



## MANAGEMENT'S DISCUSSION & ANALYSIS

### 2025 Year in review

Tamarack has successfully completed its strategic multi-year transformation into a core Clearwater and Charlie Lake producer. 2025 was a transformative year for the Company with material advancements achieved in the profitability of the business through production outperformance, waterflood expansion, improved capital efficiencies, growth in reserves, lower operating costs and portfolio optimization. During the year, Tamarack increased production by 6% to 68,176 boe per day, proved, developed and producing reserves<sup>(1)</sup> by 31% to 90 MMBoe and proved plus probable reserves<sup>(1)</sup> by 18% to 282 MMBoe, driven by successful primary drilling programs in the Clearwater combined with strong reservoir response and decline mitigation from the waterflood expansion.

The Company also continues to prioritize low-cost, high-margin waterflood investment opportunities in the core Clearwater development areas in tandem with primary drilling activities. Tamarack exited 2025 with greater than 40,000 bbl per day of water injection and intends to grow injection rates to 60,000 bbl per day (exit to exit), with more than 35% of Clearwater oil production under waterflood by the end of 2026. Tamarack also continues to increase its footprint in the core Clearwater fairway with strategic tuck-in acquisitions including over 145 net undeveloped sections of stacked Clearwater, Wabiskaw and other multi-zone mineral rights.

Tamarack generated fourth quarter free funds flow<sup>(1)</sup> of \$70.6 million and \$390.1 million for the full year. The Company reduced net debt<sup>(1)</sup> by 12%, or \$89.7 million, and returned \$262.3 million to shareholders in the form of dividends and share buybacks. Tamarack has now reduced the common share float by 12.6% since the onset of the share buyback program in the first quarter of 2024. With a low-cost structure, low corporate decline rate, low reinvestment requirement and low corporate breakeven oil price, Tamarack is well positioned to continue generating sustainable total returns for shareholders in lower commodity price environments through a combination of measured growth, share buybacks, debt reduction and the base dividend.

### About Tamarack Valley Energy Ltd.

Tamarack is a corporation engaged in the exploration, development, production and sale of oil and natural gas in the Western Canadian Sedimentary Basin. The Company is currently developing two projects in Northern Alberta – a Clearwater heavy oil position at Nipisi, Marten Hills and South Clearwater and a Charlie Lake light oil position at Valhalla, Wembley and Pipestone. The Company is incorporated and domiciled in Alberta, Canada with the head office located at Suite 1700, 525 – 8th Avenue S.W., Calgary, Alberta, T2P 1G1. Tamarack is a publicly traded company on the Toronto Stock Exchange and is traded under the symbol "TVE".

As of December 31, 2025, the Company held over 850 sections of acreage across the Clearwater fairway with 207.8 million boe of total gross proved plus probable reserves<sup>(1)</sup>. The Clearwater formations are characterized by strong economics supported by a low-cost structure, low declines and multiple payouts on initial investment. The formation responds strongly to enhanced oil recovery through waterflood injection. Tamarack produced over 47,000 boe per day of oil and natural gas (91% liquids) from the Clearwater in 2025.

As of December 31, 2025, Tamarack held over 240 sections of Charlie Lake acreage with 72.5 million boe of total gross proved plus probable reserves<sup>(1)</sup>, providing the Company with extensive light oil development opportunities through multi-well pad drilling with extended horizontal reach. The Charlie Lake formations are characterized by short payout periods and low break-even economics. The Company produced over 17,000 boe per day of light oil and natural gas (67% liquids) from the Charlie Lake in 2025.

### Disclaimers

This Management's Discussion and Analysis ("MD&A") provides a review of the operations, financial results and outlook for Tamarack Valley Energy Ltd. for the three months and years ended December 31, 2025 and 2024. This MD&A is dated as at February 24, 2026 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2025 and 2024 ("Annual Financial Statements"). Additional information about Tamarack, including the Company's Annual Information Form for the year ended December 31, 2025, is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and Tamarack's website at [www.tamarackvalley.ca](http://www.tamarackvalley.ca).

The Company uses certain Non-GAAP Financial Measures, Non-GAAP Financial Ratios, Capital Management Measures and Capital Management Ratios in this MD&A. Certain Supplemental Financial Measures are also presented on a per boe, per share or on a percentage basis. For additional information regarding these measures, refer to the "Advisories and guidance" section of this MD&A.

(1) Based upon the independent reserves evaluations conducted by McDaniel & Associates Consultants Ltd. as at December 31, 2025. Refer to "Advisories and guidance" for information about the independent reserves evaluations conducted by McDaniel. Refer to "Advisories and guidance" for information on Capital management, Non-GAAP and other Supplemental financial measures and ratios.

## Q4 2025 operational and financial highlights

December 31	Three months ended			Year ended		
	2025	2024	% change	2025	2024	% change
<b>(\$ thousands, except per share amounts)</b>						
Oil and natural gas sales	\$ 365,028	\$ 426,482	(14)	\$ 1,611,671	\$ 1,720,732	(6)
Cash provided by operating activities	175,571	201,798	(13)	778,897	833,212	(7)
Per share – basic	0.36	0.38	(5)	1.55	1.54	1
Per share – diluted	0.35	0.38	(8)	1.54	1.52	1
Adjusted funds flow <sup>(1)</sup>	171,806	223,431	(23)	795,575	850,960	(7)
Per share – basic	0.35	0.42	(17)	1.59	1.57	1
Per share – diluted	0.35	0.42	(17)	1.57	1.56	1
Free funds flow <sup>(1)</sup>	70,592	89,208	(21)	390,119	386,901	1
Per share – basic	0.14	0.17	(18)	0.78	0.71	10
Per share – diluted	0.14	0.17	(18)	0.77	0.71	8
Net income (loss)	61,922	6,382	nm	(36,349)	162,219	nm
Per share – basic	0.13	0.01	nm	(0.07)	0.30	nm
Per share – diluted	0.12	0.01	nm	(0.07)	0.30	nm
Adjusted net income <sup>(1)</sup>	49,633	69,906	(29)	253,342	267,500	(5)
Per share – basic	0.10	0.13	(23)	0.51	0.49	4
Per share – diluted	0.10	0.13	(23)	0.50	0.49	2
Debt	668,328	738,123	(9)	668,328	738,123	(9)
Net debt <sup>(1)</sup>	685,716	775,438	(12)	685,716	775,438	(12)
Investments in oil and natural gas assets	99,293	127,311	(22)	400,015	450,905	(11)
<b>Weighted average shares outstanding</b>						
Basic	489,744	529,136	(7)	501,160	542,530	(8)
Diluted	495,712	533,845	(7)	506,619	546,940	(7)
<b>Average daily production</b>						
Heavy oil (bbls/d)	45,451	39,341	16	42,814	38,082	12
Light oil (bbls/d)	10,220	13,822	(26)	12,450	14,271	(13)
NGL (bbls/d)	2,823	2,841	(1)	2,742	2,556	7
Natural gas (mcf/d)	60,846	60,602	-	61,020	56,529	8
Total (boe/d)	68,635	66,104	4	68,176	64,331	6
<b>Average sale prices</b>						
Heavy oil (\$/bbl)	\$ 65.53	\$ 79.69	(18)	\$ 73.57	\$ 82.37	(11)
Light oil (\$/bbl)	75.85	94.30	(20)	85.04	96.12	(12)
NGL (\$/bbl)	27.66	32.84	(16)	31.99	37.51	(15)
Natural gas (\$/mcf)	2.24	1.71	31	1.96	1.72	14
Total (\$/boe)	57.81	70.12	(18)	64.77	73.08	(11)
<b>Benchmark pricing</b>						
West Texas Intermediate (US\$/bbl)	59.14	70.27	(16)	64.81	75.72	(14)
Western Canadian Select (WCS) (C\$/bbl)	66.88	80.74	(17)	75.06	83.52	(10)
WCS differential (US\$/bbl)	11.20	12.56	(11)	11.13	14.76	(25)
Edmonton Par (Cdn\$/bbl)	76.58	94.90	(19)	85.63	97.54	(12)
Edmonton Par differential (US\$/bbl)	4.25	2.42	76	3.57	4.51	(21)
Foreign Exchange (USD to CAD)	1.39	1.40	(1)	1.40	1.37	2
<b>Operating netback (\$/boe)</b>						
Oil and natural gas sales	57.81	70.12	(18)	64.77	73.08	(11)
Royalty expenses	(10.88)	(13.42)	(19)	(12.17)	(14.33)	(15)
Net operating expenses <sup>(1)</sup>	(6.74)	(7.16)	(6)	(7.43)	(8.91)	(17)
Transportation expenses	(3.39)	(3.30)	3	(3.46)	(3.43)	1
Operating field netback (\$/boe) <sup>(1)</sup>	36.80	46.24	(20)	41.71	46.41	(10)
Realized commodity hedging loss	(1.46)	(1.59)	(8)	(0.77)	(0.48)	60
<b>Operating netback (\$/boe)<sup>(1)</sup></b>	<b>\$ 35.34</b>	<b>\$ 44.65</b>	<b>(21)</b>	<b>\$ 40.94</b>	<b>\$ 45.93</b>	<b>(11)</b>
<b>Adjusted funds flow (\$/boe)<sup>(1)</sup></b>	<b>\$ 27.21</b>	<b>\$ 36.74</b>	<b>(26)</b>	<b>\$ 31.97</b>	<b>\$ 36.14</b>	<b>(12)</b>

(1) Refer to "Advisories and guidance" for information on Capital management measures and ratios, Non-GAAP financial measures and ratios and Supplemental financial measures.

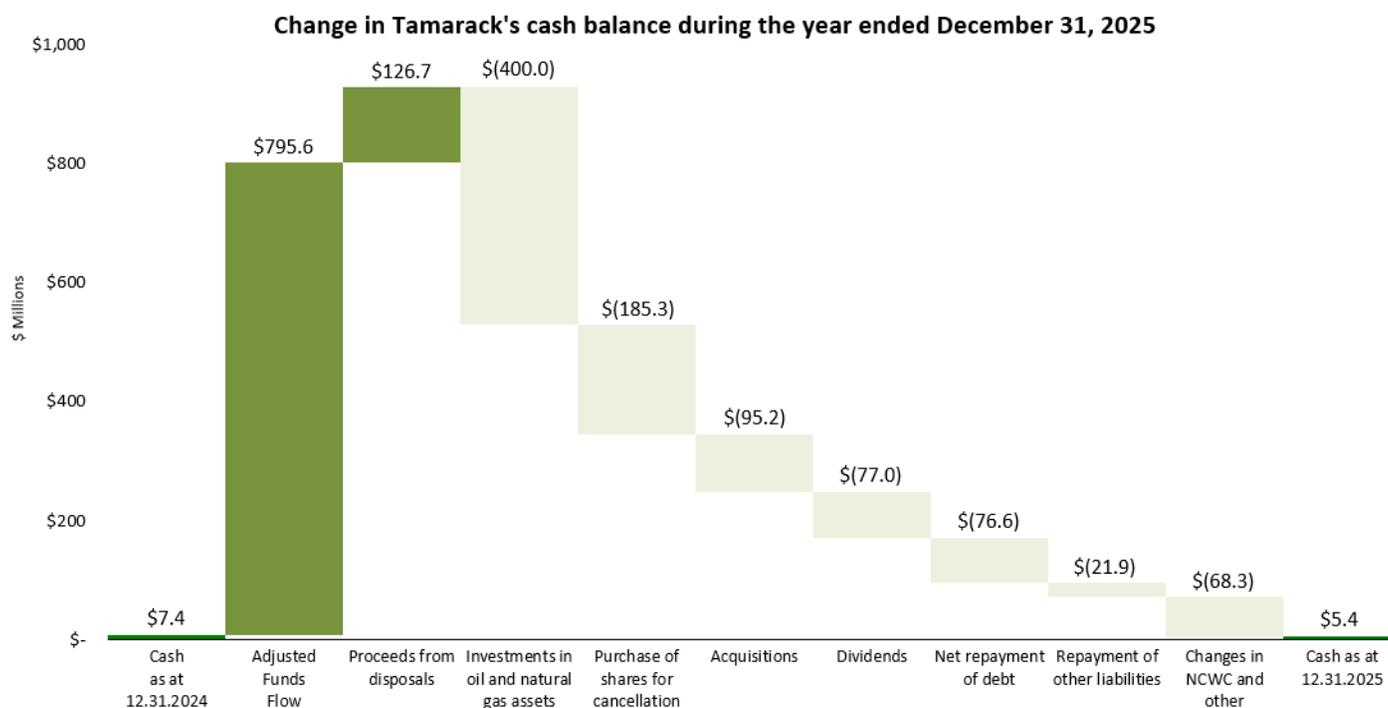
## Highlights for the three months and year ended December 31, 2025

- **Production** – Fourth quarter production averaged 68,635 boe per day, a 4% increase over the fourth quarter of 2024. Full year production averaged 68,176 boe per day, reflecting a 6% increase compared to 2024. Together with strong reservoir response and decline mitigation from ongoing waterflood investments in the Clearwater and a tuck-in acquisition of additional Clearwater assets in the third quarter, Tamarack more than replaced the production from the Southern Penny and Eastern Alberta asset divestitures in the second and fourth quarters of 2025.
- **Net operating expenses** – For the year ended December 31, 2025, net operating expenses<sup>(1)</sup> per boe decreased by 17% compared to the prior year, primarily due to ongoing improvements in operational efficiencies. Net operating expenses<sup>(1)</sup> per boe also declined from non-core property dispositions in 2025.
- **Cash flows** – Tamarack delivered cash provided by operating activities of \$175.6 million and adjusted funds flow<sup>(1)</sup> of \$171.8 million during the three months ended December 31, 2025, declines of 13% and 23% compared to the same period in 2024, respectively. Tamarack has continued to deliver robust free funds flow<sup>(1)</sup>, particularly on a per share basis, generating \$70.6 million or \$0.14 per share in the fourth quarter of 2025. For the full year, Tamarack generated free funds flow<sup>(1)</sup> of \$390.1 million or \$0.78 per share, a 10% improvement over the same period in 2024.
- **Shareholder returns** – During the three months ended December 31, 2025, the Company repurchased 6.8 million common shares for a total cost of \$49.4 million under its share buyback program. For the full year, the Company acquired 36.2 million common shares, or 6.9% of the common share float, for a total cost of \$185.3 million (average of \$5.00 per share). Together with base dividends, Tamarack returned \$262.3 million to shareholders in 2025. The Company also continued to prioritize balance sheet strength, reducing debt by 9% and net debt<sup>(1)</sup> by 12% since the beginning of the year.
- **Reserves growth** – Tamarack increased proved, developed producing reserves<sup>(2)</sup> by 31% in 2025 to 90 MMboe and total proved plus probable reserves<sup>(2)</sup> by 18% to 282 MMboe. The substantial growth in reserves was primarily due to additions from ongoing primary drilling and development activities and waterflood outperformance in the Clearwater. Tamarack's 2P reserves<sup>(2)</sup> are estimated to have a pre-tax net present value of approximately \$5.4 billion using a 10% discount rate (December 31, 2024 - \$5.1 billion).
- **Capital investments** – Tamarack invested \$99.3 million in the fourth quarter of 2025, primarily for ongoing development of the Clearwater, drilling 24.0 net Clearwater heavy oil production wells, 6.0 injection wells to support the ongoing expansion of the waterflood and 4.0 net Charlie Lake wells. For the full year, Tamarack invested \$400.0 million, an 11% reduction compared to the prior year, primarily reflecting the impact of declining sustaining capital requirements from strong waterflood performance, capital efficiencies from multi-well pad developments and improved run times.
- **Waterflood expansion** – Tamarack exited 2025 with water injection rates of approximately 40,000 bbl per day, an increase of 230% compared to an exit rate of 12,000 bbl per day at the of 2024. By the end of the year, the Company had approximately 24% of its total Clearwater production under waterflood with more than 5,000 boe per day of incremental heavy oil production volumes being generated from the secondary waterflood recovery. Tamarack intends to grow injection rates to 60,000 bbl per day in 2026, with more than 35% of Clearwater oil production under waterflood by the end of the year.
- **Coring up the Clearwater** – In 2025, Tamarack continued to expand its footprint in the core Clearwater fairway with two strategic tuck-in acquisitions for \$95.2 million that included over 145 net sections of stacked Clearwater, Wabiskaw and other potential multi-zone mineral rights in the Nipisi, Marten Hills, Figure Lake, Seal and Pelican asset areas near the Company's core holdings. Tamarack plans to drill both the Wabiskaw and Clearwater oil zones at Pelican in 2026.
- **Portfolio optimization** – In 2025, Tamarack sold its remaining non-core assets in the Southern Penny and Eastern Alberta areas for gross cash proceeds of \$140.0 million before closing adjustments and derecognized \$55.3 million of asset retirement obligations (discounted). Since the beginning of 2023, Tamarack has reduced its discounted asset retirement obligations by \$155.5 million, or over 55%, from non-core dispositions. These dispositions have completed the Company's strategic multi-year transformation into a core Clearwater and Charlie Lake producer.
- **Liquidity** – On July 25, 2025, the Company issued \$325.0 million of 6.875% interest-bearing senior unsecured notes due on July 25, 2030 (the "2030 Notes"). Net proceeds from the transaction at the date of closing were utilized primarily to repay amounts drawn under its credit facility and redeem \$100.0 million of the 2027 Notes. Tamarack exited 2025 with available credit capacity of \$717.3 million (82% undrawn). In October, the S&P Global Ratings raised Tamarack's credit rating from B to B+ in response to ongoing net debt reduction and production outperformance.

(1) Refer to "Advisories and guidance" for information on Capital management, Non-GAAP and Supplemental financial measures and ratios and Forward-looking statements.

(2) Based upon the independent reserves evaluations conducted by McDaniel & Associates Consultants Ltd. as at December 31, 2025.

## Change in cash



Refer to "Advisories and guidance" for Capital Management measures and ratios, Non-GAAP financial measures and ratios and Supplemental financial measures. NCWC = non-cash working capital.

## Reserves update

Reserves category <sup>(1)</sup> Year ended December 31	Mboe			\$MM <sup>(2)</sup>		
	2025	2024	% change	2025	2024	% change
Gross proved developed producing reserves	90,386	69,248	31	2,151	1,887	14
Gross proved reserves	173,624	137,647	26	3,423	3,028	13
Gross proved plus probable reserves	281,676	238,256	18	5,422	5,142	5

(1) Refer to "Advisories and guidance" for important additional information about the independent reserves evaluations.

(2) Estimated pre-tax net present value of discounted cash flows from reserves using a 10% discount rate.

The Company's independent, qualified reserves evaluator, McDaniel, performed reserves evaluations of the Company's assets as at December 31, 2025. As at December 31, 2025, the Company's total gross proved plus probable reserves were 281.7 million boe, an 18% increase compared to 238.3 million boe in the prior year. The increase was primarily due to reserve additions through continued waterflood outperformance at Clearwater and ongoing drilling and development activities at Charlie Lake, partially offset by the sale of the Company's Southern Penny and Eastern Alberta assets and production in the year.

Tamarack's 2P reserves are estimated to have a pre-tax net present value of approximately \$5.4 billion using a 10% discount rate (December 31, 2024 - \$5.1 billion). Growth in the discounted future cash flows in 2025 were primarily due to higher booked reserves and lower future development costs from capital efficiencies, partially offset by lower escalated commodity price forecasts.

## Annual guidance

2026 Outlook For the year ended December 31, 2026	Guidance (Dec. 3, 2025)
Base 2026 capital investments budget (\$ millions) <sup>(1)</sup>	390 - 410
Annual average production (boe/d)	69,000 - 71,000
Average oil & NGL weighting (%)	84 - 86
Royalty rate (%)	19 - 21
Corporate wellhead price differential - Oil (\$/bbl)	1.00 - 1.50
Net operating (\$/boe) <sup>(2)</sup>	6.85 - 7.15
Transportation (\$/boe)	4.00 - 4.50
General and administrative (\$/boe)	1.30 - 1.45
Interest (\$/boe)	2.70 - 3.10
Income taxes (% of Adjusted Funds flow <sup>(2)</sup> before tax)	10 - 12

(1) Amounts exclude asset retirement obligations, acquisitions and dispositions.

(2) Refer to "Advisories and guidance" for information on Capital management, Non-GAAP and other Supplemental financial measures, ratios and Forward-looking statements.

Approximately 70% of Tamarack's 2026 capital investment program is dedicated to ongoing primary development and waterflood expansion in the Clearwater. Waterflood investments are forecasted to be \$100 million, which represents double that of 2025 in response to the ongoing success of the program. The Company plans to ramp up injection rates to 60,000 bbl per day, with over 35% of Clearwater oil production under waterflood by the end of 2026. Tamarack expects that expanded waterfloods investments will further accelerate decline mitigation and lower future reinvestment ratios, which will enable the Company to offer more torque to growth at higher commodity price cycles. The remainder of Tamarack's 2026 capital budget is primarily allocated to ongoing development of Charlie Lake and exploration of the greater Clearwater, including Pelican and Seal.

Ongoing investments are expected to deliver production growth of 3%, which primarily reflects the impact of development activities in 2026 and ongoing waterflood investments in 2024 and 2025. Tamarack remains nimble and may scale the 2026 capital program if prices materially fluctuate during the year.

Tamarack expects net operating expenses to decline by 6% in 2026, primarily due to non-core property dispositions in 2025, which carried higher per barrel costs relative to retained assets. The Company also continues to realize lower per barrel costs through field infrastructure investments, lower water handling and trucking costs from waterflood reinjection and reduced workover costs.

Tamarack seeks to maximize per share returns and value to shareholders across commodity price cycles. With a low-cost structure, low corporate decline rates, low reinvestment requirements and low corporate breakeven oil prices, Tamarack is well positioned to continue generating sustainable total returns to shareholders in a lower price environment through a combination of measured growth, share buybacks, debt reduction and the base dividend.

