3,428,571	–
Shares issued on settlement of accounts payable (b)	6,684,231	–	–
Expired	–	(17,330,000)	(1,250,000)
<b>Issued and outstanding balance, March 31, 2026</b>	<b>552,066,386</b>	<b>87,836,819</b>	<b>11,154,708</b>
<b>To be issued</b>			
Shares to be issued under PP11- services payable settlement (c)	9,288,937	9,288,937	–
Shares to be issued on settlement of accounts payable (b)(d)	52,889,098	–	–
<b>Balance, March 31, 2026, including shares to be issued</b>	<b>614,244,421</b>	<b>97,125,756</b>	<b>11,154,708</b>

The Corporation is awaiting TSX Venture Exchange approval for the following:

- the issuance of 7,763,672 common shares representing the unissued portion of the December 2025 share-settlement commitment (refer to FS Note 13(b));
- the issuance of 45,125,426 common shares in respect of additional accounts payable settlements entered into during Q1 2026, at a deemed price of \$0.035 per share (refer to FS Note 13(d)); and
- the issuance of 9,288,937 common shares and 9,288,937 common share purchase warrants in respect of the PP11 services payable settlement (refer to FS Note 13(c)).

## 9. Subsequent Events

In April 2026, the Corporation entered into an amending agreement with the lender under its term loan facility (carrying amount of \$20,731,811 at March 31, 2026), extending the maturity date by three months from May 31, 2026 to August 31, 2026. The extension was obtained to provide additional time to negotiate and document a revised, longer-term facility with the lender, which discussions are currently underway. There can be no assurance that a revised facility will be completed on acceptable terms, within the extended maturity period, or at all. This subsequent event should be read together with the going concern material uncertainty disclosed in Note 2 to the financial statements.

Subsequent to March 31, 2026, on April 15, 2026, the Corporation agreed with the holders of the \$1,350,000 secured loans to settle the aggregate arrears payment of \$151,187 owing under those loans. Under the settlement, \$37,797 (25%) is payable in cash and \$113,390 (75%) is to be settled through the issuance of 3,023,731 common shares at a deemed price of \$0.0375 per share. As consideration for substituting the original warrant issuance obligation owing under the predecessor subscription agreements, the Corporation also agreed to issue 1,000,000 common share purchase warrants exercisable at \$0.05 per share for a period of two years from the date of issuance.

The Company's Overriding Royalty Agreement, entered on June 28, 2024 (the "GORR"), requires the Company to repurchase the royalty interest on or before April 15, 2026 for 120% of the original \$2,521,985 purchase price, being \$3,026,382 (refer to Note 13).

Subsequent to March 31, 2026, the Company commenced negotiations with the counterparty to extend the repurchase deadline to July 15, 2026 and to replace the repurchase obligation with a twelve-month promissory note. As at the date of authorization of these financial statements, the revised arrangement had not been executed. The current-liability classification of the obligation at March 31, 2026 has not been adjusted, as the event is non-adjusting under IAS 10.

## 10. Contingencies and Commitments

The Corporation is involved, from time to time, in legal proceedings and claims arising in the ordinary course of business, including employment matters and surface or land-related claims. The outcome of these matters is inherently uncertain. Other than normal accruals for earned compensation, no provisions have been recorded in respect of these matters as at March 31, 2026, as management does not consider an outflow of economic resources to be probable, or the amount of any potential loss cannot be reliably estimated.

The most significant claims and disputes outstanding as at March 31, 2026 are summarized below:

- (a) **Brooks asset ownership dispute** — The Corporation is a party to a dispute relating to historical transactions and ownership interests associated with certain oil and gas assets, including the Brooks asset. The plaintiff is seeking, among other relief, a declaration of a 50% ownership interest and damages of at least \$6.7 million. The Corporation considers the claim to be without merit, intends to defend the matter vigorously, and has advanced a counterclaim for damages of approximately \$5.1 million.
- (b) **Former CEO compensation claim** — The Corporation is subject to claims from a former President and Chief Executive Officer in respect of alleged unpaid compensation and wrongful dismissal, with asserted amounts of approximately \$3.1 million. The Corporation disputes the claims and intends to defend the matter vigorously.
- (c) **Land lease claim** — The Corporation is a party to a claim alleging breaches of land lease obligations, with asserted damages of approximately \$500,000. The Corporation disputes the claim and intends to defend the matter.
- (d) **Other employment-related matters** — The Corporation is involved in various other employment-related and similar matters, with aggregate asserted amounts of approximately \$87,500. These matters are in varying stages and the Corporation is defending its position in each.