## 2025 Review

<b>2025 Results</b>	Original	Revised guidance	Revised guidance	<b>Actual</b>
<b>For the year ended December 31, 2025</b>	(Dec. 4, 2024)	(July 29, 2025)	(Oct. 28, 2025)	<b>2025</b>
Capital investments (\$ millions) <sup>(1)</sup>	430 - 450	400 - 420	400 - 420	<b>400.0</b>
Annual average production (boe/d)	65,000 - 67,000	67,000 - 69,000	67,000 - 69,000	<b>68,176</b>
Average oil & NGL weighting (%)	83 - 85	83 - 85	83 - 85	<b>85</b>
Royalty rate (%)	20 - 22	20 - 22	19 - 20	<b>19</b>
Corporate wellhead price differential - Oil (\$/bbl)	1.50 - 2.50	1.50 - 2.50	1.50 - 2.50	<b>1.29</b>
Net operating (\$/boe) <sup>(2)</sup>	8.40 - 8.90	8.00 - 8.50	7.75 - 8.00	<b>7.43</b>
Transportation (\$/boe)	3.75 - 4.25	3.75 - 4.00	3.75 - 4.00	<b>3.46</b>
General and administrative (\$/boe)	1.30 - 1.45	1.30 - 1.45	1.30 - 1.45	<b>1.49</b>
Interest (\$/boe)	2.90 - 3.30	2.70 - 3.10	2.70 - 3.10	<b>2.69</b>
Income taxes (% of Adjusted Funds flow <sup>(2)</sup> before tax)	10 - 12	10 - 12	10 - 12	<b>11</b>

(1) Amounts exclude asset retirement obligations, acquisitions and dispositions.

(2) Refer to "Advisories and guidance" for information on Capital management, Non-GAAP and other Supplemental financial measures, ratios and Forward-looking statements.

Tamarack achieved full year production guidance as a result of strong base volumes and lower declines from expanded waterflood activities in the Clearwater. Capital investments were at the low end of revised guidance primarily due to lower sustaining capital requirements from waterflood outperformance and strong base production and capital efficiencies gains from expanded multi-well pad development.

Royalty rates were lower than original guidance due to lower commodity reference prices and gas cost allowance credits recognized in the year. The corporate wellhead price differential was lower than guidance primarily due to improved trading differentials driven by ongoing marketing optimization initiatives. Net operating expenses were lower than guidance primarily due to field infrastructure investments, lower water handling and trucking costs from waterflood reinjection, higher production, reduced workover costs and portfolio optimization. Transportation expenses were lower than guidance primarily due to lower per unit trucking costs and pipeline transportation contracts. G&A costs were higher than guidance, primarily due to short-term incentives and non-recurring expenses.

## Production

<b>December 31</b>	<b>Three months ended</b>			<b>Year ended</b>		
	<b>2025</b>	2024	% change	<b>2025</b>	2024	% change
Heavy oil (bbls/d)	<b>45,451</b>	39,341	16	<b>42,814</b>	38,082	12
Light oil (bbls/d)	<b>10,220</b>	13,822	(26)	<b>12,450</b>	14,271	(13)
Natural gas liquids (bbls/d)	<b>2,823</b>	2,841	(1)	<b>2,742</b>	2,556	7
Natural gas (mcf/d)	<b>60,846</b>	60,602	-	<b>61,020</b>	56,529	8
Total (boe/d)	<b>68,635</b>	66,104	4	<b>68,176</b>	64,331	6
Total (boe)	<b>6,314,379</b>	6,081,672	4	<b>24,884,461</b>	23,544,923	6
Percentage of oil and NGLs	<b>85%</b>	85%	-	<b>85%</b>	85%	-

Tamarack's production during the three months and year ended December 31, 2025 increased by 4% and 6%, respectively, compared to the same periods in 2024, primarily due to ongoing drilling and development programs in the Clearwater and Charlie Lake areas. The Company also experienced strong reservoir response and decline mitigation on base production from ongoing waterflood investments in the Clearwater. The increase in production was partially offset by the disposition of the Company's Southern Penny and Eastern Alberta assets in the second and fourth quarters of 2025.

## Benchmark prices

December 31	Three months ended			Year ended		
	2025	2024	% change	2025	2024	% change
West Texas Intermediate (WTI) (US\$/bbl)	\$ 59.14	\$ 70.27	(16)	\$ 64.81	\$ 75.72	(14)
Western Canadian Select (WCS) (CAD/bbl)	66.88	80.74	(17)	75.06	83.52	(10)
WCS differential, relative to WTI (US\$/bbl)	11.20	12.56	(11)	11.13	14.76	(25)
Edmonton Par (light sweet) (CAD/bbl)	76.58	94.90	(19)	85.63	97.54	(12)
Edmonton Par differential to WTI (US\$/bbl)	4.25	2.42	76	3.57	4.51	(21)
NYMEX monthly settlement (US\$/mmbtu)	3.55	2.79	27	3.43	2.27	51
AECO monthly index (CAD/mcf)	\$ 2.33	\$ 1.45	61	\$ 1.85	\$ 1.43	29
Foreign exchange (USD to CAD)	1.39	1.40	(1)	1.40	1.37	2

The price of WTI for crude oil sales at Cushing, Oklahoma is the primary benchmark for crude oil pricing in North America. The differential price between Western Canadian crude and WTI is impacted by multiple factors, including domestic production, inventory levels, pipeline capacity, US refinery intake capacity, trade policies and storage constraints in Canada. The price that Tamarack receives for the sale of its crude oil is discounted for delivery points in Alberta and adjusted for quality based on the characteristics of the oil relative to the quoted benchmark.

During the three months and year ended December 31, 2025, the WTI benchmark decreased by 16% and 14%, respectively, compared to the same periods in 2024. WTI benchmark price volatility throughout 2025 was primarily driven by the ongoing threat of changes to U.S. foreign trading policies, global conflicts and growth in global oil supply from OPEC+ and non-OPEC+ producing nations. Fourth quarter pricing was further impacted by uncertainty stemming from the U.S.-Venezuela conflict.

The WCS differential strengthened by 11% and 25% in the three months and year ended December 31, 2025, compared to the same periods in 2024, primarily due to lower heavy oil inventories in North America and strong demand in the U.S. and Asian markets. For the full year, the differential also improved due to enhanced egress out of the Western Canadian Sedimentary Basin provided by the TMX pipeline, which came online in the second quarter of 2024.

The Edmonton Par differential strengthened by 21% during 2025, compared to the prior year, primarily driven by light oil pipeline apportionments sustained in the first quarter of 2024. The light oil differential widened by 76% for the three months ended December 31, 2025, primarily due to lower light oil volumes flowing west as a result of weakened demand relative to the same period in 2024.

## Oil and natural gas sales

December 31	Three months ended			Year ended		
	2025	2024	% change	2025	2024	% change
Heavy oil	\$ 273,996	\$ 288,428	(5)	\$ 1,149,658	\$ 1,148,018	-
Light oil	71,322	119,918	(41)	386,433	502,070	(23)
Natural gas	12,526	9,553	31	43,563	35,559	23
Natural gas liquids	7,184	8,583	(16)	32,017	35,085	(9)
Oil and natural gas sales	\$ 365,028	\$ 426,482	(14)	\$ 1,611,671	\$ 1,720,732	(6)
Heavy oil (\$/bbl)	\$ 65.53	\$ 79.69	(18)	\$ 73.57	\$ 82.37	(11)
Light oil (\$/bbl)	75.85	94.30	(20)	85.04	96.12	(12)
Natural gas (\$/mcf)	2.24	1.71	31	1.96	1.72	14
Natural gas liquids (\$/bbl)	27.66	32.84	(16)	31.99	37.51	(15)
Oil and natural gas sales (\$/boe)	\$ 57.81	\$ 70.12	(18)	\$ 64.77	\$ 73.08	(11)

For the three months ended December 31, 2025, revenues decreased by \$61.5 million compared to the same period in 2024 due to \$77.7 million from lower realized pricing, partially offset by \$16.2 million from higher production. For the year ended December 31, 2025, revenues declined by \$109.1 million due to lower realized pricing of \$206.8 million, partially offset by \$97.7 million from higher production. The Company's realized sales per boe declined by 18% and 11% for the three months and year ended December 31, 2025, respectively, compared to the same periods in the prior year, primarily due to lower WTI benchmark prices.

Heavy oil wellhead price realization (\$/bbl) December 31 <sup>(1)</sup>	Three months ended			Year ended		
	2025	2024	% change	2025	2024	% change
WCS benchmark price	\$ 66.88	\$ 80.74	(17)	\$ 75.06	\$ 83.52	(10)
Less: Tamarack's heavy oil realized price	(65.53)	(79.69)	(18)	(73.57)	(82.37)	(11)
Heavy oil wellhead price differential	1.35	1.05	29	1.49	1.15	30
Add: Transportation expenses - heavy oil	3.56	3.37	6	3.51	3.77	(7)
Heavy oil diff., incl. transportation expenses	\$ 4.91	\$ 4.42	11	\$ 5.00	\$ 4.92	2

(1) Refer to "Advisories and guidance" for information on Capital management measures and ratios, Non-GAAP financial measures and ratios and Supplemental financial measures.

The heavy oil differential, including transportation expenses, widened by 11% during the fourth quarter of 2025 compared to the same period in 2024, driven by moderately weaker trading differentials of the Company's Clearwater heavy oil products and additional transportation costs from regional transport disruptions.

Light oil wellhead price realization (\$/bbl) December 31 <sup>(1)</sup>	Three months ended			Year ended		
	2025	2024	% change	2025	2024	% change
Edmonton Par benchmark price	\$ 76.58	\$ 94.90	(19)	\$ 85.63	\$ 97.54	(12)
Less: Tamarack's light oil realized price	(75.85)	(94.30)	(20)	(85.04)	(96.12)	(12)
Light oil wellhead price differential	0.73	0.60	22	0.59	1.42	(58)
Add: Transportation expenses - light oil	3.84	4.14	(7)	4.39	3.58	23
Light oil diff., incl. transportation expenses	\$ 4.57	\$ 4.74	(4)	\$ 4.98	\$ 5.00	-

(1) Refer to "Advisories and guidance" for information on Capital management measures and ratios, Non-GAAP financial measures and ratios and Supplemental financial measures.

During the three months ended December 31, 2025, the Company's light oil differential, including transportation expenses, improved by 4% compared to the same period in the prior year, primarily driven by lower light oil transportation expenses as a result of delivery point optimizations for trucked volumes.

## Risk management

(\$ thousands, except per boe) December 31	Three months ended			Year ended		
	2025	2024		2025	2024	
Realized loss	\$ (9,204)	\$ (9,649)		\$ (19,228)	\$ (11,291)	
Unrealized gain (loss)	19,555	(45,196)		30,251	(51,581)	
Total risk management contracts	\$ 10,351	\$ (54,845)		\$ 11,023	\$ (62,872)	
Realized loss (\$/boe)	\$ (1.46)	\$ (1.59)		\$ (0.77)	\$ (0.48)	

Risk management instruments are measured at their estimated fair market value at each reporting period. An unrealized gain on commodity risk management contracts reflects a non-cash increase in value resulting from a decline in future estimated commodity prices relative to Tamarack's contract positions. A realized commodity risk management contract gain reflects the cash settlement of the Company's fixed price position in excess of lower actual underlying market prices at the maturity date. Realized and unrealized losses generally result from increases in actual and future estimated commodity prices, respectively. As at December 31, 2025, Tamarack's commodity risk management contracts had a net asset value of \$14.6 million (December 31, 2024 – \$15.7 million liability).

## Royalties

(\$ thousands, except per boe) December 31	Three months ended			Year ended		
	2025	2024	% change	2025	2024	% change
Total royalty expenses	\$ 68,704	\$ 81,597	(16)	\$ 302,938	\$ 337,378	(10)
Total (\$/boe)	10.88	13.42	(19)	12.17	14.33	(15)
Percentage of sales (%)	19	19	-	19	20	(5)

For the three months and year ended December 31, 2025, royalty expenses averaged 19% of oil and natural gas sales. Royalty expenses per boe declined by 19% and 15%, respectively, compared to the same periods in 2024, primarily due to lower reference prices, particularly in the fourth quarter of 2025. Royalty expenses for the full year were also impacted by gas cost allowance credits recognized in the third quarter of 2025.

## Net operating expenses

(\$ thousands, except per boe) December 31	Three months ended			Year ended		
	2025	2024	% change	2025	2024	% change
Operating expenses	\$ 43,531	\$ 43,781	(1)	\$ 187,839	\$ 212,430	(12)
Less: processing income	(945)	(267)	nm	(2,829)	(2,634)	7
Total net operating expenses <sup>(1)</sup>	\$ 42,586	\$ 43,514	(2)	\$ 185,010	\$ 209,796	(12)
Total (\$/boe)	\$ 6.74	\$ 7.16	(6)	\$ 7.43	\$ 8.91	(17)

(1) Refer to "Advisories and guidance" for information on Capital management measures and ratios, Non-GAAP financial measures and ratios and Supplemental financial measures.

For the three months and year ended December 31, 2025, net operating expenses per boe decreased by 6% and 17%, respectively, compared to the same periods in 2024, primarily due to field infrastructure investments, lower water handling and trucking costs from waterflood reinjection, higher production and reduced workover costs. Net operating expenses per boe also declined due to non-core property dispositions in 2025 and 2024, which carried higher operating costs on a per barrel basis relative to retained assets. Net operating expenses per boe in the fourth quarter of 2025 were positively impacted by non-recurring prior period adjustments.

### Transportation expenses

(\$ thousands, except per boe) December 31 <sup>(1)</sup>	Three months ended			Year ended		
	2025	2024	% change	2025	2024	% change
Transportation expense - oil	\$ 18,491	\$ 17,472	6	\$ 74,730	\$ 71,175	5
Transportation expense - gas	2,897	2,619	11	11,419	9,552	20
Total transportation expenses	\$ 21,388	\$ 20,091	6	\$ 86,149	\$ 80,727	7
Total (\$/boe)	\$ 3.39	\$ 3.30	3	\$ 3.46	\$ 3.43	1

(1) Pipeline tariffs are generally classified as transportation expenses when the Company has firm commitments or contractual arrangements on the pipeline. Pipeline tariffs may also be included indirectly as a deduction from the base price paid by a purchaser of Tamarack's oil, NGL and gas sales. In the latter case, the tariffs are reflected as a reduction of revenue.

For the three months and year ended December 31, 2025, transportation expenses per boe remained consistent compared to the same periods in 2024. Gross transportation expenses increased for the three months and year ended December 31, 2025, primarily due to higher production.

### Operating netback

(\$ thousands) December 31 <sup>(1)</sup>	Three months ended			Year ended		
	2025	2024	% change	2025	2024	% change
Oil and natural gas sales	\$ 365,028	\$ 426,482	(14)	\$ 1,611,671	\$ 1,720,732	(6)
Royalty expenses	(68,704)	(81,597)	(16)	(302,938)	(337,378)	(10)
Net operating expenses	(42,586)	(43,514)	(2)	(185,010)	(209,796)	(12)
Transportation expenses	(21,388)	(20,091)	6	(86,149)	(80,727)	7
Operating field netback	232,350	281,280	(17)	1,037,574	1,092,831	(5)
Realized hedging loss	(9,204)	(9,649)	(5)	(19,228)	(11,291)	70
Operating netback	\$ 223,146	\$ 271,631	(18)	\$ 1,018,346	\$ 1,081,540	(6)

(1) Refer to "Advisories and guidance" for information on Capital management measures and ratios, Non-GAAP financial measures and ratios and Supplemental financial measures.

(\$/boe) December 31 <sup>(1)</sup>	Three months ended			Year ended		
	2025	2024	% change	2025	2024	% change
Oil and natural gas sales	\$ 57.81	\$ 70.12	(18)	\$ 64.77	\$ 73.08	(11)
Royalty expenses	(10.88)	(13.42)	(19)	(12.17)	(14.33)	(15)
Net operating expenses	(6.74)	(7.16)	(6)	(7.43)	(8.91)	(17)
Transportation expenses	(3.39)	(3.30)	3	(3.46)	(3.43)	1
Operating field netback	36.80	46.24	(20)	41.71	46.41	(10)
Realized hedging loss	(1.46)	(1.59)	(8)	(0.77)	(0.48)	60
Operating netback	\$ 35.34	\$ 44.65	(21)	\$ 40.94	\$ 45.93	(11)

(1) Refer to "Advisories and guidance" for information on Capital management measures and ratios, Non-GAAP financial measures and ratios and Supplemental financial measures.

For the three months and year ended December 31, 2025, the operating netback per boe decreased by 21% and 11%, respectively, compared to the same periods in 2024, primarily due to lower benchmark oil prices. The declines were partially offset by lower net operating and royalty expenses.

### General and administrative ("G&A") expenses

(\$ thousands, except per boe) December 31	Three months ended			Year ended		
	2025	2024	% change	2025	2024	% change
G&A expenses	\$ 10,411	\$ 8,102	28	\$ 37,021	\$ 32,706	13
Total (\$/boe)	\$ 1.65	\$ 1.33	24	\$ 1.49	\$ 1.39	7

For the three months and year ended December 31, 2025, G&A costs per boe increased by 24% and 7%, respectively, compared to the same periods in 2024, primarily due to higher short-term incentives. For the full year, G&A expenses were also impacted by non-recurring expenses, partially offset by higher production.

## Stock-based compensation expense

(\$ thousands, except per boe) <b>December 31</b>	Three months ended			Year ended		
	2025	2024	% change	2025	2024	% change
Stock-based compensation expense	\$ 13,181	\$ 5,785	128	\$ 27,849	\$ 17,560	59
Total (\$/boe)	\$ 2.09	\$ 0.95	120	\$ 1.12	\$ 0.75	49

For the three months and year ended December 31, 2025, stock-based compensation expense per boe increased by 120% and 49%, respectively, compared to the same periods in 2024, primarily due to an increase in Tamarack's share price in 2025. Stock-based compensation expense in the fourth quarter also reflects the impact of accrued performance multipliers on equity compensation units vesting in 2026.

## Finance expense

(\$ thousands, except per boe) <b>December 31</b>	Three months ended			Year ended		
	2025	2024	% change	2025	2024	% change
Credit Facility	\$ 2,963	\$ 7,599	(61)	\$ 20,043	\$ 42,012	(52)
Senior Notes	9,285	5,452	70	28,396	21,750	31
Clearwater infrastructure liability and other	4,305	4,663	(8)	18,419	16,872	9
Interest expense	16,553	17,714	(7)	66,858	80,634	(17)
Deferred borrowing costs and loan accretion	1,888	3,625	(48)	11,486	9,422	22
Accretion of asset retirement obligations	1,607	1,318	22	6,398	5,782	11
Finance expense	\$ 20,048	\$ 22,657	(12)	\$ 84,742	\$ 95,838	(12)
Total interest expense (\$/boe)	\$ 2.62	\$ 2.91	(10)	\$ 2.69	\$ 3.42	(21)

For the three months and year ended December 31, 2025, interest expense decreased by 7% and 17%, respectively, compared to the same periods in the prior year, primarily due to the lower average balances of the Credit Facility, repayment of the deferred acquisition payment notes in the first half of 2024 and lower interest rates on bank debt following rate cuts by the central bank since June 2024. For the full year, this decline was partially offset by higher interest expense recognized on the Clearwater infrastructure liability following the expansion of the partnership in the third quarter of 2024. The annual increase in deferred borrowing costs and loan accretion was driven by an acceleration of deferred borrowing cost amortization relating to the portion of the 2027 Notes that were retired in July 2025.

## Income taxes

(\$ thousands) <b>December 31</b>	Three months ended			Year ended		
	2025	2024	% change	2025	2024	% change
Current income tax expense	\$ 15,354	\$ 22,777	(33)	\$ 100,044	\$ 108,476	(8)
Deferred income tax expense (recovery)	4,639	(18,156)	(126)	(103,791)	(61,374)	69
Total income tax expense	\$ 19,993	\$ 4,621	nm	\$ (3,747)	\$ 47,102	(108)
Statutory tax rate	23%	23%	-	23%	23%	-
Effective tax rate	24%	42%	(43)	9%	23%	(61)

(1) Refer to "Advisories and guidance" for information on Capital management measures and ratios, Non-GAAP financial measures and ratios and Supplemental financial measures.

Current income tax for the three months and year ended December 31, 2025 decreased by 33% and 8%, respectively, compared to the same periods in the prior year, primarily due to lower adjusted funds flow<sup>(1)</sup> and certain tax credits recognized in the fourth quarter. Deferred income tax expense in the fourth quarter of 2025 was driven by unrealized derivative gains. For the full year, the deferred income tax recovery was primarily due to the loss recognized on the Eastern Alberta asset divestiture, partially offset by the unrealized derivative gains. Deferred income tax recoveries in 2024 were primarily due to losses recognized in respect of the Southern Penny and Redwater asset divestitures and unrealized derivative losses.

(\$ thousands) <b>Gross federal tax pools as at December 31</b>		Rate	2025	2024	% change
Canadian development expense		30%	\$ 604,722	\$ 610,380	(1)
Canadian oil and gas property expense		10%	107,976	165,358	(35)
Capital cost allowance		25%	259,581	240,843	8
Non-capital losses		100%	25,537	-	100
Share issuance costs and other		20%	20,915	21,393	(2)
Total			\$ 1,018,731	\$ 1,037,974	(2)

## Depletion and depreciation (“D&D”)

(\$ thousands, except per boe) <b>December 31</b>	Three months ended			Year ended		
	2025	2024	% change	2025	2024	% change
Depletion and depreciation	\$ 112,763	\$ 141,766	(20)	\$ 530,613	\$ 588,019	(10)
Total (\$/boe)	\$ 17.86	\$ 23.31	(23)	\$ 21.32	\$ 24.97	(15)

For the three months and year ended December 31, 2025, D&D expense per boe decreased by 23% and 15%, respectively, compared with the same periods in the prior year, primarily due to higher reserves added from ongoing drilling, development and waterflood activities in the Clearwater area and lower relative future development costs from lower decline rates and sustaining capital requirements. Fourth quarter depletion rates also declined due to the disposition of Tamarack’s Eastern Alberta assets, which carried higher D&D costs on a per barrel basis relative to corporate averages. Total D&D expense for the three months and year ended December 31, 2025 declined primarily due to the lower depletion rates, partially offset by higher production.

## Cash provided by operating activities and adjusted funds flow

(\$ thousands, except per share amounts) <b>December 31<sup>(1)</sup></b>	Three months ended			Year ended		
	2025	2024	% change	2025	2024	% change
Cash provided by operating activities	\$ 175,571	\$ 201,798	(13)	\$ 778,897	\$ 833,212	(7)
Settlement of asset retirement obligations	1,921	6,912	(72)	5,441	13,154	(59)
Transaction costs	185	-	100	4,193	-	100
Changes in non-cash working capital	(5,871)	14,721	nm	7,044	4,594	53
Adjusted funds flow	\$ 171,806	\$ 223,431	(23)	\$ 795,575	\$ 850,960	(7)
Per share - basic	0.35	0.42	(17)	1.59	1.57	1
Per share - diluted	0.35	0.42	(17)	1.57	1.56	1

(1) Refer to “Advisories and guidance” for information on Capital management measures and ratios, Non-GAAP financial measures and ratios and Supplemental financial measures.

Adjusted funds flow for the three months ended December 31, 2025 decreased by 23% compared to the same period in 2024, primarily due to lower operating netbacks. For the full year, the decline in operating netbacks was largely offset by lower financing expenses, particularly in the first half of the year. Cash provided by operating activities for the three months and year ended December 31, 2025 decreased by 13% and 7%, respectively, primarily due to the decline in adjusted funds flow and non-cash working capital from the settlement of 2024 income tax instalments. For the full year, Tamarack maintained adjusted funds flow on a per share basis, despite the decline in operating netbacks, due to a lower average number of common shares outstanding as a result of the Company’s ongoing share buyback program.

## Net income (loss) and adjusted net income

(\$ thousands, except per share amounts) <b>December 31<sup>(1)</sup></b>	Three months ended			Year ended		
	2025	2024	% change	2025	2024	% change
Net income (loss)	\$ 61,922	6,382	nm	\$ (36,349)	162,219	nm
Impairment loss on disposition and other	3,595	37,303	(90)	406,473	85,148	nm
Unrealized loss (gain) on risk management	(19,555)	45,196	nm	(30,251)	51,581	nm
Deferred tax expense (recovery) on adjustments	3,671	(18,975)	nm	(86,531)	(31,448)	175
Adjusted net income	\$ 49,633	\$ 69,906	(29)	\$ 253,342	\$ 267,500	(5)
Adjusted net income per share - basic	0.10	0.13	(23)	0.51	0.49	4
Adjusted net income per share - diluted	0.10	0.13	(23)	0.50	0.49	2

(1) Refer to “Advisories and guidance” for information on Capital management measures and ratios, Non-GAAP financial measures and ratios and Supplemental financial measures.

Adjusted net income decreased for the three months and year ended December 31, 2025 due to lower commodity prices, partially offset by higher production and lower net operating expenses. Net income for the three months ended December 31, 2025 was higher relative to the same period in the prior year, primarily due to the impairment loss recognized on the Southern Alberta Penny assets held for sale in 2024. For the full year, the net loss in 2025 was primarily due to the loss recognized on the Eastern Alberta asset sale.

## Investments in oil and natural gas assets

(\$ thousands) <b>December 31</b>	Three months ended			Year ended		
	2025	2024	% change	2025	2024	% change
Drilling, completion and equipping	\$ 75,852	\$ 99,871	(24)	\$ 315,280	\$ 339,828	(7)
Facilities	21,098	23,542	(10)	67,907	93,148	(27)
Land, seismic and other	2,343	3,898	(40)	16,828	17,929	(6)
Investments in oil and natural gas assets	\$ 99,293	\$ 127,311	(22)	\$ 400,015	\$ 450,905	(11)
Acquisitions	41,509	-	100	95,224	-	100
Dispositions	(103,298)	1,107	nm	(126,667)	1,748	nm

Net drill counts for the periods ended December 31	Three months ended		Year ended	
	2025	2024	2025	2024
Clearwater horizontal heavy oil wells	24.0	29.1	94.3	101.5
Charlie Lake horizontal light oil wells	4.0	5.0	13.8	14.4
Injection wells and other	6.0	7.0	27.0	22.0
	34.0	41.1	135.1	137.9

Ongoing waterflood expansion activities in the Clearwater also included 16 well conversions and facility expansions to accommodate the growth in injection volumes. Compared to the prior year, capital investments declined primarily due to capital efficiencies from multi-well pad development, improved run times and lower sustaining capital as a result of the Clearwater waterflood program.

### Acquisitions

On July 29, 2025, Tamarack acquired all of the issued and outstanding shares of a private company for cash consideration of \$51.5 million, prior to closing adjustments. As part of the acquisition, Tamarack obtained approximately 1,100 boe per day of Clearwater heavy oil and natural gas production and over 114 net sections of stacked Clearwater and other potential multi-zone mineral rights in the Nipisi, Marten Hills, Figure Lake and Seal asset areas near the Company's core holdings in the Clearwater.

On October 17, 2025, Tamarack acquired 31.25 net sections of undeveloped mineral rights in the Pelican area for \$41.5 million, targeting the Clearwater and Wabiskaw formations.

### Dispositions

On May 21, 2025, Tamarack sold the oil and natural gas assets in the Southern Alberta Penny area for gross cash proceeds of \$28.0 million before closing adjustments. As part of the sale, Tamarack derecognized \$14.5 million of discounted asset retirement obligations and recorded an incremental loss on disposal of \$2.1 million. The assets were presented as held for sale as at December 31, 2024, with the Company having recorded an impairment loss of \$38.1 million.

On October 15, 2025, Tamarack sold substantially all of the Company's remaining non-core oil and natural gas assets in the Veteran Consort and Eyehill areas of Eastern Alberta for gross cash proceeds of \$112.0 million before closing adjustments. As part of the sale, Tamarack derecognized \$40.8 million in discounted asset retirement obligations and recorded a loss of \$397.9 million, most of which had been accrued in the third quarter as an impairment loss on the assets held for sale.

During 2024, the Company sold certain non-core oil and natural gas assets to third parties for nominal proceeds. Tamarack derecognized \$18.7 million in discounted asset retirement obligations and recorded a loss on disposal of \$46.5 million.

### Liquidity and capital resources

Tamarack actively manages capital and liquidity risk through the continuous monitoring of asset performance, forecasting anticipated future cash flows in conjunction with the design of the annual capital investment programs, maintaining available credit under bank facilities, managing debt maturity dates, hedging a portion of the Company's production, judiciously assessing new capital investment, acquisition or divestment opportunities and the pursuit of new liquidity, if necessary.

The Company continues to prioritize shareholder returns and net debt reduction with free funds flow generated by the business. Tamarack believes that available credit, together with future anticipated adjusted funds flow, will be sufficient to fund Tamarack's planned 2026 capital development programs and any acquisitions, dividends or share buybacks.

(\$ thousands) December 31 <sup>(1)</sup>	Three months ended		Year ended	
	2025	2024	2025	2024
Adjusted funds flow	\$ 171,806	\$ 223,431	\$ 795,575	\$ 850,960
Investments in oil and natural gas assets	(99,293)	(127,311)	(400,015)	(450,905)
Settlement of asset retirement obligations	(1,921)	(6,912)	(5,441)	(13,154)
Free funds flow	\$ 70,592	\$ 89,208	\$ 390,119	\$ 386,901

(1) Refer to "Advisories and guidance" for information on Capital management measures and ratios, Non-GAAP financial measures and ratios and Supplemental financial measures.

Year ended	Shareholder returns		Shares retired		
	Dividends per common share	Total dividends distributed	through NCIB (thousands)	Total NCIB repurchases	Total shareholder distributions
December 31, 2022	\$ 0.1165	\$ 55,268	-	\$ -	\$ 55,268
December 31, 2023	0.1500	83,521	-	-	83,521
December 31, 2024	0.1502	81,474	33,889	135,352	216,826
December 31, 2025	\$ 0.1541	77,020	36,180	185,281	262,301
Total		\$ 297,283	70,069	\$ 320,633	\$ 617,916

In January 2026, the Company renewed its normal course issuer bid, allowing Tamarack to purchase up to 47.7 million common shares of the Company until January 18, 2027. During the year ended December 31, 2025, the Company purchased and cancelled 36.2 million common shares at an average price of \$5.00 per common share, for a total repurchase cost of \$185.3 million, including \$4.3 million of federal taxes and fees. As of February 13, 2026, Tamarack had repurchased 1.4 million common shares for \$11.6 million.

Starting in 2026, Tamarack adjusted the dividend cadence from monthly to quarterly. Tamarack's base distribution equates to an annual dividend of \$0.16 per common share, which was increased from \$0.15 per common share in November 2025. On February 24, 2026, Tamarack declared a cash dividend of \$0.04 per share, payable on March 31, 2026.

## Net debt

(\$ thousands)	2025		2024	
December 31 <sup>(1)</sup>				
Cash	\$	(5,444)	\$	(7,391)
Accounts receivable		(114,248)		(139,223)
Prepaid expenses and deposits		(30,369)		(11,186)
Cross currency swap asset		-		(4,159)
Assets held for sale, net		-		(23,231)
Accounts payable and accrued liabilities		145,208		199,808
Working capital (surplus) deficiency		(4,853)		14,618
Debt		668,328		738,123
Government loans and other		22,241		22,697
Net debt	\$	685,716	\$	775,438
Current quarter adjusted funds flow	\$	171,806	\$	223,431
Annualized factor		4		4
Annualized adjusted funds flow	\$	687,224	\$	893,724
Net debt to annualized adjusted funds flow		1.0 x		0.9 x

(1) Refer to "Advisories and guidance" for information on Capital management measures and ratios, Non-GAAP financial measures and ratios and Supplemental financial measures.

In 2025, net debt declined by \$89.7 million, or 12%, primarily due to free funds flow and net proceeds of disposal generated in excess of acquisitions and shareholder distributions. Tamarack utilizes adjusted funds flow and net debt as capital management measures to assess financial performance and liquidity. As at December 31, 2025, the ratio of net debt to annualized fourth quarter adjusted funds flow was 1.0 (Dec. 31, 2024 – 0.9).

## Debt instruments

(\$ thousands)	Credit Facility	2027 Notes	2030 Notes	Term Facility & DAP Notes	Total
Balance at December 31, 2023	\$ 481,388	\$ 290,423	\$ -	\$ 140,167	\$ 911,978
Net repayment of debt instruments	(50,245)	-	-	(140,167)	(190,412)
Unrealized foreign exchange loss	8,967	-	-	-	8,967
Amortization of deferred borrowing costs	4,690	2,900	-	-	7,590
Balance at December 31, 2024	\$ 444,800	\$ 293,323	\$ -	\$ -	\$ 738,123
Net proceeds (repayment) from debt instruments	(293,028)	(100,000)	318,382	-	(74,646)
Unrealized foreign exchange gain	(3,864)	-	-	-	(3,864)
Amortization of deferred borrowing costs	4,060	4,110	545	-	8,715
Balance at December 31, 2025	\$ 151,968	\$ 197,433	\$ 318,927	\$ -	\$ 668,328

As at December 31, 2025, Tamarack had access to a covenant-based \$875.0 million revolving lending facility (the "Credit Facility"). The Credit Facility has an uncommitted accordion feature that provides the Company with the ability to access an incremental \$125.0 million of secured debt, subject to certain conditions, including approvals from the lending syndicate. During the second quarter of 2025, the Credit Facility was amended primarily to extend the maturity date by one year to April 30, 2028. As at December 31, 2025, Tamarack had undrawn credit capacity of \$717.3 million.

## Financial covenants on the Credit Facility as at December 31, 2025

Total debt to EBITDA ratio	<3.5:1.0	0.8:1.0
Senior debt to EBITDA ratio	<3.0:1.0	0.2:1.0
Interest Coverage ratio	>3.0:1.0	18.0:1.0

On July 25, 2025, the Company issued the 2030 Notes, consisting of \$325.0 million of 6.875% interest-bearing senior unsecured notes due on July 25, 2030. The 2030 Notes pay interest semi-annually in arrears with the principal amount repayable at the date of maturity.

The Company also carries \$200.0 million of 7.25% interest-bearing senior unsecured notes maturing on May 10, 2027 (the “2027 Notes”). The 2027 Notes pay interest semi-annually in arrears with the principal amount repayable at the date of maturity. The Company currently holds a prepayment option to repurchase the 2027 Notes at a cost of 102.0% of principal as at December 31, 2025, which declines to 100.75% on May 10, 2026.

Net proceeds from the 2030 Notes were initially utilized to repay amounts outstanding under the Credit Facility and redeem \$100.0 million of the 2027 Notes. Issuance of the 2030 Notes allowed Tamarack to extend the maturity profile on approximately 40% of the Company’s debt at the time to 2030 and create a more flexible capital structure with a laddered maturity profile.

## Share capital

(thousands)	February 13, 2026	December 31, 2025	December 31, 2024
Common shares outstanding	484,272	485,681	522,207
Common shares held in treasury	1,172	1,192	845
Total common shares	485,443	486,873	523,052
Equity-settled stock options	95	95	360
Equity-settled RSUs	4,129	4,132	4,467
Equity-settled PSUs	3,158	3,176	2,767
Cash-settled RIAs	829	829	943
Cash-settled PIAs	4,267	4,267	4,344

At any given time, the balance of issued and outstanding equity compensation units that are granted to service providers of the Company may not exceed 4% of the outstanding common share float of the Company, pursuant to the limits set forth in Tamarack’s stock-based compensation plans. During the year ended December 31, 2025, the Company granted 5.5 million share-based awards at a weighted average fair value of \$4.02 per share, which was primarily based on the Company’s share price at the date of grant.

Performance share units (“PSUs”) and performance incentive awards (“PIAs”) are subject to a maximum performance multiplier of 2.0 times, which would increase the number of common shares that are ultimately issued to unitholders. As at December 31, 2025, if all outstanding, unvested PSUs and PIAs were to vest with the maximum potential performance multiplier of 2.0, Tamarack would be required to issue 6.2 million incremental units (or equivalent cash value). For the year ended December 31, 2025, actual market and non-market performance adjustment factors on vested PSUs and PIAs averaged 1.25.

Tamarack utilized acquired treasury shares to settle 2.9 million stock-based compensation units that were exercised in the year ended December 31, 2025, resulting in no dilution of outstanding common shares.

## Commitments and contingencies

(\$ thousands)						
As at December 31, 2025	2026	2027	2028	2029	2030+	Total
Senior Notes	\$ -	\$ 200,000	\$ -	\$ -	\$ 325,000	\$ 525,000
Credit Facility	-	-	154,042	-	-	154,042
Clearwater Infrastructure Partnership (CIP)	8,283	9,152	10,187	8,669	140,053	176,344
Accounts payable and accrued liabilities	145,208	-	-	-	-	145,208
Other liabilities, excluding CIP	25,706	23,090	8,945	1,446	1,142	60,329
Financial liabilities on the balance sheet	179,197	232,242	173,174	10,115	466,195	1,060,923
Interest on debt and other liabilities	61,427	51,063	40,263	36,925	90,036	279,714
Take-or-pay commitments	51,110	54,430	51,245	49,942	127,264	333,991
Processing commitments	14,125	13,925	13,429	12,443	79,113	133,035
Total financial commitments	\$ 305,859	\$ 351,660	\$ 278,111	\$ 109,425	\$ 762,608	\$1,807,663

Tamarack is involved in legal claims against the Company that have arisen in the normal course of business. While the final outcomes of such claims cannot be predicted with certainty and could be material, Tamarack believes that the claims are without merit and the amounts are unsubstantiated. The Company also does not anticipate that any of these legal proceedings will have a material impact on Tamarack’s consolidated financial position or results of operations.

## Selected annual and quarterly information

	Dec. 31, 2025	Sep. 30, 2025	Jun. 30, 2025	Mar. 31 2025	Dec. 31 2024	Sep. 30, 2024	Jun. 30, 2024	Mar. 31 2024	YTD 2025	YTD 2024	YTD 2023
<b>Financial results (000s, except per share amounts)</b>											
Oil and natural gas sales	\$ 365,028	\$ 394,088	\$ 408,267	\$ 444,288	\$ 426,482	\$ 439,435	\$ 461,479	\$ 393,336	\$ 1,611,671	\$ 1,720,732	\$ 1,702,930
Cash provided by operating activities	175,571	226,194	189,579	187,553	201,798	240,843	225,370	165,201	778,897	833,212	631,626
Per share – basic	0.36	0.46	0.38	0.36	0.38	0.45	0.41	0.30	1.55	1.54	1.13
Per share – diluted	0.35	0.45	0.37	0.36	0.38	0.44	0.41	0.30	1.54	1.52	1.13
Adjusted funds flow <sup>(1)</sup>	\$ 171,806	\$ 200,586	\$ 197,037	\$ 226,146	\$ 223,431	\$ 220,419	\$ 225,554	\$ 181,556	\$ 795,575	\$ 850,960	\$ 764,494
Per share – basic	0.35	0.40	0.39	0.44	0.42	0.41	0.41	0.33	1.59	1.57	1.37
Per share – diluted	0.35	0.40	0.39	0.43	0.42	0.40	0.41	0.33	1.57	1.56	1.37
Net income (loss)	\$ 61,922	\$(248,766)	\$ 86,237	\$ 64,258	\$ 6,382	\$ 93,694	\$ 94,887	\$(32,744)	\$(36,349)	\$ 162,219	\$ 94,196
Per share – basic	0.13	(0.50)	0.17	0.12	0.01	0.17	0.17	(0.06)	(0.07)	0.30	0.17
Per share – diluted	0.12	(0.50)	0.17	0.12	0.01	0.17	0.17	(0.06)	(0.07)	0.30	0.17
Dividends declared per share	\$ 0.0394	\$ 0.0383	\$ 0.0383	\$ 0.0383	\$ 0.0380	\$ 0.0375	\$ 0.0375	\$ 0.0375	\$ 0.1541	\$ 0.1502	\$ 0.1500
<b>Weighted-average shares outstanding (000s)</b>											
Basic	489,744	496,617	503,447	515,306	529,136	540,990	548,012	552,345	501,160	542,530	556,527
Diluted	495,712	502,453	508,268	520,368	533,845	545,266	551,763	555,595	506,619	546,940	560,032
<b>Sales volumes</b>											
Heavy oil (bbls/d)	45,451	43,357	42,004	40,383	39,341	39,047	37,660	36,255	42,814	38,082	35,788
Light oil (bbls/d)	10,220	11,283	14,149	14,204	13,822	13,203	14,807	15,270	12,450	14,271	16,326
NGL (bbls/d)	2,823	2,029	3,120	3,007	2,841	2,915	2,533	1,925	2,742	2,556	3,536
Natural gas (mcf/d)	60,846	56,740	65,922	60,616	60,602	59,154	54,856	51,431	61,020	56,529	68,302
Total (boe/d)	68,635	66,126	70,260	67,697	66,104	65,024	64,143	62,022	68,176	64,331	67,034
<b>Realized prices</b>											
Heavy oil (\$/bbl)	\$ 65.53	\$ 73.37	\$ 73.58	\$ 83.03	\$ 79.69	\$ 84.98	\$ 88.23	\$ 76.36	\$ 73.57	\$ 82.37	\$ 75.84
Light oil (\$/bbl)	75.85	86.64	82.76	92.78	94.30	97.79	106.24	86.52	85.04	96.12	98.64
NGL (\$/bbl)	27.66	36.51	29.97	35.13	32.84	39.58	36.58	42.54	31.99	37.51	41.67
Natural gas (\$/mcf)	2.24	0.90	2.00	2.64	1.71	0.87	1.51	2.93	1.96	1.72	2.84
Total (\$/boe)	\$ 57.81	\$ 64.77	\$ 63.85	\$ 72.92	\$ 70.12	\$ 73.46	\$ 79.06	\$ 69.69	\$ 64.77	\$ 73.08	\$ 69.60
<b>Operating netback (\$/bbl)</b>											
Oil and natural gas sales	\$ 57.81	\$ 64.77	\$ 63.85	\$ 72.92	\$ 70.12	\$ 73.46	\$ 79.06	\$ 69.69	\$ 64.77	\$ 73.08	\$ 69.60
Royalty expenses	(10.88)	(11.60)	(12.15)	(14.11)	(13.42)	(15.74)	(14.67)	(13.46)	(12.17)	(14.33)	(12.97)
Operating expenses	(6.74)	(7.22)	(8.01)	(7.76)	(7.16)	(8.70)	(9.84)	(10.06)	(7.43)	(8.91)	(10.14)
Transportation expenses	(3.39)	(3.24)	(3.54)	(3.68)	(3.30)	(2.36)	(3.93)	(4.18)	(3.46)	(3.43)	(3.90)
Realized hedging gain (loss)	(1.46)	(0.02)	0.11	(1.74)	(1.59)	0.03	(0.67)	0.37	(0.77)	(0.48)	(1.23)
Operating netback <sup>(1)</sup>	\$ 35.34	\$ 42.69	\$ 40.26	\$ 45.63	\$ 44.65	\$ 46.69	\$ 49.95	\$ 42.36	\$ 40.94	\$ 45.93	\$ 41.36
<b>Balance sheet (000s)</b>											
Investment in oil and natural gas assets	99,293	104,825	63,166	132,731	127,311	109,032	86,341	128,221	400,015	450,905	516,456
Acquisitions	41,509	53,715	-	-	-	-	-	-	95,224	-	17,499
Dispositions	(103,298)	-	(23,254)	(115)	1,107	(1,076)	(80)	1,797	(126,667)	1,748	(141,476)
Total assets	3,363,559	3,470,242	3,860,188	3,988,091	3,988,763	4,010,592	4,039,844	4,116,037	3,363,559	3,988,763	4,210,348
Debt	668,328	702,147	717,395	764,614	738,123	736,252	877,802	924,517	668,328	738,123	911,978
Net debt <sup>(1)</sup>	685,716	631,057	711,132	768,625	775,438	807,401	882,669	984,768	685,716	775,438	983,585
Asset retirement obligations	134,072	135,805	175,157	184,950	180,281	168,966	161,817	166,135	134,072	180,281	189,971

(1) Refer to "Advisories and guidance" for information on Capital management measures and ratios, Non-GAAP financial measures and ratios and Supplemental financial measures.