The outcome and potential financial impact of each of the matters described above cannot be reliably measured at this time, and accordingly no provision has been recognized in respect of any of them.

## 11. Off-Balance Sheet Arrangements

The Corporation has no off-balance sheet arrangements.

## 12. Financial Instruments

The fair values of cash, trade and other receivables, and trade and other payables approximate their carrying amounts due to the short terms to maturity of these instruments. The fair values of the current portions of promissory notes, convertible debentures, GORR financing, and term loans also approximate their carrying amounts on the same basis. At March 31, 2026 and December 31, 2025, the fair value of these balances approximated their carrying amount due to their short terms to maturity. The fair values of non-current trade and other receivables, deposit, lease liability, convertible debentures, promissory notes, GORR financing and term loans are based on the discounted present value of future cash flows and approximate carrying amounts.

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. A substantial portion of the Corporation's accounts receivable are with natural gas and liquids marketers and joint operating partners in the P&NG industry and are subject to normal industry credit risks.

The Corporation's maximum exposure to credit risk is as follows:

	March 31 2026	December 31 2025
Cash (\$)	215,600	116,972
Trade and other receivables – current (\$)	2,132,366	1,525,300
Trade and other receivables – long-term (\$)	16,604	68,356
Deposits (\$)	1,412,735	1,315,673
	<b>3,777,305</b>	<b>3,026,301</b>

The majority of receivables over 90 days are due from joint operating partners. The Corporation can withhold working interest net profits or exercise available recourse mechanisms involving the reduction of the joint operating partner's working interest pursuant to the underlying Joint Operating Agreements as payments against these receivables.

	March 31 2026	December 31 2025
0 to 60 days	2,007,399	1,355,583
61 to 90 days	–	–
Over 90 days	141,571	238,073
Total trade and other receivables	<b>2,148,970</b>	<b>1,593,656</b>

## 13. Selected Quarterly Information

Unaudited	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024
Working capital deficiency (\$)	(39,048,429)	(39,644,749)	(17,760,564)	(14,779,083)	(17,374,081)	(17,569,867)	(8,744,415)	(14,798,176)
P&NG sales (\$)	4,522,137	4,373,743	5,277,864	4,902,540	4,598,472	4,318,916	4,727,708	5,147,351
Income (loss) (\$)	(2,481,914)	(6,624,689)	(1,972,052)	(984,852)	(1,742,717)	(2,421,477)	(1,285,725)	78,692
Income (loss) per share (\$)	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	0.00
Capital expenditures (\$)	742,742	2,510,722	2,000,767	1,647,513	2,524,720	830,509	2,741,967	398,647
WI acquisitions, net (\$)	–	–	8,376,115	–	–	3,325,497	3,357,428	489,740

Fluctuations in quarterly P&NG sales and income (loss) are primarily due to the volatility in commodity prices and changes in sales volumes due to production growth and declines tied to the timing of drilling activity and working interest acquisitions. Capital expenditures have been focused on a multi-well drilling program in the Brooks area and workovers in the Corporation's other areas.

Capital expenditure activity has been focused on workover activity across the Corporation's other operating areas. Capital expenditures of \$0.7 million in Q1 2026 were materially lower than prior quarters, as management elected to scale back capital activity in response to softer oil prices during the first two months of the quarter.

## 14. Critical Accounting Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ materially from estimated amounts. 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. The Corporation's significant judgments and estimates are disclosed in Note 3 of the Corporation's December 31, 2025 audited annual financial statements.