Significant factors and trends that have impacted the Company's results during the above quarterly periods include:

- Volatility in commodity prices and differentials and the resulting effect on revenue, cash provided by operating activities, adjusted funds flow and earnings.
- The volatility in asset retirement obligations due to fluctuations in discount rates, acquisitions and dispositions.
- The Company uses derivative contracts to reduce the financial impact of volatile commodity prices, foreign exchange and interest rates, which can cause significant fluctuations in earnings due to unrealized gains and losses recognized on a quarterly basis.
- On November 3, 2023, the Company sold its non-core Cardium assets for gross cash consideration of \$123.0 million and recorded a loss on the disposal of \$111.7 million. The disposed assets included production of approximately 7,000 boe per day.
- On December 15, 2023, Tamarack and 12 First Nations and Métis communities formed the Clearwater Infrastructure Partnership whereby participating communities acquired an 85% non-operated working interest in Tamarack infrastructure assets in the Clearwater area with a fair value of \$172.0 million for total consideration of \$146.2 million and a 15% operated working interest in the partnership.
- On September 17, 2024, Tamarack expanded the Clearwater Infrastructure Partnership to include a 13<sup>th</sup> Indigenous community partner. The Company transferred Clearwater assets with a fair value of \$50.8 million into the partnership for cash consideration of \$43.2 million and a retained 15% interest.
- On July 25, 2025, the Company issued \$325.0 million aggregate principal amount of 6.875% interest-bearing senior unsecured notes due on July 25, 2030. The 2030 Notes pay interest semi-annually in arrears with the principal amount repayable at the date of maturity. Net proceeds from the transaction at the date of closing were utilized primarily to repay amounts outstanding under the Credit Facility and redeem \$100.0 million of the 2027 Notes.
- On July 29, 2025, Tamarack acquired all of the issued and outstanding shares of a private company for cash consideration of \$51.5 million before closing adjustments. In connection with the acquisition, Tamarack acquired approximately 1,100 boe per day of heavy oil and natural gas production and over 114 net sections of mineral rights near the Company's core asset holdings in the Clearwater.
- On October 15, 2025, Tamarack sold all of the Company's remaining non-core oil and natural gas assets in the Veteran Consort and Eyehill areas of Eastern Alberta for gross cash proceeds of \$112.0 million before closing adjustments. As part of the sale, Tamarack derecognized \$40.8 million in asset retirement obligations and recorded a loss on sale of \$397.9 million. The disposed assets included production of approximately 4,000 boe per day.

## Advisories and guidance

### Critical accounting policies, estimates and judgments

Tamarack utilized significant estimates, assumptions and judgments in order to apply the relevant accounting policies to the preparation of the Annual Financial Statements in accordance with IFRS Accounting Standards. A summary of this information can be found in Notes 2-4 of the Annual Financial Statements. The key accounting policies of the Company that are subject to significant estimates, assumptions or judgments consist of oil and natural gas assets, impairment, business combinations, financial instruments, provisions, income taxes and the basis of consolidation. There were no new or significant updates to the application of the Company's critical accounting policies, estimates, assumptions or judgments during the year ended December 31, 2025.

Certain comparative figures in the Annual Financial Statements have been adjusted to conform with the current period presentation. On the statements of income (loss), production expenses were combined with carbon taxes and renamed to operating expenses. There were no changes to the consolidated operating results or financial position for the year ended December 31, 2024, as a result of this presentation change.

#### **Non-GAAP financial measures and non-GAAP financial ratios**

This document contains the terms “net operating expenses”, “operating netback”, “operating field netback”, “heavy oil differential including transportation expenses”, “light oil differential including transportation expenses” and “adjusted net income”, which are non-GAAP financial measures, or ratios if calculated on a per boe or per share basis. These non-GAAP financial measures and ratios do not have any standardized meaning prescribed by GAAP and, therefore, may not be comparable to similar measures presented by other issuers without taking into account the method by which the measures are prepared. These performance measures should not be considered in isolation or as a substitute for performance measures prepared in accordance with GAAP and should be read in conjunction with the Annual Financial Statements. Refer to the discussion of the Company’s operating results for further details regarding the calculation and measurement of these measures.

Net production expenses were renamed to net operating expenses and combined with carbon taxes in the operating netback table. This reclass of (\$0.8) million and (\$4.1) million, respectively, for the three months and year ended December 31, 2025 (December 31, 2024 - \$0.3 million and \$7.2 million, respectively) does not affect the operating netback.

The non-GAAP financial ratios consisting of non-GAAP measures presented on a per share basis are determined by dividing the value of the financial measure by the weighted average common shares outstanding and diluted weighted average common shares outstanding during the period. These per share disclosures allow Tamarack and others to understand the value of selected financial information that is attributable to each common share. The non-GAAP financial ratios consisting of non-GAAP measures presented on a per boe basis are determined by dividing the value of the financial measure by the sales volumes in the period. These per boe disclosures allow Tamarack and others to assess the profitability of each barrel of oil equivalent produced and also facilitates a comparison of current period performance to historical periods, or to peer results, by isolating the impact of differences in production volumes.

#### **Heavy and light oil differentials including transportation expenses**

The calculation of the Company’s heavy oil differential including transportation expenses and light oil differential including transportation expenses is presented in the “Oil and natural gas sales” section of this MD&A and is determined by comparing the Company’s realized price on a per barrel basis to the published benchmark price, including the impact of transportation expenses. The Company and others utilize this performance measure to assess the value of net wellhead revenue received by Tamarack for each barrel sold, relative to the published benchmark price during that period. These performance measures are presented on a per boe basis as a non-GAAP financial ratio.

#### **Net operating expenses**

Tamarack generates processing income from third parties that utilize excess capacity at Tamarack’s facilities. In this MD&A, processing income is recognized as a reduction to operating expenses, whereas processing income is reported as other income in the Annual Financial Statements. If Tamarack has excess capacity at one of its facilities, the Company will seek to process third-party volumes as a means to reduce the cost of operating those facilities. Accordingly, net operating expenses allow Tamarack and others to assess the performance of its field and facility operating results by including the associated income generated from plant operations. Net operating expenses are also presented on a per boe basis as a non-GAAP financial ratio.

#### **Operating netback and operating field netback**

The calculation of the Company’s Operating Netback and Operating Field Netback is presented in the operating netback section of this MD&A. Tamarack and others utilize the Operating Netback and Operating Field Netback measures to assess the operational performance of the Company’s assets areas by isolating the impact of corporate and other overhead related expenditures. These metrics are also presented on a per boe basis as a non-GAAP financial ratio.

#### **Adjusted net income**

The calculation of the Company’s adjusted net income is presented in the “Net income (loss) and adjusted net income” section of this MD&A and is determined by removing impairment losses, gains and losses on dispositions and unrealized gains and losses on risk management contracts on an after-tax basis from the Company’s net income (loss) for the period. Tamarack and others utilize this performance metric to assess earnings in the absence of non-cash gains and losses. This metric may also be presented on a per share basis as a non-GAAP financial ratio.

#### **Capital management measures and ratios**

This document contains capital management measures of “adjusted funds flow”, “free funds flow”, “net debt”, “working capital deficiency (surplus)” and “net debt to annualized adjusted funds flow”, which the Company utilizes to manage its capital. Refer to the Annual Financial Statements for further details. These capital management measures do not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other issuers without taking into account the method by which the measures are prepared. These performance measures should not be considered in isolation or as a substitute for performance measures prepared in accordance with GAAP and should be read in conjunction with the Annual Financial Statements. Refer to the discussion of the Company’s operating results and the “Liquidity and Capital Resources” section for further details regarding the calculation of these measures.

#### **Adjusted funds flow**

Adjusted funds flow is defined as cash provided by operating activities excluding asset retirement obligation expenditures, transaction costs and changes in non-cash working capital. Asset retirement obligation expenditures and transactions costs from business combinations both result from the Company’s capital budgeting and strategic planning processes, which first considers available adjusted funds flow. Asset retirement obligation expenditures vary from period to period depending on capital programs, government regulations and the maturity of the Company’s operating areas. By also excluding changes in non-cash working capital from cash provided by operating activities, the adjusted funds flow measure provides a meaningful metric for Tamarack and others by establishing a clear link between the Company’s cash flows, income statement and operating netbacks by isolating the impact of changes in the timing between accrual and cash settlement dates, which are generally within management’s control. Tamarack uses adjusted funds flow to assess the Company’s financial performance and cash generated from operating activities. Adjusted funds flow per share and adjusted funds flow per boe are supplemental financial measures and are calculated by dividing adjusted funds flow by the Company’s weighted average basic and diluted shares outstanding and total sales volumes during the period, respectively.

#### **Free funds flow**

Free funds flow is defined as adjusted funds flow less investments in oil and natural gas assets and the settlement of asset retirement obligations. Management utilizes free funds flow to assess how much cash was generated in excess of the Company’s capital investment and asset retirement programs within the same period, which can be utilized to reduce net debt, fund acquisitions or return capital to shareholders. Free funds flow is also presented on a per share basis as a capital management ratio.

#### **Net debt and working capital (surplus) deficiency**

The calculation of the Company’s Net Debt and Working Capital (Surplus) Deficiency is included under “Liquidity and Capital Resources”. Tamarack and others utilize net debt and working capital (surplus) deficiency to assess liquidity and balance sheet strength by aggregating the select financial assets and financial liabilities on the Company’s balance sheet.

### **Net debt to annualized adjusted funds flow**

Net debt to annualized adjusted funds flow is a capital management ratio and is calculated as net debt divided by the annualized adjusted funds flow for the most recently completed quarter. Tamarack and others utilize net debt to annualized adjusted funds flow to provide a snapshot of the overall financial health of the Company and assess the Company's ability to fund capital investments, acquisitions, the servicing of debt costs, debt reduction, the ability to raise new debt, repurchase shares or make dividend payments. The calculation of the Company's net debt to annualized adjusted funds flow is included in the section titled "Liquidity and Capital Resources".

### **Supplemental financial measures**

#### **Per share disclosures**

Tamarack's supplemental financial measures on a per share basis consist of cash provided by operating activities per share, adjusted funds flow and free funds flow per share. These supplemental financial measures are determined by dividing the value of the financial measure by the weighted average common shares outstanding and diluted weighted average common shares outstanding, as presented in the Annual Financial Statements. The per share disclosures allow Tamarack and others to understand the value of the selected financial information attributable to each common share holder. Adjusted funds flow and free funds flow per share are capital management ratios as discussed above.

#### **Per BOE disclosures**

Tamarack's supplementary financial measures on a per boe basis consist of average heavy oil realized sales price per bbl, average light oil realized sales price per bbl, average NGL realized sales price per bbl, average natural gas realized sales price per mcf, heavy oil differential including transportation expenses per bbl, light oil differential including transportation expenses per bbl, royalty expense per boe, transportation expenses per boe, realized commodity hedging gain/loss per boe, G&A expense per boe, stock-based compensation expense per boe, interest expense per boe and D&D per boe. The calculation of the heavy oil differential including transportation expenses and light oil differential including transportation expenses is included in the operating results section of this MD&A. Certain measures are presented on a per boe basis to allow Tamarack and others to assess the profitability of each barrel produced, and allows for a comparison of current period performance to historical periods, or to peer results, by isolating for the impact of differences in production volumes. Net operating expenses per boe, operating field netback per boe and operating netback per boe are non-GAAP financial ratios as discussed above.

#### **Percentage of sales**

Tamarack's supplementary financial measures as percentage of revenue consists of the average royalty rate. The average royalty rate as a percentage of sales is used by Tamarack and others to understand the average effective amount of royalties owing for each dollar of sales that is generated.

### **Related party transactions**

For the year ended December 31, 2025, related party transactions included key management compensation. Refer to the Annual Financial Statements for further details.

### **Off-balance sheet arrangements**

Tamarack does not have any special purpose entities, guarantees or off-balance sheet arrangements that have been excluded from the consolidated balance sheets other than the interest on debt, take-or-pay commitments and processing commitments disclosed in the Commitments and contingencies section of this MD&A, in accordance with IFRS.

### **Disclosure controls and internal controls over financial reporting**

Part 1 of National Instrument 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings defines disclosure controls and procedures ("DC&P") as "controls and other procedures of an issuer that are designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the issuer's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure".

The Company has designed DC&P to provide reasonable assurance that: (i) material information relating to the Company is made known to the Company's CEO and CFO by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Company in the annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

The CEO and CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of annual financial statements for external purposes in accordance with GAAP. The Company is required to disclose herein any change in the Company's ICFR that occurred during the recent fiscal period that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Under the supervision of the CEO and CFO, Tamarack conducted an evaluation of the design and operating effectiveness of the Company's DC&P and ICFR as at December 31, 2025. The assessment was based on the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the officers concluded that as of December 31, 2025, Tamarack maintained effective DC&P and ICFR. Internal control systems, including the Company's disclosure and internal controls and procedures, no matter how well conceived, can provide only reasonable, but not absolute assurance that the objectives of the control system will be met, and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

### **Volumetric reporting**

For the purpose of reporting unit production and related units of measurement, natural gas volumes have been converted to a barrel of oil equivalent (boe) using six thousand cubic feet equal to one barrel. A boe conversion ratio of 6:1 is based on an energy equivalency conversion at the burner tip but does not necessarily represent a value equivalency at the wellhead where production is actually measured and reported. This conversion complies with the Canadian Securities Administrators' National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101"), however, a Boe unit of measurement could be misleading, particularly if used in isolation.

### **Climate change**

The Company continues to monitor the impact of global demand for carbon-based energy and advancement of alternative energy sources. Emissions, carbon and other regulations impacting climate related matters are constantly evolving. With respect to ESG and climate reporting, the International Sustainability Standards Board ("ISSB") was created on November 3, 2021 to develop consistent, comparable and reliable sustainability disclosure standards. On June 26, 2023, the ISSB issued IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information" and IFRS S2 "Climate-related Disclosures". IFRS S1 and IFRS S2 are voluntary and effective for annual reporting periods beginning on or after January 1, 2024. The standards provide for transitional relief allowing an issuer to limit its disclosure to climate-related risks and opportunities in the first year.

On December 18, 2024, the Canadian Sustainability Standards Board published its first two disclosure standards for sustainability reporting in Canada (general sustainability disclosures and climate related disclosures). Most notably, the new standards retained the requirement for companies to disclose their scope 3 emissions. The standards provide for numerous transitional provisions and allowances between 2025 and 2028 to facilitate the adoption by Canadian companies.

The Canadian Securities Administrators (“CSA”) are responsible for determining the reporting requirements for public companies in Canada and decisions related to the adoption of the sustainability disclosure standards, including the effective annual reporting dates. The CSA issued proposed National Instrument 51-107 Disclosure of Climate-related Matters (“NI 51-107”) in October 2021. The CSA has indicated it will consider the ISSB sustainability standards and developments in the United States in its decisions related to developing climate-related disclosure requirements for reporting issuers in Canada. The CSA will involve the Canadian Sustainability Standards Board (“CSSB”) for their combined review of the ISSB issued sustainability standards for their suitability for adoption in Canada. However, in April 2025, the CSA announced that it is pausing further work on the development of mandatory climate-related disclosure rules, in light of recent developments in the United States and internationally. The CSA has indicated that it will monitor domestic and international regulatory developments with respect to climate-related disclosures and expects to revisit this project in future years to finalize the requirements for Canadian issuers. Until such time as the CSA and CSSB make decisions on sustainability standard adoption in Canada, there is no requirement for public companies in Canada to adopt the sustainability standards. The Company is actively evaluating the potential effects of the sustainability standards.

### **Business risks**

Tamarack faces business risks, both known and unknown, with respect to its oil and gas exploration, development, production and abandonment activities that could cause actual results or events to differ materially from those forecasts. Most of these risks (financial, operational or regulatory) are not within the Company’s control. While the following sections discuss some of these risks, they should not be construed as exhaustive. For additional information on the risks relating to Tamarack’s business, see “Risk Factors” in Tamarack’s Annual Information Form for the year ended December 31, 2025.

#### **Continued volatility in commodity and petroleum products prices**

Tamarack’s financial performance is significantly dependent on the prevailing prices of crude oil, refined products and natural gas. Crude oil prices are impacted by a number of factors, including, but not limited to: tariffs or the threat of tariffs; global and regional supply and demand; global economic conditions including factors impacting global trade and disruption of trade routes; the actions of OPEC+ and other non-OPEC+ oil exporting nations, including, but not limited to, compliance or non-compliance with production quotas agreed upon by OPEC+ members or decisions by OPEC+ not to impose production quotas on its members; development, adoption, pricing and availability of alternate sources of energy; actions of domestic and foreign governments, regulatory bodies and quasi-regulatory bodies that may impact commodity prices, including United States and Chinese Strategic Petroleum Reserve withdrawals and refills; enforcement of environmental or emissions regulations; public sentiment towards the use of fossil fuels, including crude oil; political stability and social conditions in oil-producing countries; outbreak of war, including Russia’s military invasion of Ukraine; market access constraints and transportation interruptions (pipeline, marine or rail); outbreak or continuation of a pandemic; terrorist threats; technological developments; the occurrence of natural disasters; and weather conditions.

Certain difficulties have been exacerbated in Canada by political and other actions resulting in uncertainty surrounding regulatory, tax, royalty changes and environmental regulation. In addition, the difficulties encountered by midstream proponents to obtain the necessary approvals on a timely basis to build pipelines, liquefied natural gas plants and other facilities to provide better access to markets for the oil and natural gas industry in western Canada has led to additional downward price pressure on oil and natural gas produced in western Canada. The overall impact of these market conditions and the potential for decreased confidence in the Canadian crude oil and natural gas industry could materially and adversely affect Tamarack’s business, prospects, financial condition, results of operations and cash flows. Ongoing military tensions between Russia and Ukraine and the United States and Venezuela as well as the war between Israel and Hamas have the potential to threaten the supply of petroleum and natural gas from the respective regions. The long-term impacts of the tension between these nations remains uncertain.

The overall result of these events and conditions could lead to a prolonged period of volatile prices for oil and other petroleum products. Price volatility could result in reduced utilization and/or the suspension of operations at certain of the Company’s facilities, buyers of the Company’s products declaring force majeure and disruptions of pipeline and other transportation systems for the Company’s products, which would further negatively impact Tamarack’s production, and could adversely impact Tamarack’s business, financial condition and results of operations.

#### **Inflation risk**

The general rate of inflation in Canada and many other countries saw a significant increase in recent years, with some regions experiencing multi-decade highs. These increases reflect imbalances between supply and demand recoveries from the pandemic. The underlying factors include, but are not limited to, global supply chain disruptions, shipping bottlenecks, labor market constraints, geopolitical instability, and side effects from monetary and fiscal expansions. The global economic recovery remains uncertain. Prices for services and materials continue to evolve in response to fast-changing commodity markets, industry activities, supply chain dynamics, and government policies impacting operating and capital costs. Tamarack closely monitors market trends and works to mitigate cost impacts in all price environments through its economies of scale in procurement, efficient project management practices, and general productivity improvements.

#### **Environmental and climate change risk**

As a result of growing international concern in respect of climate change, Tamarack has seen a significant increase in focus on the transition to alternative, lower-carbon energy sources. Governments, financial institutions, insurance companies, environmental and governance organizations, institutional investors, social and environmental activists, and individuals, are increasingly seeking to develop and implement, among other things, regulatory and policy changes, changes in investment strategies and habits, and a restructuring of energy consumption profiles, which, individually and collectively are intended to or have the effect of accelerating the transition to less carbon-intensive energy sources and the reduction in global consumption of fossil fuels. Overall, Tamarack is not able to estimate at this time the degree to which climate change related consumer behaviour, regulatory, climatic conditions, and climate-related transition risks could impact the Company’s business, financial condition and results of operations.

Climate change may have actual or perceived adverse impacts on the Company’s operations, business, and financial results, including an increase in the frequency of extreme climatic conditions. Weather and climate affect demand for crude oil and gas, and therefore, the predictability of weather and climate affects the Company’s ability to accurately forecast supply and demand. In addition, the Company’s operations, including exploration, production and construction operations, and the operations of major customers, suppliers and service providers, can be affected by acute and chronic physical climate risks, such as floods, forest fires, earthquakes, hurricanes, landslides, mudslides, and other extreme weather events, natural disasters or long-term shifts in weather patterns. This may result in cessation or diminishment of production, delay of exploration and development activities or delay in executing the Company’s capital expenditure plans, which may require the Company to adopt increased or additional mitigation requirements.

Growing concerns over climate change have also led to an increase in climate and environment-centric disputes and litigation in various jurisdictions, including at a Federal and Provincial level, alleging various claims and registering complaints, including that energy producers contribute to climate change, that such entities are not reasonably managing business risks associated with climate change, and that such entities have not adequately disclosed business risks of climate change. While many such climate change related actions are in preliminary stages of litigation, and in some cases raise novel or untested issues and causes of action, the risk that legal, societal, scientific and political developments will increase the likelihood of successful climate change related litigation against energy producers

remains uncertain. The outcome and ramifications of any such litigation is uncertain and may materially impact the Company's business, financial condition or results of operations. The Company may also be subject to negative or damaging publicity associated with such matters, which may adversely affect the public sentiment and the Company's reputation, regardless of whether the Company is ultimately found responsible for claims alleged. The Company may be required to incur significant expenses or devote significant resources in defense against any such litigation.

#### **Information technology, cyber-security and artificial intelligence**

The Company is subject to a variety of information technology and system risks as a part of its normal course operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach and destruction or interruption of Tamarack's information technology systems by third parties or insiders. Additionally, the Company's workforce may use artificial intelligence tools or technology, which may result in the exposure of confidential or proprietary information to unauthorized third parties and the misuse of the Company's intellectual property. Use of artificial intelligence tools or technology may also result in claims against the Company alleging violations of third-party intellectual property rights.

The Company maintains policies and procedures that address and implement employee protocols with respect to electronic communications and electronic devices and conducts annual cyber security risk assessments. The Company also employs encryption protection of its confidential information, all computers and other electronic devices. The Company applies technical and process controls in line with industry-accepted standards to protect its information assets and systems, including written incident response plans for responding to a cyber security incident. However, these controls may not adequately prevent cyber-security breaches or safeguard against the unauthorized use of artificial intelligence tools or technology. Disruption of critical information technology services, or breaches of information security, could have a negative effect on the Company's performance and earnings, as well as reputation. The significance of any such event is difficult to quantify but may in certain circumstances be material and could have a material adverse effect on the Company's business, financial condition and results of operations.

#### **Financial risks**

Financial risks include commodity pricing, exchange and interest rates and volatile markets. Commodity price fluctuations result from market forces completely out of the Company's control and can significantly affect the Company's financial results. In addition, fluctuations between the Canadian dollar and the US dollar can also have a significant impact. Expenses are all incurred in Canadian dollars while oil, and to some extent natural gas, prices are based on reference prices denominated in US dollars. Due to both of these factors, Tamarack may enter into derivative instruments to partially mitigate the effects of downward price and foreign exchange volatility. To evaluate the need for hedging, management, with direction from the Board of Directors, monitors future pricing trends together with the cash flow necessary to fulfill capital expenditure requirements. Tamarack will only enter into a hedge to reduce downside uncertainty of pricing, not as a speculative venture.

#### **Operational risks**

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of Tamarack depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, existing reserves and their subsequent production will decline over time as they are exploited. A future increase in Tamarack's reserves will depend not only on its ability to explore and develop any properties it may have, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that further commercial quantities of oil and natural gas will be discovered or acquired by Tamarack.

Tamarack endeavors to mitigate these risks by, among other things, ensuring that its employees are highly qualified and motivated. Prior to initiating capital projects, the Tamarack technical team completes an economic analysis, which attempts to reflect the risks involved in successfully completing the project. In an effort to mitigate the risk of not finding new reserves, or of finding reserves that are not economically viable, Tamarack utilizes various technical tools, such as 2D and 3D seismic data, rock sample analysis and the latest drilling and completions technology.

Insurance is in place to protect against major asset destruction or business interruptions, and includes, but is not limited to, events such as well blow-outs or pollution. In addition, Tamarack cultivates relationships with its suppliers in an effort to ensure good service regardless of the prevailing cycle of oil and gas activity. Operational risk is mitigated by having Tamarack employees address the continued development of a new or established reservoir on a go-forward basis, using the same procedure that is used to address exploration risk. The decision to produce reserves is made based on the amount of capital required, production practices and reservoir quality. Tamarack evaluates reservoir development based on the timing, amount of additional capital required and the expected change in production values. Finding and development costs are controlled when capital is employed in a cost-effective manner.

#### **Regulatory risks**

Regulatory risks include the possibility of changes to royalty, tax, environmental, safety, and public disclosure and reporting legislation. Tamarack endeavours to anticipate the costs related to compliance and budget sensibly for them. Changes to environmental and safety legislation may also cause delays to Tamarack's drilling plans, its production efficiencies and may adversely affect its future earnings. The Company's exploration and production activities emit greenhouse gases ("GHG") which may require Tamarack to comply with federal and/or provincial GHG emissions legislation. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place to prevent climate change or mitigate its effects. The direct or indirect costs of compliance with GHG-related regulations may have a material adverse effect on Tamarack's business, financial condition, results of operations and prospects. Restrictive new legislation is a risk the Company cannot control. Also refer to "Climate Change" above for information regarding the ongoing developments of ESG and climate reporting.

#### **Forward-looking statements**

Certain statements contained within this MD&A constitute forward-looking statements within the meaning of applicable Canadian securities legislation. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "budget", "plan", "endeavour", "continue", "estimate", "evaluate", "expect", "forecast", "monitor", "may", "will", "can", "able", "potential", "target", "intend", "consider", "focus", "identify", "use", "utilize", "manage", "maintain", "remain", "result", "cultivate", "could", "should", "believe", "strive" and similar expressions or the negative of such terms or other comparable terminology. The Company believes that the expectations reflected in such forward-looking statements are reasonable, but no assurance can be given that such expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Without limitation, this MD&A contains forward-looking statements pertaining to:

- the intentions of management and the Company;
- the Company's commitment to maintaining financial flexibility and liquidity;
- U.S. and Canadian foreign policies, including the impact of tariffs or threat of tariffs or potential export restrictions on the Company's products;
- the Company's business strategy, objectives, strength and focus, including with respect to acquisitions;
- the Company's plans to continue developing and expand its asset base in Northern Alberta;
- the Company's continued consideration of the impact of climate change and possible upcoming related financial and operational challenges and implications with respect to the future of the Company;
- the Company's continued consideration of the potential impacts of the evolving global demand for carbon-based energy and global advancement of alternative energy sources;
- the expected benefits, including reduction of asset retirement obligations and improvement of the Company's focus on core areas, of recently

completed non-core dispositions such as the Southern Alberta Penny oil asset divestiture and the Eastern Alberta asset divestiture;

- expectations relating to future realized commodity prices, volatile commodity prices, royalty rates and oil price differentials and the effects thereof, including with respect to revenue, earnings and stability to oil pricing;
- expectations surrounding the Company's ongoing enhancement of operating netbacks;
- expectations regarding future price realizations, production growth, net operating expenses and sustained capital efficiencies from multi-well pad development and enhanced production from Clearwater waterflood response;
- the Company's financial and physical hedging program, including the use of financial derivatives and physical delivery contracts to manage fluctuations in commodity prices, foreign exchange rates, and interest rates, and the effects thereof on cash flow risk and commodity pricing upside;
- anticipated benefits of Clearwater formations including its enhanced recovery potential and benefits of the Company's ongoing waterflood investment, including lower production costs, reduced corporate decline rates and lower reinvestment ratios;
- anticipated benefits of the Charlie Lake acreage, including the extent of light oil development opportunities;
- the Company's ability to withstand lower commodity price environments;
- purchases under the Company's current normal course issuer bid including that the Company will reacquire up to 47.7 million common shares by January of 2027;
- the Company's plans in respect of returns of capital, including dividend and enhanced return programs;
- the Company's expectation regarding low corporate breakeven oil prices and its ability to generate free funds flow;
- the Company's expectations surrounding its 2026 capital guidance, funding thereof and the ability to satisfy its planned 2026 capital development program, while maximizing free funds flow generation with shareholder returns by way of dividend payments and share buybacks, as well as net debt reduction being the priorities of the Company;
- expectations regarding continued shareholder returns throughout 2026, including dividends and share buybacks, at current strip pricing, supported by low breakeven economics, disciplined hedging activities, and available credit capacity;
- the Company's belief that available credit facilities and anticipated adjusted funds flow will be sufficient to fund 2026 capital programs, dividends and share buybacks;
- the Company's 2026 outlook and planned 2026 capital projects and ongoing assessments in respect of the same;
- expectations surrounding the Credit Facility and the terms thereof, including the ability to access an incremental \$125.0 million of secured debt subject to certain conditions;
- financial covenants applicable to the Credit Facility;
- Tamarack's 2026 production guidance, operating expense guidance and ongoing assessments in respect of the same;
- the Company's ability to meet its obligations and commitments under the 2027 Notes and 2030 Notes;

With respect to the forward-looking statements contained in this MD&A, Tamarack has made assumptions regarding, among other things:

- the material assumptions and observations described under the headings "2025 Year in review", "About Tamarack Valley Energy Ltd.", "Q4 2025 operational and financial highlights", "Highlights for the three months and year ended December 31, 2025", "Reserves update", "Annual guidance", "Production", "Benchmark prices", "Oil and natural gas sales", "Risk management", "Royalties", "Net operating expenses", "Transportation expenses", "Operating netback", "General and administrative ("G&A") expenses", "Stock-based compensation expense", "Finance expense", "Income taxes", "Depletion and depreciation ("D&D")", "Cash provided by operating activities and adjusted funds flow", "Net income (loss) and adjusted net income", "Investments in oil and natural gas assets", "Liquidity and capital resources", "Share capital", "Commitments and contingencies" and "Selected annual and quarterly information";
- future commodity prices, price differentials and the actual prices received for the Company's products;
- the expected impact of existing and potential tariffs or trade restrictions on the Company's products and operations;
- expected net operating expenses and transportation expenses;

- the Company's expectations relating to the continued generation of higher margins through improved heavy oil price differentials, enhanced market egress, long-term firm volume commitments and lower operating costs;
- contractual obligations and commitments;
- estimates used to calculate asset retirement obligations and depletion of oil and natural gas assets;
- Tamarack's plan with respect to waterflood investments at Nipisi, Marten Hills and West Marten;
- the prioritization of investment opportunities by the Company, including the characterization of certain waterflood opportunities as low-cost and high-margin;
- the Company's capital investment plans, allocation of capital and forecasted capital budget, including drilling activities in the Clearwater and Charlie Lake plays, the ongoing expansion of the Clearwater waterflood and the expectation to ramp up water injection rates in the Clearwater area to over 60,000 bbls per day and more than 25% of Clearwater oil production under waterflood by the end of 2026;
- the Company's exploration and derisking plans, including acquisition and drilling activities across the greater Clearwater fairway and Pelican area targeting the Clearwater and Wabiskaw formations;
- the Company's expectations surrounding continued production growth supported by strong reservoir response and decline mitigation on base production from ongoing Clearwater waterflood investments;
- forecasted royalty rate for 2026;
- the Company's risk management activities (including plans to continue actively managing capital and liquidity risk through continuous monitoring of asset performance, forecasting anticipated future cash flows in conjunction with the design of the annual capital investment programs, maintaining available credit under bank facilities, staggering debt maturity dates, hedging a portion of the Company's production, judiciously assessing new capital investment, acquisition or divestment opportunities and the pursuit of new liquidity, if necessary);
- the Company's plans in respect to its employees including for its employees to address the continued development of new or established reservoirs on a go-forward basis using the same procedure as is used to address exploration risk and the effects thereof on mitigation of operation risk;
- Tamarack's stock-based compensation plans and the equity compensation units issuable thereunder;
- expectations surrounding the Company's major infrastructure projects and anticipated benefits thereof, including with respect to the performance of its Clearwater and Charlie Lake drilling programs;
- expectations regarding the Company's ongoing monitoring of evolving climate-related disclosure standards and the potential impacts on reporting obligations and business operations;
- expectations surrounding identified changes to the Company's DC&P and its ICFR (or lack thereof) and its effect on the Company's internal controls over financial reporting on a go-forward basis (including the lack thereof);
- expectations regarding the merits, impacts and the outcome of ongoing litigation; and
- the Company's expectations regarding inflation and interest rates and the ability to manage such pressures.

With respect to the forward-looking statements contained in this MD&A, Tamarack has made assumptions regarding, among other things:

- basis for continued shareholder returns, including assumptions regarding production, pricing, foreign exchange, oil price differential and free funds flow return;
- estimated proved plus probable oil and natural gas reserves;
- the effects of heavy and light volume apportionment and fluctuating diluent costs on the heavy oil market in Alberta;
- the ability to obtain equipment and services in the field in a timely and efficient manner;
- the ability to add production and reserves through acquisition and/or drilling at competitive prices;
- the timing of anticipated future production additions from the Company's properties and acquisitions;
- the expected capital costs of waterflood development programs and the realization of anticipated benefits of the Company's infrastructure and waterflood development program and the Company's acquisitions, including related drilling programs, as applicable;
- the ability to explore and realize benefits from exposure to diversified gas markets;

- drilling results, including field production rates and decline rates;
- the performance of the waterflood projects;
- the continued application of horizontal drilling and fracturing techniques and pad drilling;
- the continued availability of capital and skilled personnel;
- the ability to obtain financing on acceptable terms;
- the continued availability and the ability of the Company to access the Credit Facility and the fulfillment by the Company of obligations and covenants thereunder;
- the accuracy of Tamarack's geological interpretation of its drilling and land opportunities, including the ability of seismic activity to enhance such interpretation;
- the impact of increasing competition;
- the ability of the Company to secure adequate product transportation;
- the ability to enter into future commodity derivative contracts on acceptable terms;
- the continuation of the current tax, royalty and regulatory regime;
- the volatility in commodity prices and oil price differentials and the resulting effect on Tamarack's revenue, cash provided by operating activities, adjusted funds flows and earnings;
- the actions of OPEC+ and non-OPEC+ oil and gas exporting countries to set production levels and the influence thereof on oil prices and global demand including in respect of recent increases to the group's production quotas;
- the ability to adjust capital spending relative to commodity prices and use financial derivatives and physical delivery contracts to manage fluctuations in commodity prices, foreign exchange rates and interest rates;
- Tamarack's ability to maintain financial flexibility; and
- the impact of inflation on costs and interest rates.

Without limitations of the foregoing, future dividend payments, if any, and the level thereof, are uncertain, as the Company's dividend policy and the funds available for the payment of dividends from time to time is dependent upon, among other things, commodity prices, free funds flow, financial requirements for the Company's operations and the execution of its strategy, fluctuations in working capital and the timing and amount of capital expenditures, debt service requirements and other factors beyond the Company's control. Further, the ability of Tamarack to pay dividends, and the frequency thereof, will be subject to applicable laws (including the satisfaction of the solvency test contained in applicable corporate legislation) and contractual restrictions contained in the instruments governing its indebtedness, including its credit facility.

Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated or implied by such forward-looking statements due to a number of factors and risks. These include:

- the material uncertainties and risks described under the heading "Advisories and guidance";
- the risks relating to inclement and severe weather events and natural disasters, including fire, drought and flooding and corresponding effects, including in respect to safety, asset integrity, shutting in production, impact on production, maintaining 2026 guidance and resumption of operations;
- the risks with respect to unplanned third-party pipeline or natural gas processing facility outages;
- the risks associated with the oil and gas industry in general, such as operational risks in development, exploration and production and including continued weakness and volatility in commodity prices and petroleum product prices;
- the actions of OPEC+ and non-OPEC+ oil and gas exporting countries to set production levels and the influence on oil prices and global demand;
- Russia's military actions in Ukraine;
- the U.S.-Venezuela conflict and the impact of potential increases in North American heavy oil supply;
- the Israel-Hamas conflict and uncertainty regarding the stability of any ceasefire or other de-escalation measures;
- delays or changes in plans with respect to exploration or development projects or capital expenditures;
- execution risk in the Company's ongoing waterflood program and uncertainty in projected production growth relative to forecasts;
- volatility in market prices for oil and natural gas;
- uncertainties associated with estimating proved plus probable oil and natural gas reserves and the ability of the Company to realize value from its properties;
- geological, technical, drilling and processing problems;
- facility and pipeline capacity constraints and access to processing facilities and to markets for production;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- risk that existing tariffs and additional or expanded tariffs imposed by the U.S. administration and other countries on Canadian goods or other restrictive trade measures, including with respect to crude oil and natural gas, and that such measures (and/or the Canadian government's response to such measures, including retaliatory countermeasures) adversely affect the demand and/or market price for the Company's products and/or otherwise adversely affect the Company;
- credit worthiness of counterparties to commodity, foreign exchange and interest rate contracts;
- increased borrowing costs due to increased lending rates from prime rate increase, negative changes to financial metrics evaluated under the Credit Facility;
- marketing and transportation;
- prevailing weather and break-up conditions;
- environmental risks;
- evolving climate change disclosure standards and sustainability reporting requirements, and the potential impacts on the Company's operations and reporting obligations;
- competition for, among other things, capital, acquisition of reserves, undeveloped lands and skilled personnel;
- operating costs, transportation and future development costs;
- the ability to access sufficient capital from internal and external sources;
- changes in tax, royalty and environmental legislation and any government policy;
- any legal proceedings, the results thereof and the impact on the Company's business, financial condition and results of operations;
- third party inability to manage inflationary cost pressures;
- changes in the political landscape, both domestically and abroad; and
- increased operating and capital costs due to inflationary pressures (actual and anticipated).

Readers are cautioned that the foregoing list of risk factors is not exhaustive. The risk factors above should be considered in the context of current economic conditions, increased supply resulting from evolving exploitation methods, the attitude of lenders and investors towards corporations in the energy industry, potential changes to royalty and taxation regimes and to environmental and other government regulations, the condition of financial markets generally, as well as the stability of joint venture and other business partners, all of which are outside the control of the Company. Also, to be considered are increased levels of political uncertainty and possible changes to existing international trading agreements and relationships. Legal challenges to asset ownership, limitations to rights of access and adequacy of pipelines or alternative methods of getting production to market may also have a significant effect on the Company's business. Additional information on these and other factors that could affect the business, operations or financial results of Tamarack are included in reports on file with applicable securities regulatory authorities, including but not limited to Tamarack's Annual Information Form for the year ended December 31, 2025, which may be accessed on Tamarack's SEDAR+ profile [www.sedarplus.ca](http://www.sedarplus.ca) or on the Company's website at [www.tamarackvalley.ca](http://www.tamarackvalley.ca).

This MD&A contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Tamarack's 2026 development capital program and plans regarding payment of 2026 dividends and any share buybacks by using anticipated adjusted funds flow combined with available credit facilities, commodity prices, Tamarack's 2026 capital guidance and components thereof including prospective results of operations and production, planned investment in oil and natural gas assets and expansion of the waterflood program; expected capital expenditures (including in respect of Tamarack's capital E&D budget), 2026 annual guidance and the components thereof including capital investments and annual average production, average oil and NGL weighting, and expenses (including expected royalty rates, operating expenses, transportation expenses, leasing expenditures, carbon tax, G&A expenses, interest and income taxes), payout of wells, adjusted funds flow, net debt (and the reduction thereof) targets, capital requirements, return of capital, the Company's 2026 budget and associated targets, debt

repayments, Tamarack's 2026 base capital investment program of \$390 - 410 million, targeting average production range of 69,000 – 71,000 boe per day in 2026 at Clearwater and Charlie Lake development areas, anticipated generation of significant free funds flow in 2026 based on current strip prices, the use of free funds flow for share buybacks, dividends and debt reduction, the availability and use of credit facilities, expected commitments and contingencies of the Company over the upcoming years and the components thereof, total returns and components thereof, decline rates, and expected ongoing enhancement of operating netbacks through improved realizations and lower operating expenses, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs and the assumptions outlined under "Non-GAAP financial measures and Non-GAAP financial ratios" and "Capital management measures and ratios", and should not be used for purposes other than those for which it is disclosed herein. Tamarack and its management believe that the prospective financial information has been prepared on a reasonable basis, reflecting management's best estimates and judgments, and represent, to the best of management's knowledge and opinion, Tamarack's expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future activities or results.

The forward-looking statements and FOFI contained in this MD&A, as defined by Canadian securities legislation, are approved by management as of the date hereof and Tamarack undertakes no obligation to update publicly or revise any forward-looking statements, forward-looking information or FOFI whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. The forward-looking statements and FOFI contained herein are expressly qualified by this cautionary statement.

### Independent reserves evaluation

Estimates of the Company's reserves and related estimates of net present value of future net revenues as at December 31, 2025 are based upon reports prepared by McDaniel & Associates Consultants Ltd. ("McDaniel") evaluating the Company's oil, natural gas and NGL reserves and related estimates of net present value of future net revenue, dated January 21, 2026. The estimates of reserves provided in this document are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided in this in this document, and the difference may be material. There are numerous uncertainties inherent in estimating quantities of crude oil, reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth herein are estimates only. There is no assurance that the forecast price and cost assumptions applied by McDaniel in evaluating Tamarack's reserves will be attained and variances could be material. For important additional information regarding the independent reserves evaluation that was conducted by McDaniel, please refer to the Annual Information Form for the year ended December 31, 2025, which is available on SEDAR+.

### Certain oil and gas terms

Certain terms used in this MD&A that are not otherwise defined herein are provided below:

- **developed producing reserves** are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
- **developed reserves** are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.
- **reserves** are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on: analysis of drilling, geological, geophysical and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are classified according to the degree of certainty associated with the estimates.
- **proved reserves** are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
- **probable reserves** are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.
- **proved plus probable reserves** is the sum of proved reserves and probable reserves.
- **gross** means: in relation to reserves, the applicable working interest (operating or non-operating) share before royalties and without including any royalty interests; and, in relation to wells, the total number of wells in which the Company has an interest.
- **net** means: in relation to the Company's interest in wells, the number of wells obtained by aggregating the Company's working interest in each of its gross wells; and in relation to the Company's interest in a property, the total area in which the Company has an interest multiplied by the working interest owned by the Company.

### Note regarding product types

This MD&A includes references to total average daily production, crude oil production, NGLs production and natural gas production. NGLs refers to all natural gas liquids, consisting of condensate, pentanes plus, butane, propane and ethane. Natural gas refers to conventional natural gas and shale gas combined. Crude oil refers to light, medium, and heavy crude oil combined.