## 15. Amended Accounting Policies Not Yet Adopted

The Corporation has reviewed new and amended accounting pronouncements that have been issued but are not yet effective and determined that the following amendments are applicable to the Corporation:

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

Effective for Q1, 2026, amendments to IFRS 9 and IFRS 7 provide:

- clarifications to the "solely payments of principal and interest" test to ensure consistent application while maintaining the principle-based approach;
- refinements to the treatment of modifications to financial assets and liabilities upon derecognition;
- guidance for the treatment of financial liabilities settled through electronic payment systems; and
- additional IFRS 7 disclosure requirements to support classification and measurement rules, including derecognition.

### *IFRS 18 Presentation and Disclosure in Financial Statements*

Issued in April 2024 and effective January 1, 2027, IFRS 18 provides guidance to enhance transparency and comparability in financial reporting by introducing requirements for the structured presentation of profit or loss, aggregation and disaggregation of financial data, disclosures of management-defined performance measures ("MPMs") and clarity in the classification of operating, investing, and financing activities in the statement of cash flows. New disclosures must reconcile MPMs to IFRS measures, explaining their relevance and calculation.

## 16. Business Risks and Uncertainties

The Corporation's activities expose it to a variety of financial risks arising from its financial assets and liabilities. The Corporation manages its exposure to financial risks by operating in a manner that minimizes its exposure to the extent practical.

### a) Going Concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business for a period of at least twelve months from the date of approval of these financial statements.

In assessing whether the going concern assumption is appropriate, management considers all available information about the future, including the Corporation's cash flow forecasts, capital commitments, debt maturities, and ability to access additional sources of financing.

- (i) Production and revenue growth — continued development of the Corporation's core Cuthbert properties to grow production volumes and operating netbacks.
- (ii) Operating cost reductions — ongoing optimization of field operations.
- (iii) Debt management and extension of maturities

(iv) Access to additional financing — management continues to pursue additional equity and debt financing, as well as strategic transactions, to support operating and capital requirements.

While management believes that the initiatives described above, together with anticipated cash flow from operations, will be sufficient to meet the Corporation's obligations over the next twelve months, there can be no assurance that these plans will be realized on acceptable terms, within the required timeframes, or at all. Accordingly, a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern.

The current world-wide economic environment relating to the oil and gas industry has improved access to capital for many companies, including the Corporation. This has resulted in fund raising opportunities for the Corporation. Furthermore, there is potential that future commodity prices and the world-wide economic environment relating to the oil and gas industry, in general, will remain uncertain for an extended period and the Corporation will need to negotiate with its creditors to improve payment terms and/or pursue some form of asset sale, equity financing or other capital raising effort to fund its operations during the next twelve months. To that end, the Corporation is currently, and will continue, on an ongoing basis, examining alternative sources of capital, including potential debt and equity financing and ways to monetize its assets, including, without limitation, asset sales or swaps, joint ventures, corporate mergers, or acquisitions, farmouts or other transactions with industry partners, all with a view to enhancing liquidity and meeting commitments. The need to raise capital or defer expenditures to fund ongoing operations creates uncertainty that may cast doubt over the Corporation's ability to continue as a going concern. There is no certainty that these and other strategies will be sufficient to permit the Corporation to continue as a going concern.

Future oil and natural gas exploitation may involve unprofitable efforts due to wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion, and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field-operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut in of connected wells for various reasons including access issues resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical issues. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

A material change in prices of commodities may affect the Corporation's borrowings, ultimately affecting the raising of equity capital by the Corporation.

b) Commodity Price Risk

The nature of the Corporation's operations results in exposure to commodity fluctuations. The Corporation closely monitors commodity prices to determine the appropriate course of action to be taken by the Corporation. A material change in prices of commodities affected the Corporation's borrowings, ultimately affecting the raising of equity financing. The Corporation did not hedge commodity price risk and had no physical forward price or financial derivative sales contracts as at or during the the quarter ended March 31, 2026, years ended December 31, 2025 and 2024. Although improved, petroleum prices are expected to remain volatile for the near future as a result of the market uncertainties over the supply and demand of these commodities due to the current state of the world economies, OPEC actions, regional conflicts and the ongoing global credit and liquidity concerns.