### Short-term production

References in this MD&A to initial production rates and other short-term production rates are useful in confirming the presence of hydrocarbons, however such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long-term performance or of ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production of Tamarack.

### Abbreviations

<b>AECO</b>	Alberta Energy Company benchmark for natural gas	<b>NCWC</b>	non-cash working capital
<b>bbl(s)</b>	barrel(s)	<b>NGL</b>	natural gas liquids
<b>bbls/d</b>	barrels per day	<b>nm</b>	not meaningful information
<b>boe</b>	barrels of oil equivalent	<b>NYMEX</b>	New York Mercantile Exchange
<b>boe/d</b>	barrels of oil equivalent per day	<b>OPEC</b>	Organization of Petroleum Exporting Countries
<b>ESG</b>	Environment, sustainability and governance	<b>OPEC+</b>	OPEC plus certain other oil-producing countries
<b>GAAP</b>	Generally accepted accounting principles	<b>WCS</b>	Western Canadian Select, the benchmark for both conventionally produced and oilsands produced heavy sour crude oil in Western Canada
<b>IFRS</b>	IFRS Accounting Standards	<b>WTI</b>	West Texas Intermediate, the reference price paid for crude oil of standard grade in US dollars at Cushing, Oklahoma
<b>mcf</b>	thousand cubic feet	<b>2P</b>	total proved plus probable
<b>mcf/d</b>	thousand cubic feet per day		
<b>Mboe</b>	thousand barrels of oil equivalent		
<b>MMboe</b>	million barrels of oil equivalent		



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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Tamarack Valley Energy Ltd.

### ***Opinion***

We have audited the consolidated financial statements of Tamarack Valley Energy Ltd. (the Entity), which comprise:

- the consolidated balance sheets as at December 31, 2025 and December 31, 2024
- the consolidated statements of income (loss) and comprehensive income (loss) 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 policies

(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 Entity 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 Entity 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 natural gas reserves on property, plant and equipment***

#### ***Description of the matter***

We draw attention to notes 3, 4 and 6 to the financial statements. The Entity uses estimated proved and probable oil and natural gas reserves to deplete property, plant and equipment included in oil and natural gas assets, to assess for indicators of impairment on the Entity's cash-generating units and, if any such indicators exist, to perform an impairment test to estimate the recoverable amount of the cash-generating unit. The Entity depletes its net carrying value of property, plant and equipment using the unit of production method by reference to the ratio of production in the period to the related proved and probable oil and natural gas reserves, taking into account estimated forecasted future development costs necessary to bring those reserves into production. At December 31, 2025, the Entity had \$3,133 million of property, plant and equipment and recorded \$521.6 million of related depletion expense for the year.

The estimate of proved and probable oil and natural gas reserves requires the expertise of qualified reserves evaluators and includes significant assumptions related to:

- Forecasted oil and natural gas commodity prices
- Forecasted production
- Forecasted operating costs
- Forecasted royalty costs
- Forecasted future development costs.

The Entity engages external independent qualified reserves evaluators to estimate the proved and probable oil and natural gas reserves.



***Why the matter is a key audit matter***

We identified the assessment of the impact of estimated proved and probable oil and natural gas reserves on property, plant and equipment as a key audit matter. Significant auditor judgment was required to evaluate the results of our audit procedures regarding the estimate of proved and probable oil and natural gas reserves.

***How the matter was addressed in the audit***

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

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

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

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

***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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity 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 Brad William Robertson.

Calgary, Canada

February 24, 2026

# TAMARACK VALLEY ENERGY LTD.

Consolidated Balance Sheets

As at December 31, 2025 and 2024

(thousands of Canadian dollars)

As at December 31	Notes	2025	2024
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 5,444	\$ 7,391
Accounts receivable	5	114,248	139,223
Prepaid expenses and deposits		30,369	11,186
Risk management contracts	8	14,579	20,050
Assets held for sale	6	-	37,558
		<b>164,640</b>	<b>215,408</b>
Oil and natural gas assets	6	3,198,919	3,773,355
		<b>3,363,559</b>	<b>3,988,763</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		145,208	199,808
Risk management contracts	8	-	31,563
Other liabilities	9	33,407	22,004
Asset retirement obligations	11	4,911	7,700
Liabilities associated with assets held for sale	6, 11	-	14,327
		<b>183,526</b>	<b>275,402</b>
Debt	7	668,328	738,123
Other liabilities	9	197,376	206,684
Asset retirement obligations	11	129,161	172,581
Deferred income taxes	12	360,059	474,116
		<b>1,538,450</b>	<b>1,866,906</b>
<b>Shareholders' equity</b>			
Share capital	13	1,642,819	1,764,900
Treasury shares	13	(7,690)	(3,735)
Contributed surplus	18	26,680	20,823
Retained earnings		163,300	339,869
		<b>1,825,109</b>	<b>2,121,857</b>
		<b>\$ 3,363,559</b>	<b>\$ 3,988,763</b>
Commitments and contingencies	10		
Subsequent events	13		

See accompanying notes to the Annual Financial Statements.

(signed)

John Rooney

Director, Tamarack Valley Energy Ltd.

(signed)

John Leach

Director, Tamarack Valley Energy Ltd.

## TAMARACK VALLEY ENERGY LTD.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

For the years ended December 31, 2025 and 2024

(thousands of Canadian dollars, except per share amounts)

Years ended December 31	Notes	2025		2024
<b>Revenue</b>				
Oil and natural gas sales	16	\$	1,611,671	\$ 1,720,732
Sale of purchased product			35,907	17,653
Processing and other income			2,865	3,125
Royalties			(302,938)	(337,378)
			<b>1,347,505</b>	1,404,132
<b>Risk management contracts</b>				
Realized loss	8		(19,228)	(11,291)
Unrealized gain (loss)	8		30,251	(51,581)
			<b>1,358,528</b>	1,341,260
<b>Expenses</b>				
Operating	2		187,839	212,430
Transportation			86,149	80,727
Product purchases and blending			37,938	19,511
Finance	17		84,742	95,838
General and administrative			37,021	32,706
Stock-based compensation	18		27,849	17,560
Depletion and depreciation	6		530,613	588,019
Loss on dispositions and other	6		406,473	85,148
			<b>1,398,624</b>	1,131,939
Net income (loss) before income taxes			<b>(40,096)</b>	209,321
<b>Income taxes</b>				
Current income tax expense	12		100,044	108,476
Deferred income tax recovery	12		(103,791)	(61,374)
			<b>(3,747)</b>	47,102
Net income (loss) and comprehensive income (loss)		\$	<b>(36,349)</b>	\$ 162,219
<b>Net income (loss) per share</b>				
Basic	14	\$	<b>(0.07)</b>	\$ 0.30
Diluted	14	\$	<b>(0.07)</b>	\$ 0.30

See accompanying notes to the Annual Financial Statements.

## TAMARACK VALLEY ENERGY LTD.

Consolidated Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(thousands of Canadian dollars)

Years ended December 31	Notes	2025	2024
<b>Operating activities</b>			
Net income (loss)		\$ (36,349)	\$ 162,219
Items not affecting cash:			
Depletion and depreciation	6	530,613	588,019
Deferred income tax recovery	12	(103,791)	(61,374)
Unrealized (gain) loss on risk management contracts	8	(30,251)	51,581
Non-cash finance expenses	17	17,884	15,204
Loss on dispositions and other	6	401,027	84,075
Non-cash stock-based compensation	18	12,249	11,236
Settlement of asset retirement obligations	11	(5,441)	(13,154)
Changes in non-cash working capital	19	(7,044)	(4,594)
Cash provided by operating activities		778,897	833,212
<b>Financing activities</b>			
Net repayment of revolving debt	7	(293,028)	(50,245)
Net proceeds (repayment) from senior notes and term loans	7	216,379	(140,167)
Repayment of other liabilities	9	(21,928)	(9,371)
Proceeds from issuance of other liabilities	9	-	41,801
Purchase of common shares for cancellation	13	(185,281)	(135,352)
Dividends	13	(77,020)	(81,474)
Purchase of common shares for treasury	13	(18,194)	(11,600)
Proceeds from exercise of equity compensation	13, 18	499	1,256
Changes in non-cash working capital	19	1,462	10,492
Cash used in financing activities		(377,111)	(374,660)
<b>Investing activities</b>			
Investments in oil and natural gas assets	6	(400,015)	(450,905)
Acquisitions	6	(95,224)	-
Proceeds (payments) from disposals	6	126,667	(1,748)
Changes in non-cash working capital	19	(35,161)	(728)
Cash used in investing activities		(403,733)	(453,381)
Change in cash		(1,947)	5,171
Cash, beginning of year		7,391	2,220
Cash, end of year		\$ 5,444	\$ 7,391

See accompanying notes to the Annual Financial Statements.

## TAMARACK VALLEY ENERGY LTD.

Consolidated Statements of Changes in Shareholders' Equity  
For the years ended December 31, 2025 and 2024  
(thousands of Canadian dollars)

As at and for the years ended December 31	Notes	2025	2024
<b>Share capital</b>			
Balance, beginning of year		\$ 1,764,900	\$ 1,879,250
Net book value of common shares purchased for cancellation	13	(122,081)	(114,350)
Balance, end of year		1,642,819	1,764,900
<b>Treasury shares</b>			
Balance, beginning of year		(3,735)	(2,416)
Purchase of common shares for exercise of equity compensation units	13	(18,194)	(11,600)
Exercise of equity compensation units	13	13,740	9,025
Proceeds from exercise of equity compensation units	13, 18	499	1,256
Balance, end of year		(7,690)	(3,735)
<b>Contributed surplus</b>			
Balance, beginning of year		20,823	28,458
Stock-based compensation incurred	18	13,190	11,876
Deferred tax asset from equity compensation	12	6,407	-
Exercise of equity compensation units	13	(13,740)	(9,025)
Incremental fair value of common shares purchased for cancellation	13	-	(10,486)
Balance, end of year		26,680	20,823
<b>Retained earnings</b>			
Balance, beginning of year		339,869	269,640
Incremental fair value of common shares purchased for cancellation	13	(63,200)	(10,516)
Dividends	13	(77,020)	(81,474)
Net income (loss)		(36,349)	162,219
Balance, end of year		\$ 163,300	\$ 339,869
<b>Total shareholders' equity, beginning of year</b>		<b>\$ 2,121,857</b>	<b>\$ 2,174,932</b>
<b>Total shareholders' equity, end of year</b>		<b>\$ 1,825,109</b>	<b>\$ 2,121,857</b>

See accompanying notes to the Annual Financial Statements.

# TAMARACK VALLEY ENERGY LTD.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2025 and 2024  
(thousands of Canadian dollars, unless otherwise indicated)

## 1. Reporting entity

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Tamarack Valley Energy Ltd. is a corporation engaged in the exploration, development, production and sale of oil and natural gas in the Western Canadian Sedimentary Basin. The Company is currently developing two projects in Northern Alberta – a Clearwater heavy oil position at Nipisi, Marten Hills and South Clearwater and a Charlie Lake light oil position at Valhalla, Wembley and Pipestone. Tamarack is a publicly traded company on the Toronto Stock Exchange and is traded under the symbol “TVE”. The Company is incorporated and domiciled in Alberta, Canada with a registered office address located at Suite 4300, 888 – 3<sup>rd</sup> Street S.W., Calgary, Alberta, T2P 5C5 and the head office address located at Suite 1700, 525 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 1G1. These consolidated financial statements for the years ended December 31, 2025 and 2024 (the “Annual Financial Statements”) were approved and authorized by the Board of Directors on February 24, 2026.

## 2. Basis of preparation

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These Annual Financial Statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). They have been prepared on a historical cost basis with the exception of certain financial instruments and equity compensation units, which are measured at their estimated fair value. These Annual Financial Statements consist of Tamarack and its subsidiaries. Intercompany balances and any income and expenses arising from intercompany transactions have been eliminated. These Annual Financial Statements are presented in Canadian dollars, which is the functional and reporting currency of the Company and its subsidiaries.

Certain comparative figures in these Annual Financial Statements have been adjusted to conform with the current period presentation. On the statements of income (loss), production expenses were combined with carbon taxes and renamed to operating expenses. There were no changes to the consolidated operating results or financial position for the year ended December 31, 2024, as a result of this presentation change.

## 3. Material accounting policies

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### Oil and natural gas assets

Oil and natural gas assets are measured at historical cost less accumulated depletion, depreciation and impairment. The Company begins capitalizing costs after the right to explore has been acquired and includes land acquisition costs, geological and geophysical activities, surface construction, drilling activities, completion activities, well equipment, facilities construction and directly attributable general and administrative costs. Pre-license expenditures are expensed as incurred. All subsequent investments in the development of oil and natural gas assets are capitalized if the expenditure is considered a betterment and provides future economic benefits beyond one year.

Oil and natural gas assets are classified as exploration and evaluation (“E&E”) assets where technical feasibility and commercial viability has not yet been established. These criteria are generally deemed to have been achieved when commercial quantities of proved and probable reserves are present, and the Company has sanctioned field development. When technical feasibility and commercial viability has been established, the E&E assets are tested for impairment and then reclassified to property, plant and equipment (“PP&E”). Investments are capitalized directly to PP&E if technical feasibility and commercial viability in respect of a particular project have previously been established.

Undeveloped E&E assets are depreciated on a straight-line basis over the term of the lease and are fully expensed upon expiry. The Company’s oil and natural gas assets are depleted utilizing the unit of production method relative to its associated proved and probable oil and natural gas reserves. The depletion base consists of historical capitalized costs plus the estimated future development costs necessary to bring estimated proved and probable reserves into production. Natural gas production and reserves are converted to barrels of oil equivalent based on their relative energy content (6 mcf:1 boe). Corporate assets and other investments are depreciated using the declining-balance method over their estimated useful lives.

Gains and losses from the disposal of oil and natural gas assets are determined by comparing the proceeds of the sale to the carrying value of the corresponding de-recognized assets and liabilities with any differential recognized in net income (loss). Oil and natural gas assets and their corresponding liabilities are presented as held for sale on the balance sheet when the Company has entered into a committed plan to sell the assets and the sale is expected to be completed within one year from the date of classification. Assets held for sale are not subject to depletion and depreciation and are measured at the lower of carrying value and the fair value less costs to sell, with any reduction recognized as an impairment loss.

## **Impairment**

Tamarack reviews its oil and natural gas assets for indicators of impairment at each reporting period, which includes a review of changes in current and forecasted commodity prices, financial and operational results, future development plans, reservoir performance and reserves. If any indicators exist, the assets are tested for impairment and a loss is recorded to the extent that its carrying value exceeds the estimated recoverable amount. For the purposes of impairment reviews and testing, the Company's PP&E and E&E assets are aggregated into cash-generating units ("CGU"), which are defined as the lowest level of asset grouping generating cash inflows that are independent of the cash inflows of other groups of assets or properties. The classification of CGUs is generally based on shared infrastructure, geographical proximity, product type and similar exposure to market risk. As at December 31, 2025, the Company's CGUs were the Clearwater and Charlie Lake areas.

The recoverable amount of the CGU is determined to be the greater of its fair value less costs of disposal and its value in use. Fair value less costs of disposal is based on the estimated recoverable amount for which the asset could be sold in an arm's length transaction between knowledgeable parties, less costs of disposal. In assessing value in use, the value is based on the estimated present value of future cash flows expected to be recovered from continued operation of the CGU. The recoverable value of Tamarack's CGUs is primarily estimated using discounted cash flows from proved plus probable reserves, purchase and sale agreements, observable third-party business combination transaction metrics or comparable third-party land transactions adjacent to the Company's acreages.

## **Business combinations**

Tamarack accounts for business combinations by recognizing the fair market value of the identifiable assets acquired and liabilities assumed as at the date of acquisition. The value of the purchase price paid in excess of, or below, the fair value of the identifiable assets acquired and liabilities assumed is recorded as goodwill or a gain on acquisition, respectively. Any deferred tax asset or liability arising from the business combination is recognized at the acquisition date. The subsequent remeasurement of acquired asset retirement obligations from fair market value to the risk-free rate is recognized as an adjustment to the carrying value of oil and natural gas assets. Transaction costs associated with business combinations are expensed. All operating results incurred from the effective date to the closing date of the business combination are reflected as an adjustment to the purchase price.

## **Financial instruments**

Tamarack's financial assets and liabilities consist of cash, accounts receivables, risk management contracts, accounts payable and accrued liabilities, other liabilities and debt. Financial assets and liabilities are generally measured on the consolidated balance sheet at either fair market value or amortized cost. All of Tamarack's financial instruments are measured at amortized cost other than risk management contracts and cash-settled equity compensation units. The carrying value for all the Company's financial instruments generally approximates their fair value, with the exception of debt and other liabilities.

Realized gains and losses from the settlement of risk management contracts as well as unrealized gains and losses from the remeasurement of those instruments to fair market value at each reporting period are recognized in net income (loss) as incurred. Transaction costs related to financial instruments recognized at fair value are expensed. Financial instruments recognized at amortized cost are accreted towards their settlement value over time whereby the associated transaction costs or discount factors are capitalized together with the host instrument and then amortized over the term of the underlying contract.

All financial assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized using a three-level hierarchy based on the number and quality of observable inputs used to value the instruments:

- Level 1 – valuations are based on quoted prices that are available in active markets for identical assets or liabilities
- Level 2 – valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors which can be substantially observed or corroborated in the marketplace
- Level 3 – valuations that are not based on observable market data

All of Tamarack's financial instruments measured or disclosed at fair value utilize a Level 2 valuation. Any impairment loss of financial assets is determined by assessing and measuring the expected losses of the instruments at each reporting period. When measuring expected credit losses, the Company considers a variety of factors including: evidence of the debtor's financial condition, history of collections, probability of recovery, the term of the receivable and any changes in economic conditions. Financial assets and liabilities are reflected net on the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

## **Revenue**

The Company generates revenue primarily from the sale of produced oil, natural gas and natural gas liquids. Revenues are measured at the agreed upon transaction price and volume specified in the contracts with customers. Tamarack recognizes revenue when it transfers control of the product to the buyer, which generally occurs at the custody transfer location where the products are physically delivered and legal title has been assigned to the customer. The nature of each performance obligation, including roles of third parties and partners, are evaluated to determine if the Company acts as a principal, and recognizes revenue on a gross basis, or as an agent, and recognizes revenue on a net basis. Tamarack acts as the principal for substantially all of the Company's oil and natural gas sales as it controls the product before being delivered to the customer. Revenues earned from the processing of third-party volumes are recognized once the service has been performed. Tamarack records royalties at the time of

extraction based on provincial royalty frameworks or the contractual terms of the mineral rights agreements. The costs associated with the transportation of crude oil, natural gas and natural gas liquids are recognized when the product is sold.

The Company sells its production pursuant to fixed or variable volume and price marketing contracts. The transaction price is typically based on a quoted benchmark commodity price, adjusted for quality differentials, location or other economic factors. The contracts can often commit Tamarack to delivering specified fixed volumes of products to the counterparty. These own-use physical-delivery and sales contracts are not held for trading or speculative purposes and are, therefore, not measured at fair value at each reporting period.

The sale of purchased product and the corresponding cost of product purchases is recorded on a gross basis when commodities are purchased for resale to a separate downstream customer. If Tamarack enters into a product purchase and resale netting transaction with the same counterparty to facilitate the downstream delivery of like commodities on the transportation systems (a commodity swap arrangement), the transaction is recorded on a net basis.

#### **Asset retirement obligations**

Tamarack recognizes a provision if the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Tamarack's provisions primarily consist of asset retirement obligations associated with dismantling, abandonment, reclamation and remediation activities related to the Company's oil and natural gas assets. At initial recognition, Tamarack recognizes an asset retirement cost and corresponding liability on the balance sheet, measured at the present value of the inflated future cash outflows required to settle the obligation utilizing a risk-free discount rate. The asset retirement costs are depleted over the useful life of the underlying oil and natural gas assets and the asset retirement liabilities are accreted upwards over time to the estimated settlement value at the expected date of closure. Together, these charges reflect the estimated total cost of abandonment in net income (loss) over time. Changes in estimated future cash flows or discount rates are recognized against oil and natural gas assets. Actual costs incurred to settle the obligations reduce the liability.

#### **Income tax**

Tamarack's income tax expense is comprised of current and deferred tax recognized in respect of the Company's earnings which are anticipated under the Income Tax Act (Canada). Income tax expense is recognized through net income (loss), except to the extent that it relates to business combinations or shareholders' equity, in which case, the taxes are recognized directly on the balance sheet. Current income tax expense reflects the expected taxes payable relating to income earned during the current year, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred income taxes are recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding tax values. Deferred income tax expense reflects the accrued value of income taxes that are expected to apply on taxable income in future years when these temporary differences reverse. Deferred tax is measured on an undiscounted basis using tax rates that have been enacted or substantively enacted and that are expected to apply in future years. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset with the same tax authority in respect of the same taxable entity. A deferred tax asset is only recorded to the extent it is probable that the available carry-forward tax deductions can be utilized to shelter taxable profits from income tax.

#### **Basis of consolidation**

Tamarack consolidates the assets, liabilities and operating results of its subsidiary corporations and partnerships when the Company's controlling interest has the power to govern the financial and operating policies of the entity, provides exposure to the variable returns and controls the timing and extent of those returns. Many of Tamarack's oil and natural gas activities also involve undivided interests in jointly owned assets and operations without the establishment of a corporation, partnership or other entity and, therefore, reflect only the Company's proportionate interest in those assets, liabilities, revenues and expenses.

#### **Stock-based compensation**

Tamarack's stock-based compensation expense consists of restricted share units ("RSUs"), performance share units ("PSUs"), restricted incentive awards ("RIAs") and performance incentive awards ("PIAs") granted to service providers of the Company. Tamarack also has outstanding stock options issued under legacy equity compensation plans.

Cash-settled and equity-settled awards are initially measured at their grant date fair value and expensed over the vesting period with a corresponding increase to other liabilities and contributed surplus, respectively. The initial fair value recognition of RSUs, PSUs, RIAs and PIAs is generally based on the Company's share price at the grant date. Cash award settlements reduce the corresponding liability. When equity-settled awards are exercised or released, the original expense previously recognized as contributed surplus is reflected as an increase to share capital.

The primary non-market vesting condition for Tamarack's equity compensation arrangements is continuous employment. An estimated forfeiture rate is initially applied to the valuation of these awards and is subsequently adjusted to reflect the actual number of awards that ultimately vest. PSUs and PIAs are also subject to certain other performance-based vesting conditions which are established by the Company's Board of Directors prior to the grant date. Following the performance period, a pre-determined adjustment factor is applied to the vesting units which may act to increase or decrease the number of awards that ultimately vest.

The fair value of these awards on the date of grant is initially adjusted to reflect the probability of these outcomes. The fair value of cash-settled awards is subsequently adjusted to reflect any changes in share price, market or non-market performance factors at each reporting period. For equity-settled awards, the stock-based compensation expense is not subsequently adjusted for changes in share price or the value of any performance factors that are dependent upon market conditions. The stock-based compensation expense attributable to performance factors that are dependent upon non-market conditions are subsequently adjusted for actual results.

#### **Share capital**

The issuance of common shares for consideration is reflected as share capital, net of incremental issuance costs and the associated tax impact. When Tamarack purchases its common shares for cancellation under a normal course issuer bid, share capital is reduced by the weighted average carrying value of the extinguished shares. The net book value of common shares purchased in excess of the amount paid for the shares is recognized as contributed surplus. Any amount paid for common shares purchased in excess of their net book value is first recognized as a reduction to contributed surplus to the extent it was created from previous share buy backs, with the remainder reflected as a reduction to retained earnings. When Tamarack purchases its own common shares to settle the exercise of equity compensation units (treasury shares), the Company's share capital is reduced by the weighted average value of the common shares acquired and held in trust for future use.

#### **Earnings per share**

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period, excluding treasury shares. Diluted earnings per share is determined by adjusting the weighted average number of common shares outstanding by repurchased shares and the number of shares which would have had a dilutive effect on net income during the period had all outstanding in-the-money equity compensation units been exercised.

#### **Future accounting pronouncements**

In April 2024, the IASB issued IFRS 18 'Presentation and Disclosure in Financial Statements', which primarily introduces the requirement to reorganize the statements of income (loss) by operating, investing and financing related activities and provides guidance on the aggregation of financial data. The standard is effective retrospectively for reporting periods beginning on or after January 1, 2027. Tamarack is currently evaluating the impact of IFRS 18 adoption on its financial statements.

## **4. Significant estimates and judgments**

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#### **Oil and natural gas assets**

Tamarack often applies judgment when capitalizing E&E and PP&E costs as it requires the Company to apply the capitalization eligibility criterion to various development activities that are unique to the oil and natural gas industry. The classification of E&E assets requires judgment as Tamarack must define and establish thresholds for determining whether technical feasibility and commercial viability has been established. The determination of CGUs requires judgment as the Company is required to define and establish these asset groupings based on their specific nature and characteristics. Judgments are required to assess the relevant external and internal indicators of impairment for each CGU as the Company must assess qualitative and quantitative impacts for determining if an indicator is present, such that an impairment test is then required.

Tamarack's estimated reserves are assessed by external independent qualified reserves evaluators on an annual basis using the standards contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101. Tamarack utilizes reserves estimates primarily for calculating depletion and estimating the recoverable value of CGUs for impairment testing. Reserves estimates are also used to support the valuation of business combinations, asset acquisitions, deferred income tax assets and the determination of technical feasibility and commercial viability of E&E assets. Reserves estimates are subject to measurement uncertainty and include significant assumptions regarding forecasted production, forecasted oil and natural gas commodity prices, forecasted operating costs, forecasted royalty costs and forecasted future development costs.

Laws, standards, rules, regulations or other pronouncements enforced by governments both domestic and abroad could significantly impact the Company's business, financial condition, operating results and access to capital. Such actions may include, among other things, tariffs or the threat of tariffs. The impacts of climate change, including governments' response and the advancement of a global transition to alternative energy, is another a source of uncertainty for Tamarack and could impact key estimates and assumptions regarding the measurement of certain balances and transactions in these Annual Financial Statements. Estimates regarding the value of the Company's oil and natural gas assets, depletion, impairment, reserves and asset retirement obligations are all subject to measurement uncertainty due to the risks of government policy and climate change.

#### **Other estimates and judgments**

The valuation of Tamarack's asset retirement obligations includes estimates regarding the future costs required to abandon and reclaim wells and associated infrastructure under current regulatory requirements, the timing of those abandonments and future inflation and discount rates. Actual future abandonment and reclamation costs could be materially different from these estimates.

Tamarack applies judgment in the interpretation of tax laws, rules and regulations under the Income Tax Act (Canada) which are subject to change by the prevailing government. These changes can impact the timing of the reversal of temporary tax differences, the tax rates in effect when such differences reverse and the Company's ability to utilize carryforward tax pools and other credits

in the future. Deferred tax assets and liabilities are recognized when it is considered probable that the amounts will be realized in the future, which requires significant estimates and assumptions regarding the future utilization of carryforward tax pools.

Tamarack's fair market valuation of risk management contracts at each reporting period includes significant estimates and assumptions regarding forecasted commodity prices, foreign exchange rates, interest rates, volatility curves and credit risk. Accordingly, there is measurement uncertainty associated with these mark-to-market valuations and they are subject to change.

Tamarack applies judgment in assessing whether the Company controls the Clearwater Infrastructure Partnership for the purposes of consolidated reporting.

## 5. Receivables

<b>December 31</b>	<b>2025</b>		2024
Oil and natural gas sales	\$	<b>108,807</b>	\$ 125,919
Joint venture billings		<b>4,425</b>	5,987
Other receivables		<b>1,016</b>	7,317
Accounts receivable	\$	<b>114,248</b>	\$ 139,223

Tamarack manages credit risk primarily by transacting with creditworthy companies, limiting exposure to any individual counterparty, evaluating the creditworthiness of counterparties or by requiring security on the transaction. Tamarack's accounts receivable primarily relate to oil and natural gas sales that are typically collected on the 25<sup>th</sup> day of the month following production. The Company historically has not experienced any material collection issues from its oil and natural gas sales. As at December 31, 2025, credit risk associated with Tamarack's accounts receivables was considered low as 16 investment-grade customers accounted for greater than 90% of outstanding balances (December 31, 2024 – 21 investment-grade customers, greater than 90%).

## 6. Oil and natural gas assets

<b>Cost</b>	<b>PP&amp;E</b>		<b>E&amp;E</b>	<b>Total</b>
Balance at December 31, 2023	\$	5,570,831	\$ 52,068	\$ 5,622,899
Investments in oil and natural gas assets		435,942	14,963	450,905
Non-cash capitalized costs		37,658	-	37,658
Disposal of Redwater assets and other		(112,418)	-	(112,418)
Balance at December 31, 2024	\$	5,932,013	\$ 67,031	\$ 5,999,044
Investments in oil and natural gas assets		393,567	6,448	400,015
Acquisition of Clearwater heavy oil assets		81,896	9,430	91,326
Non-cash capitalized costs		9,296	-	9,296
Disposal of Southern Penny and Eastern Alberta assets		(1,416,256)	-	(1,416,256)
Balance at December 31, 2025	\$	5,000,516	\$ 82,909	\$ 5,083,425
<b>Accumulated depletion, depreciation and impairment losses</b>		<b>PP&amp;E</b>	<b>E&amp;E</b>	<b>Total</b>
Balance at December 31, 2023	\$	1,601,020	\$ 8,908	\$ 1,609,928
Depletion and depreciation		584,151	3,868	588,019
Disposal of Redwater assets and other		(47,912)	-	(47,912)
Impairment of Southern Penny assets held for sale		38,096	-	38,096
Balance at December 31, 2024	\$	2,175,355	\$ 12,776	\$ 2,188,131
Depletion and depreciation		526,171	4,442	530,613
Disposal of Southern Penny and Eastern Alberta assets		(834,238)	-	(834,238)
Balance at December 31, 2025	\$	1,867,288	\$ 17,218	\$ 1,884,506
<b>Carrying amounts</b>		<b>PP&amp;E</b>	<b>E&amp;E</b>	<b>Total</b>
At December 31, 2023	\$	3,969,811	\$ 43,160	\$ 4,012,971
At December 31, 2024 <sup>(1)</sup>	\$	3,756,658	\$ 54,255	\$ 3,810,913
At December 31, 2025	\$	3,133,228	\$ 65,691	\$ 3,198,919

<sup>(1)</sup> Balance includes \$3,773.4 million of oil and natural gas assets and \$37.6 million of assets held for sale.

### Acquisitions

On July 29, 2025, the Company acquired all of the issued and outstanding shares of a private company for cash consideration of \$51.5 million before closing adjustments. In connection with the business combination, Tamarack acquired heavy oil production, reserves and mineral rights near the Company's core asset holdings in the Clearwater. The allocation of the purchase price was based on the Company's fair value estimates of the assets acquired and liabilities assumed.

Purchase price allocation	Notes	July 29, 2025
Purchase consideration		\$ 53,715
Net assets acquired		
Oil and natural gas assets		49,817
Deferred income tax asset	12	3,859
Working capital		938
Asset retirement obligations	11	(899)
Net assets acquired		\$ 53,715

The fair value of the acquired oil and natural gas assets was primarily based on the estimated cash flows from proved and probable oil and natural gas reserves, discounted at a rate of approximately 12%. A 1% increase in the discount rate would reduce the fair value measurement by \$1.9 million. The fair value of the asset retirement obligations was initially estimated using a credit adjusted risk-free rate of 6.6% and was subsequently remeasured to \$3.0 million using the risk-free rate of 3.6% (Note 11).

Subsequent to the closing date, oil and natural gas sales of \$8.8 million and net income before income taxes of \$4.2 million related to the acquired assets were included in net income (loss) for the year ended December 31, 2025. If the acquisition had occurred on January 1, 2025, additional oil and natural gas sales and net income before income taxes of approximately \$33.3 million and \$14.3 million, respectively, would have been recognized.

On October 17, 2025, Tamarack acquired undeveloped mineral rights in the Clearwater fairway for \$41.5 million, targeting the Clearwater and Wabiskaw formations.

### Disposals

On October 15, 2025, Tamarack sold its remaining non-core oil and natural gas assets in the Veteran Consort and Eyehill areas of Eastern Alberta for gross cash proceeds of \$112.0 million before closing adjustments. Tamarack derecognized \$40.8 million in discounted asset retirement obligations (Note 11) and recorded a loss on disposal of \$397.9 million, most of which had been accrued in the third quarter as an impairment loss on the assets held for sale.

On May 21, 2025, Tamarack sold its non-core oil and natural gas assets in the Southern Alberta Penny area for gross cash proceeds of \$28.0 million before closing adjustments. Tamarack derecognized \$14.5 million in discounted asset retirement obligations (Note 11) and recorded an incremental loss on disposal of \$2.1 million. The assets were presented as held for sale as at December 31, 2024, with the Company having recorded an impairment loss of \$38.1 million.

During 2024, the Company sold certain non-core oil and natural gas assets to third parties for nominal proceeds. Tamarack derecognized \$18.7 million in discounted asset retirement obligations and recorded a loss on disposal of \$46.5 million.

Non-cash costs consist of capitalized asset retirement obligations, right-of-use assets and stock-based compensation. As at December 31, 2025, E&E assets primarily consisted of undeveloped prospective acreages in the Seal and Pelican areas. The calculation of depletion at December 31, 2025 included estimated future development costs of \$1.94 billion associated with the Company's proved and probable reserves (December 31, 2024 – \$1.81 billion). Depletion expense related to the Company's oil and natural gas assets was \$521.6 million for the year ended December 31, 2025 (December 31, 2024 - \$579.4 million).

Included in the loss on dispositions and other line on the statements of income (loss) for 2025 are \$4.2 million in transaction costs, primarily in respect of acquisitions and dispositions, and \$2.0 million in call option premiums paid on the partial redemption of the 2027 Notes (Note 7). As at December 31, 2025, there were no impairment indicators identified in either of the Company's remaining CGUs.

## 7. Debt

	Credit Facility	2027 Notes	2030 Notes	Term Facility & DAP Notes	Total
Balance at December 31, 2023	\$ 481,388	\$ 290,423	\$ -	\$ 140,167	\$ 911,978
Net repayment of debt instruments	(50,245)	-	-	(140,167)	(190,412)
Unrealized foreign exchange loss	8,967	-	-	-	8,967
Amortization of deferred borrowing costs	4,690	2,900	-	-	7,590
Balance at December 31, 2024	\$ 444,800	\$ 293,323	\$ -	\$ -	\$ 738,123
Net proceeds (repayment) from debt instruments	(293,028)	(100,000)	318,382	-	(74,646)
Unrealized foreign exchange gain	(3,864)	-	-	-	(3,864)
Amortization of deferred borrowing costs	4,060	4,110	545	-	8,715
Balance at December 31, 2025	\$ 151,968	\$ 197,433	\$ 318,927	\$ -	\$ 668,328
Effective interest rate (annualized)	6.70%	8.19%	7.28%		
Maturity date	April 30, 2028	May 10, 2027	July 25, 2030		

## Credit Facility

As at December 31, 2025, Tamarack had access to a covenant-based \$875.0 million revolving lending facility (the "Credit Facility"). The Credit Facility has an uncommitted accordion feature that provides the Company with the ability to access an incremental \$125.0 million of secured debt, subject to certain conditions, including approvals from the lending syndicate. The Credit Facility bears interest at a variable market-based interest rate plus an applicable credit margin depending on the Company's senior debt to EBITDA ratio and is secured by a \$2.5 billion debenture with fixed coverage over all assets of Tamarack, excluding the Clearwater Infrastructure Partnership assets (Note 9).

On June 6, 2025, the Credit Facility was amended primarily to extend the maturity date of the facility by one year to April 30, 2028. As at December 31, 2025, Tamarack had access to \$717.3 million of undrawn credit under the Credit Facility, net of \$3.7 million of letters of credit issued and outstanding under the facility.

### Financial covenants on the Credit Facility as at December 31, 2025

Total Debt to EBITDA ratio	<3.5:1.0	<b>0.8:1.0</b>
Senior Debt to EBITDA ratio	<3.0:1.0	<b>0.2:1.0</b>
Interest Coverage ratio	>3.0:1.0	<b>18.0:1.0</b>

Total Debt includes the Company's Credit Facility, 2027 Notes, 2030 Notes and government loans (Note 9). Senior Debt consists of the Credit Facility. EBITDA is calculated as the trailing 12-month net income (loss) before interest, income taxes, depletion and depreciation, non-recurring transactions, unrealized gains, unrealized losses, other non-cash items and includes the impact of material acquisitions and dispositions as if they had occurred at the beginning of the measurement period. Interest coverage is the ratio of EBITDA to cash interest expense for the trailing 12-months ended.

### 2030 Notes

On July 25, 2025, the Company issued \$325.0 million aggregate principal amount of 6.875% interest-bearing senior unsecured notes due July 25, 2030 (the "2030 Notes"). The 2030 Notes were issued at par under a trust indenture and are unsecured obligations of Tamarack ranking pari passu with all the Company's existing and future senior unsecured debt. The 2030 Notes pay interest semi-annually in arrears with the principal amount repayable at the date of maturity and are not governed by any financial covenants. As at December 31, 2025, the fair value of the 2030 Notes was approximately 102% of par value (Level 2 valuation).

The Company holds a prepayment option to repurchase the 2030 Notes at a cost of 103.4% of principal starting on July 25, 2027, which declines at each anniversary date, reaching par on July 25, 2029. Prior to July 25, 2027, Tamarack can repay up to 40% of the 2030 Notes using the proceeds of an equity offering at a cost of 106.9%. The Company may also redeem the 2030 Notes at a present value cost of 103.4% plus all of the interest that would otherwise be owing from the redemption date through to July 25, 2027.

### 2027 Notes

During 2022, the Company issued \$300.0 million aggregate principal amount of 7.25% interest-bearing senior unsecured notes due May 10, 2027 (the "2027 Notes"). The 2027 Notes pay interest semi-annually in arrears with the principal amount repayable at the date of maturity and are not governed by any financial covenants. As at December 31, 2025 the fair value of the 2027 Notes was approximately 101% of par value (Level 2 valuation). The Company currently holds a prepayment option to repurchase the remaining 2027 Notes at a cost of 102.0%, which is expected to decline to 100.75% on May 10, 2026.

Net proceeds from the 2030 Notes were utilized to redeem \$100.0 million of the 2027 Notes at a cost of 102.0% of principal and to initially repay \$216.5 million of amounts outstanding under the Credit Facility.

During 2024, the Company repaid \$140.2 million of term debt instruments originally issued in connection with acquisitions completed in 2022.

### Market exposure

Tamarack's revolving term draws under the Credit Facility are usually denominated in US currency. Concurrent with these issuances, the Company enters into notional cross-currency swaps to mitigate substantially all of the foreign exchange risk associated with these short-term borrowings (Note 8).

The Credit Facility draws are subject to variable market-based interest rates. As at the year ended December 31, 2025, a 100-basis point increase in the variable-based component of Tamarack's Credit Facility draws would result in additional interest expense of \$1.5 million (December 31, 2024 – \$5.0 million). Tamarack's cross-currency swaps also mitigate a portion of the exposure to variable market-based interest rates for the duration of the month-to-month contracts.

## 8. Risk management contracts

	Commodity related contracts		Debt <sup>(1)</sup> related contracts	Total
Balance at December 31, 2023	\$	35,909	\$ (5,172)	\$ 30,737
Realized (gain) loss on settlements		11,291	(20,991)	(9,700)
Change in fair market value		(62,872)	30,322	(32,550)
Balance at December 31, 2024	\$	(15,672)	\$ 4,159	\$ (11,513)
Realized (gain) loss on settlements		19,228	(22,022)	(2,794)
Change in fair market value		11,023	17,863	28,886
Balance at December 31, 2025	\$	14,579	\$ -	\$ 14,579

<sup>(1)</sup> Realized gains and losses from the settlement of cross-currency swap contracts are presented net of the offsetting realized foreign exchange gains and losses on the loan principal within the Company's finance expenses.

### Financial risk management

Tamarack manages risk associated with changes in commodity prices, foreign exchange rates and interest rates by entering into a variety of risk management contracts. Tamarack believes credit risk associated with the risk management contracts is low as the contracts are held with five large investment grade financial institutions, the majority of which are members of the Company's lending syndicate. At December 31, 2025, the Company held the following commodity, foreign exchange derivative and debt related cross-currency contract positions:

Crude oil derivatives		Q1 2026	Q2 2026	Q3 2026	Q4 2026
<b>WTI put</b>	<b>Volume (bbls/d)</b>	-	-	5,000	-
	Average Put/Premium (USD/bbl)	-	-	50.00 / 2.78	-
<b>WTI 2-way collar</b>	<b>Volume (bbls/d)</b>	21,500	21,500	16,500	6,000
	Average Put/Call/Premium (USD/bbl)	51.40 / 75.53 / 0.52	53.60 / 73.78 / 0.17	53.79 / 73.95 / 0.50	50.00 / 80.00 / 2.00
<b>MSW differential</b>	<b>Volume (bbls/d)</b>	4,000	3,500	3,500	3,500
	Average Fixed Price (USD/bbl)	(3.92)	(3.92)	(3.92)	(3.92)
<b>WCS differential</b>	<b>Volume (bbls/d)</b>	17,500	-	-	6,500
	Average Fixed Price (USD/bbl)	(13.30)	-	-	(13.05)
Natural gas derivatives				Winter 26 <sup>(1)</sup>	Summer 26 <sup>(2)</sup>
<b>AECO 5A swap</b>	<b>Volume (GJ/d)</b>			-	20,000
	Average Fixed Price (CAD/GJ)			-	2.69
<b>AECO - NYMEX basis</b>	<b>Volume (mmbtu/d)</b>			11,250	-
	Average Fixed Price (USD/mmbtu)			(1.46)	-
<b>NYMEX collar</b>	<b>Volume (mmbtu/d)</b>			22,500	-
	Average Put/Call (USD/mmbtu)			3.50 / 5.20	-

<sup>(1)</sup> Winter runs from November 1 to March 31 of the given year

<sup>(2)</sup> Summer runs from April 1 to October 31 of the given year

Foreign exchange derivatives		Q1 2026	Q2 2026	Q3 2026	Q4 2026
<b>USD/CAD collar</b>	<b>Amount (USD/month)</b>	\$14,000,000	\$14,000,000	\$10,000,000	\$10,000,000
	Average Put/Call (USD/CAD)	1.34 / 1.40	1.34 / 1.40	1.35 / 1.40	1.35 / 1.40
<b>USD/CAD variable collar</b>	<b>Amount (USD/month)</b>	\$14,000,000	\$14,000,000	\$9,000,000	\$9,000,000
	Average Put/Call/knock-in (USD/CAD) <sup>(1)</sup>	1.35 / 1.42 / 1.39	1.35 / 1.42 / 1.39	1.35 / 1.43 / 1.40	1.35 / 1.43 / 1.40
<b>USD/CAD swap</b>	<b>Amount (USD/month)</b>	\$7,000,000	\$7,000,000	\$5,000,000	\$5,000,000
	Average Fixed Price (USD/CAD)	1.36	1.36	1.37	1.37

<sup>(1)</sup> If the average rate for the month exceeds the call, Tamarack receives an average rate forward equivalent to the knock-in rate.