c) Operational Dependence

The Corporation operates all its own wells in the Cuthbert, Hearts Hills, Luseland, Wildunn, Brooks, Red Earth, Loyalist, and Pouce Coupe properties. The Corporation's dependence on assets operated by others is extremely limited and has increased its working interest beyond the risk of operatorship challenge.

d) Regulatory Compliance

Oil and gas operations (exploration, production, pricing, marketing, and transportation) are subject to extensive controls and regulations imposed by various levels of government, which may be amended from time to time. Governments may regulate or intervene with respect to price, taxes, royalties and the exportation of oil and natural gas. Such regulations may be changed

from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for natural gas and crude oil and increase the Corporation's costs, any of which may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. In order to conduct oil and gas operations, the Corporation will require licenses from various government authorities. There can be no assurance that the Corporation will be able to obtain all the licenses and permits that may be required to conduct operations that it may wish to undertake.

e) Environmental

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial, and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned, and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Corporation to incur costs to remedy such discharge. Although the Corporation believes that it will be in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not possible to predict the impact on the Corporation and its operations and financial condition.

The Corporation anticipates making capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future to replace reserves.

If the Corporation's revenues or reserves decline, it may not have access to the capital necessary to undertake or complete future drilling programs.

In addition, uncertain levels of near-term industry activity expose the Corporation to additional access to capital risk. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes including repayment of loan facilities when due or, if debt or equity financing is available, that it will be on terms acceptable to the Corporation.

The inability of the Corporation to access sufficient capital for its operations and capital requirements could have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

f) Dilution

The Corporation remains focused on minimal dilution financing options. Any further equity financing will be for the purpose of acquisitions and accelerated capital development activities that add to the NPV value of Prospera to offset and minimize any further dilution. The Corporation has experienced significant share dilution as part of its financing and debt settlement strategy and expects that further equity issuances may be required to meet liquidity needs.

g) Conflicts of Interest

Certain directors of the Corporation are also directors of other oil and gas companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions. Conflicts, if any, will be subject to the procedures and remedies of the CBCA.

h) Legal, Environmental, Remediation and Other Contingent Matters

The Corporation reviews legal, environmental remediation and other contingent matters to both determine whether a loss is probable based on judgment and interpretation of laws and regulations and determine that the loss can reasonably be

estimated. When the loss is determined, it is charged to earnings. The Corporation's management monitors known and potential contingent matters and makes appropriate provisions by charges to earnings when warranted by circumstances.

## **17. Responsibility for Financial Reporting, Controls & Procedures**

The information provided in the Corporation's MD&A and financial statements is the responsibility of management. In the preparation of this information, estimates are sometimes necessary to determine future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Corporation's assets are safeguarded and to facilitate the preparation of relevant and timely disclosure information.

As the Corporation is classified as a Venture Issuer under applicable securities legislation, it is required to file basic Chief Executive Officer and Chief Financial Officer Certifications, which it has done for the three months ended March 31, 2026. The Corporation makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at March 31, 2026.

## **18. Directors, Officers & Other**

Directors:

Shubham Garg (Executive Chairman and Chief Executive Officer), Calgary, AB, Canada

Brian McConnell, Calgary, AB, Canada

Mark Lacey, Red Deer, AB, Canada

Matthew Kenna, Calgary, AB, Canada

Christopher Moore, Peterborough, ON, Canada

Officers:

Darren Jackson (Chief Operating Officer), Calgary, AB, Canada

Chris Ludtke (Chief Financial Officer), Calgary, AB, Canada

Other:

Corporate Office: Suite 730, 444 – 7<sup>th</sup> Ave SW, Calgary, AB T2P 0X8

Auditors: MNP LLP Suite 2000, 112 – 4<sup>th</sup> Ave SW, Calgary, AB T2P 0H3

Legal Counsel: Dentons Canada LLP Suite 1500, 850 – 2<sup>nd</sup> St SW, Calgary, AB T2P 0R8

Transfer Agent: Computershare Trust Company of Canada 100 University Ave., 11<sup>th</sup> Fl, South Tower, Toronto, ON M5J 2Y1

Bank: ATB Financial 102 – 8<sup>th</sup> Ave SW, Calgary, AB T2P 1B3