Cross-currency swaps on debt related contracts	Contract type	Notional value (\$USD)	Fixed exchange rate	Fixed interest rate (\$USD)	Fixed interest rate (\$CAD)
Dec 24, 2025 - Jan 26, 2026	Swap	\$ 66,600,000	1.38	6.08%	4.44%
Dec 31, 2025 - Jan 30, 2026	Swap	\$ 45,500,000	1.37	6.07%	4.45%

Tamarack's risk management contracts are subject to master netting agreements that create the legal right to settle the instruments on a net basis. The following table provides a summary of the financial instruments subject to offsetting that are presented net on the Company's consolidated balance sheets:

	December 31, 2025			December 31, 2024		
	Asset	Liability	Net	Asset	Liability	Net
Current asset	\$ 23,299	\$ (8,720)	\$ 14,579	\$ 133,081	\$ (113,031)	\$ 20,050
Current liability	-	-	-	2,330	(33,893)	(31,563)
Net position	\$ 23,299	\$ (8,720)	\$ 14,579	\$ 135,411	\$ (146,924)	\$ (11,513)

#### Market exposure

December 31, 2025	Increase	Decrease
US\$10 per bbl change in WTI	\$ -	\$ 39,668
US\$1 per bbl change in WCS differential	(2,977)	2,977
US\$1 per bbl change in MSW differential	(1,809)	1,809
US\$0.25 per GJ change in AECO	(1,070)	1,070
US\$0.25 per mmbtu change in NYMEX	49	88
\$0.01 change in USD\$ to CAD\$ exchange rates	\$ (809)	\$ 1,094

### 9. Other liabilities

	Notes	Clearwater Infrastructure Partnership	Government loans and other	Lease liabilities	Cash-settled awards (Note 18)	Total
Balance at December 31, 2023		\$ 142,241	\$ 26,189	\$ 12,837	\$ 9,824	\$ 191,091
Liabilities incurred, net		41,801	-	-	12,652	54,453
Change in estimates		-	(4,381)	1,024	-	(3,357)
Payments		(21,286)	(795)	(3,602)	(6,324)	(32,007)
Interest expense		15,501	-	811	-	16,312
Accretion		512	1,684	-	-	2,196
Balance at December 31, 2024		\$ 178,769	\$ 22,697	\$ 11,070	\$ 16,152	\$ 228,688
Liabilities incurred		-	-	-	13,304	13,304
Change in estimates		-	245	7,707	9,141	17,093
Payments		(25,565)	(2,606)	(12,436)	(8,850)	(49,457)
Interest expense	17	18,068	-	611	-	18,679
Accretion	17	571	1,905	-	-	2,476
Balance at December 31, 2025		\$ 171,843	\$ 22,241	\$ 6,952	\$ 29,747	\$ 230,783
<b>Consisting of:</b>						
Current liability		\$ 7,737	\$ 7,606	\$ 1,580	\$ 16,484	\$ 33,407
Non-current liability		\$ 164,106	\$ 14,635	\$ 5,372	\$ 13,263	\$ 197,376

#### Clearwater Infrastructure Partnership

The Clearwater Infrastructure Partnership liability reflects an Indigenous-held 85% share of Tamarack's 16-year take-or-pay commitment to the partnership for the utilization of certain infrastructure assets in the Clearwater area. The partnership was formed in the fourth quarter of 2023 and was later expanded in the third quarter of 2024. Tamarack holds a 15% operated share of the partnership and is responsible for all associated operating and maintenance costs. The Company has retained full access to 100% of the partnership's midstream capacity and priority access to any incremental capacity above the minimum take-or-pay commitment, where volumes can be utilized on a prescribed fee-for-service basis.

The Indigenous Communities hold a put option to sell the midstream assets to Tamarack on the 10th and 16th anniversary dates of the agreement for \$131.0 million and \$78.9 million, respectively. Tamarack holds a call option to purchase the midstream assets on the 16th anniversary date for \$149.5 million. No amounts have been recorded for the value of the put/call options.

The contribution of Tamarack's Clearwater infrastructure to the Partnership in exchange for cash did not constitute a disposition as the Company has retained control of the midstream assets. Accordingly, Tamarack continues to consolidate the partnership infrastructure assets as PP&E and has recognized a discounted financial liability of \$171.8 million (net of transaction costs) as of December 31, 2025, reflecting the non-operated 85% share of the minimum take-or-pay commitment over the remaining term. All intercompany transactions arising in respect of the Company's 15% operated share of the Clearwater Infrastructure Partnership have been eliminated.

## Government loans and other

As at December 31, 2025, the Company holds an interest-free government loan for \$21.4 million that is repayable under the Federal Government of Canada's Emissions Reduction Fund for the construction of certain methane conservation facilities in the Company's Clearwater development area. The agreements include scheduled repayment dates within the next three years. The loan remains interest-free subject to the Company's compliance with the terms and conditions of the agreement and the pre-established repayment schedule.

## 10. Commitments and contingencies

As at December 31, 2025	2026	2027	2028	2029	2030+	Total
Senior Notes	\$ -	\$ 200,000	\$ -	\$ -	\$ 325,000	\$ 525,000
Credit Facility	-	-	154,042	-	-	154,042
Clearwater Infrastructure Partnership (CIP)	8,283	9,152	10,187	8,669	140,053	176,344
Accounts payable and accrued liabilities	145,208	-	-	-	-	145,208
Other liabilities, excluding CIP	25,706	23,090	8,945	1,446	1,142	60,329
Financial liabilities on the balance sheet	179,197	232,242	173,174	10,115	466,195	1,060,923
Interest on debt and other liabilities	61,427	51,063	40,263	36,925	90,036	279,714
Take-or-pay commitments	51,110	54,430	51,245	49,942	127,264	333,991
Processing commitments	14,125	13,925	13,429	12,443	79,113	133,035
Total financial commitments	\$ 305,859	\$ 351,660	\$ 278,111	\$ 109,425	\$ 762,608	\$1,807,663

Tamarack is involved in legal claims against the Company that have arisen in the normal course of business. While the final outcomes of such claims cannot be predicted with certainty and could be material, Tamarack believes that the claims are without merit and the amounts are unsubstantiated. The Company also does not anticipate that any of these legal proceedings will have a material impact on Tamarack's consolidated financial position or results of operations.

## 11. Asset retirement obligations

As at and for the years ended December 31	Notes	2025	2024
Balance, beginning of year		\$ 194,608	\$ 189,971
Liabilities incurred		9,246	9,403
Liabilities acquired	6	899	-
Revaluation of acquired liabilities	6	2,080	-
Change in discount rates and estimates		(18,460)	21,279
Liabilities settled		(5,441)	(13,154)
Liabilities disposed	6	(55,258)	(18,673)
Accretion	17	6,398	5,782
Balance, end of year		\$ 134,072	\$ 194,608
<b>Consisting of:</b>			
Current portion of asset retirement obligations		\$ 4,911	\$ 7,700
Liabilities associated with assets held for sale	6	\$ -	\$ 14,327
Asset retirement obligations		\$ 129,161	\$ 172,581

Tamarack's asset retirement obligations reflect the estimated cost to dismantle, abandon, reclaim and remediate the Company's assets at the end of their useful lives. As at December 31, 2025, the Company's total undiscounted and uninflated cash flows required to settle its asset retirement obligations was approximately \$205.1 million (December 31, 2024 – \$268.1 million) and the majority of the costs are expected to be incurred over the next 45 years. A risk-free rate of 3.9% (December 31, 2024 – 3.3%) and an inflation rate of 2.0% (December 31, 2024 – 2.0%) were utilized to measure the present value of the asset retirement obligations.

## 12. Income taxes

Deferred income tax continuity	Change			Change		December 31, 2025
	December 31, 2023	recognized in net income	December 31, 2024	recognized in net loss	recognized on balance sheet	
Oil and natural gas assets	\$ 573,844	\$ (43,561)	\$ 530,283	\$ (122,434)	\$ 2,727	\$ 410,576
Asset retirement obligations	(41,947)	(1,061)	(43,008)	14,131	(207)	(29,084)
Non-capital losses	-	-	-	506	(6,379)	(5,873)
Stock-based compensation	(2,998)	(4,892)	(7,890)	(2,947)	(6,407)	(17,244)
Financial instruments	6,591	(11,860)	(5,269)	6,953	-	1,684
Deferred income tax liability	\$ 535,490	\$ (61,374)	\$ 474,116	\$ (103,791)	\$ (10,266)	\$ 360,059

As at December 31, 2025, the Company held a tax deposit of \$20.9 million (December 31, 2024 - \$16.7 million tax payable).

Tax rate reconciliation (December 31)	2025		2024
Net income (loss) before income taxes	\$	(40,096)	\$ 209,321
Expected tax rate (federal and provincial)		23.0%	23.0%
Expected income tax expense (recovery)		(9,222)	48,144
Change in unrecognized deferred tax assets		7,291	9,354
Other permanent differences		(1,816)	(10,396)
Total income tax expense (recovery)	\$	(3,747)	\$ 47,102
Consisting of:			
Current income tax expense	\$	100,044	\$ 108,476
Deferred income tax recovery	\$	(103,791)	\$ (61,374)

## 13. Shareholders' equity

Share capital	December 31, 2025		December 31, 2024	
	Shares	Amount	Shares	Amount
Balance, beginning of year	522,207	\$ 1,764,900	556,183	\$ 1,879,250
Net book value of common shares purchased for cancellation	(36,180)	(122,081)	(33,889)	(114,350)
Purchase of common shares for equity compensation units	(3,239)	-	(2,981)	-
Issuance of common shares for equity compensation units	2,893	-	2,894	-
Balance, end of year	485,681	\$ 1,642,819	522,207	\$ 1,764,900

At December 31, 2025 and December 31, 2024, Tamarack was authorized to issue an unlimited number of common shares and preferred shares without nominal or par value.

Shareholder returns			Shares retired through NCIB (thousands)	Total NCIB repurchases	Total shareholder distributions
Year ended	Dividends per common share	Total dividends distributed			
December 31, 2022	\$ 0.1165	\$ 55,268	-	\$ -	\$ 55,268
December 31, 2023	0.1500	83,521	-	-	83,521
December 31, 2024	0.1502	81,474	33,889	135,352	216,826
December 31, 2025	\$ 0.1541	77,020	36,180	185,281	262,301
Total		\$ 297,283	70,069	\$ 320,633	\$ 617,916

### Normal course issuer bid

During 2025, the Company purchased and cancelled 36.2 million common shares at an average price of \$5.00 per common share, for a total repurchase cost of \$185.3 million, including \$4.3 million of federal taxes and fees (year ended December 31, 2024 – 33.9 million common shares for \$135.4 million). Tamarack de-recognized the net book value of the repurchased shares for \$122.1 million, resulting in a net distribution from retained earnings of \$63.2 million during the year (December 31, 2024 – derecognized \$114.4 million, resulting in a net distribution from equity of \$21.0 million).

In the first quarter of 2026, Tamarack renewed its normal course issuer bid, receiving approval from the TSX to purchase up to 47.7 million common shares until January 18, 2027. As at February 13, 2026, Tamarack had repurchased 1.4 million shares for \$11.6 million. Starting in 2026, Tamarack adjusted the dividend cadence from monthly to quarterly and on February 24, 2026, declared a cash dividend of \$0.04 per share, payable on March 31, 2026.

## Treasury shares

During the year ended December 31, 2025, the Company acquired 3.2 million common shares for \$18.2 million to settle exercised share-based compensation units (year ended December 31, 2024 - 3.0 million common shares for \$11.6 million). As at December 31, 2025, Tamarack held 1.1 million treasury shares (December 31, 2024 – 0.8 million).

## 14. Earnings (loss) per share

December 31	2025		2024	
Net income (loss)	\$	(36,349)	\$	162,219
Weighted average shares outstanding - basic		501,160		542,530
Weighted average shares outstanding - diluted		501,160		546,940
Net income (loss) per share - basic	\$	(0.07)	\$	0.30
Net income (loss) per share - diluted	\$	(0.07)	\$	0.30

For the year ended December 31, 2025, 7.4 million equity compensation units were excluded from the calculation of the diluted weighted average number of common shares outstanding due to the net loss (December 31, 2024 – 7.6 million were included in the calculation).

## 15. Capital management

Tamarack's capital structure consists of shareholders' equity, net debt, other liabilities and working capital. The Company's capital management objective is to provide financial liquidity to sustain future development and growth of the business, return capital to shareholders and repay net debt. Tamarack manages its capital structure based on the risk and expected returns from its investments in oil and natural gas assets relative to the Company's weighted-average cost of capital. To maintain or adjust the capital structure, the Company may issue shares, utilize debt instruments or adjust capital investment levels to manage current and projected liquidity and debt-to-equity ratios.

The Company actively manages capital and liquidity risk through the continuous monitoring of asset performance, forecasting anticipated future cash flows in conjunction with the design of the annual capital investment programs, maintaining available credit under bank facilities, managing debt maturity dates, hedging a portion of the Company's production, judiciously assessing new capital investment, acquisition or divestment opportunities and the pursuit of new liquidity, if necessary. The Company believes that available credit and future anticipated adjusted funds flow will be sufficient to fund Tamarack's 2026 capital development program, dividends and any share repurchases.

Tamarack utilizes adjusted funds flow, free funds flow and net debt as capital management measures to assess financial performance and liquidity. As at December 31, 2025, the Company's ratio of net debt to annualized fourth quarter adjusted funds flow was 1.0 (December 31, 2024 – 0.9).

Adjusted funds flow and free funds flow (December 31)	Notes	2025		2024	
Cash provided by operating activities		\$	778,897	\$	833,212
Settlement of asset retirement obligations	11		5,441		13,154
Transaction costs	6		4,193		-
Changes in non-cash working capital	19		7,044		4,594
Adjusted funds flow		\$	795,575	\$	850,960
Investments in oil and natural gas assets	6		(400,015)		(450,905)
Settlement of asset retirement obligations	11		(5,441)		(13,154)
Free funds flow		\$	390,119	\$	386,901
Net debt (December 31)	Notes	2025		2024	
Cash		\$	(5,444)	\$	(7,391)
Accounts receivable	5		(114,248)		(139,223)
Prepaid expenses and deposits			(30,369)		(11,186)
Cross-currency swap asset	8		-		(4,159)
Assets held for sale, net	6, 11		-		(23,231)
Accounts payable and accrued liabilities			145,208		199,808
Working capital (surplus) deficiency			(4,853)		14,618
Debt	7		668,328		738,123
Government loans and other	9		22,241		22,697
Net debt		\$	685,716	\$	775,438

<b>Net debt to annualized funds flow (December 31)</b>	<b>2025</b>		<b>2024</b>	
Current quarter adjusted funds flow	\$	<b>171,806</b>	\$	223,431
Annualized factor		<b>4</b>		4
Annualized adjusted funds flow	\$	<b>687,224</b>	\$	893,724
Net debt to annualized adjusted funds flow		<b>1.0 x</b>		0.9 x

## 16. Oil and natural gas sales

<b>December 31</b>	<b>2025</b>		<b>2024</b>	
Heavy oil	\$	<b>1,149,658</b>	\$	1,148,018
Light oil		<b>386,433</b>		502,070
Natural gas		<b>43,563</b>		35,559
Natural gas liquids		<b>32,017</b>		35,085
Oil and natural gas sales	\$	<b>1,611,671</b>	\$	1,720,732

## 17. Finance expense

<b>December 31</b>	Notes	<b>2025</b>		<b>2024</b>	
Credit Facility	7	\$	<b>20,043</b>	\$	42,012
Senior Notes	7		<b>28,396</b>		21,750
Clearwater infrastructure liability and other	9		<b>18,419</b>		16,872
Interest expense			<b>66,858</b>		80,634
Deferred borrowing costs and loan accretion	7, 9		<b>11,486</b>		9,422
Accretion of asset retirement obligations	11		<b>6,398</b>		5,782
Finance expense		\$	<b>84,742</b>	\$	95,838

## 18. Stock-based compensation

<b>December 31</b>	Notes	<b>2025</b>		<b>2024</b>	
Equity-settled stock-based compensation		\$	<b>13,190</b>	\$	11,876
Cash-settled stock-based compensation	9		<b>22,445</b>		12,652
			<b>35,635</b>		24,528
Capitalized stock-based compensation	6		<b>(7,786)</b>		(6,968)
Stock-based compensation expense		\$	<b>27,849</b>	\$	17,560

<b>Equity compensation unit continuity</b>	<b>RSUs</b>	<b>PSUs</b>	<b>RIAs</b>	<b>PIAs</b>	<b>Stock options</b>	<b>Total</b>
Balance at December 31, 2023	3,794	3,776	603	2,217	1,037	<b>11,427</b>
Granted	2,933	1,643	599	2,127	-	<b>7,302</b>
Exercised	(1,920)	(1,728)	(259)	-	(677)	<b>(4,584)</b>
Forfeited or expired	(340)	(924)	-	-	-	<b>(1,264)</b>
Balance at December 31, 2024	4,467	2,767	943	4,344	360	<b>12,881</b>
Granted	2,068	1,197	418	1,777	-	<b>5,460</b>
Exercised	(2,070)	(558)	(453)	(1,293)	(265)	<b>(4,639)</b>
Forfeited or expired	(333)	(230)	(79)	(561)	-	<b>(1,203)</b>
Balance at December 31, 2025	4,132	3,176	829	4,267	95	<b>12,499</b>
<b>Consisting of:</b>						
Equity-settled units	4,132	3,176	-	-	95	<b>7,403</b>
Cash-settled units (Note 9)	-	-	829	4,267	-	<b>5,096</b>
Units exercisable	-	-	-	-	95	<b>95</b>
Weighted-average remaining life	1.24	1.44	1.27	1.60	0.18	<b>1.40</b>

## Share-based awards

The Company's RSUs and RIAs vest over three years from the date of grant (1/3 per year) and entitle unitholders to one common share or notional cash equivalent value at the vest date, respectively. PSUs and PIAs vest on the third anniversary date from the date of grant and are also subject to the satisfaction of certain pre-established performance-based vesting conditions. The adjustment factor applied to the vesting of PSUs and PIAs following the performance period can range from 0.0 to 2.0 times, which may decrease or increase the number of common shares that are ultimately issued to unitholders. RIAs and PIAs are granted with

similar terms and vesting structures as the corresponding RSU and PSU plans, respectively, except that they are fully cash-settled. At the date of vesting, cash-settled award payouts are equivalent to the notional market value of the Company's common shares based on a trailing 20-day volume-weighted average price. Stock-based awards issued to executives are expected to be settled in cash and awards issued to all other unitholders are expected to be settled with equity.

For the year ended December 31, 2025, Tamarack granted 5.5 million stock-based awards at a weighted average fair value of \$4.02 per share, which was primarily based on the Company's share price at the date of grant. As at December 31, 2025, if all outstanding, unvested PSUs and PIAs were to vest with the maximum potential performance multiplier of 2.0, Tamarack would be required to issue 6.2 million incremental units (or equivalent cash value). For the year ended December 31, 2025, actual market and non-market performance adjustment factors on vested PSUs and PIAs averaged 1.25.

## 19. Supplemental information

### Changes in non-cash working capital

December 31	Notes	2025	2024
<b>Source/(use) of cash</b>			
Accounts receivable		\$ 24,975	\$ 1,818
Prepaid expenses and deposits		(19,183)	6,838
Accounts payable and accrued liabilities		(54,600)	(1,723)
Net changes per consolidated balance sheet		(48,808)	6,933
<b>Adjusted for:</b>			
Changes in other liabilities and working capital acquired		8,065	(1,763)
		\$ (40,743)	\$ 5,170
<b>Consisting of</b>			
Operating activities		\$ (7,044)	\$ (4,594)
Financing activities		\$ 1,462	\$ 10,492
Investing activities		\$ (35,161)	\$ (728)
Income taxes paid		\$ 143,577	\$ 87,150
Interest paid		\$ 58,269	\$ 81,137

### Total staff remuneration

December 31	2025	2024
Salaries, wages and short-term benefits	\$ 35,744	\$ 33,005
Stock-based compensation	34,709	23,633
Total employee remuneration	70,453	56,638
Capitalized portion of total remuneration	(22,208)	(22,383)
	\$ 48,245	\$ 34,255

### Related party transactions

Executive and Director remuneration (December 31)	2025	2024
Salaries, wages and short-term benefits	\$ 11,805	\$ 8,820
Stock-based compensation	23,372	13,546
	\$ 35,177	\$ 22,366

## Corporate information

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### Board of Directors

**John Rooney**<sup>1,3,4</sup>  
Chair of the Board

**Brian Schmidt**  
Director

**Caralyn Bennett**<sup>2,4</sup>  
Director

**John Leach**<sup>1,2</sup>  
Director

**Marnie Smith**<sup>1,3</sup>  
Director

**Rene Amirault**<sup>4</sup>  
Director

**Rob Spitzer**<sup>2,3</sup>  
Director

**Shannon Joseph**<sup>4</sup>  
Director

**Craig Bryksa**  
Director

<sup>1</sup> Member of the Audit Committee

<sup>2</sup> Member of the Reserves Committee

<sup>3</sup> Member of the Corporate Governance and Compensation Committee

<sup>4</sup> Member of the Environmental, Safety and Sustainability Committee

### Lead Bank Syndicate

National Bank of Canada  
Royal Bank of Canada

### Stock Exchange

Toronto Stock Exchange - Symbol: **TVE**

### Reserve Evaluators

McDaniel & Associates Consultants Ltd.

### Management Team

**Brian Schmidt**  
Chief Executive Officer

**Steve Buytels**  
President

**Kevin Johnston**  
Chief Financial Officer

**Ben Stoodley**  
Vice President, Engineering

**Lynne Chrumka**  
Vice President, Exploration

**Rocky Baker**  
Vice President, Marketing and Commercial

**Scott Shimek**  
Vice President, Production and Operations

**Sony Gill**  
Corporate Secretary

### Legal Counsel

Stikeman Elliott LLP

### Auditor

KPMG LLP

### Transfer Agent

Odyssey Trust Company



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