Condensed Consolidated Interim Financial Statements

As at and for the three months ended
March 31, 2024

Condensed Consolidated Interim Balance Sheet

(Expressed in thousands of Canadian dollars, unaudited)

	Note	As at March 31, 2024	December 31, 2023
Assets			
Current			
Cash		**561**	5,054
Accounts receivable	14	**53,468**	57,949
Prepaid expenses and deposits		**12,799**	14,240
Risk management contracts	14	**12,040**	10,708
		78,868	87,951
Property, plant, and equipment	3	**986,510**	953,534
Project development costs	4	**36,487**	35,292
Risk management contracts	14	**175**	8,838
Total assets		**1,102,040**	1,085,615
Liabilities			
Current			
Accounts payable and accrued liabilities		**61,852**	59,277
Share based compensation liability	12	**1,837**	1,218
Risk management contracts	14	**6,758**	—
Lease liabilities	5	**3,979**	3,842
Asset retirement obligations	9	**4,827**	5,341
		79,253	69,678
Share based compensation liability	12	**2,637**	1,986
Lease liabilities	5	**23,226**	22,683
Risk management contracts	14	**1,051**	—
Asset retirement obligations	9	**76,017**	76,958
Loans and borrowings	7	**184,249**	194,088
Deferred tax liability		**13,504**	10,020
Total liabilities		**379,937**	375,413
Equity			
Shareholders' capital	11	**434,615**	434,615
Contributed surplus		**35,759**	34,950
Retained earnings		**251,729**	240,637
Total equity		**722,103**	710,202
Total liabilities and equity		**1,102,040**	1,085,615

Commitments and contingencies 10

See the accompanying notes to the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Net Income and Comprehensive Income

(Expressed in thousands of Canadian dollars except per share amounts, unaudited)

For the three months ended March 31,	Note	2024	2023
Revenue			
Commodity sales from production	6	**119,662**	119,421
Commodity sales from purchases	6	**15,983**	20,498
Royalty expense		**(9,067)**	(12,718)
Revenue, net of royalties		**126,578**	127,201
Other income			
Unrealized (loss) gain on risk management	14	**(15,140)**	28,811
Realized gain on risk management	14	**3,135**	5,169
Other income		**821**	596
Total revenue and other income		**115,394**	161,777
Expenses			
Operating		**17,625**	16,542
Transportation		**11,539**	11,548
Commodity purchases, transportation and other		**15,473**	20,608
Exploration, evaluation and other		**121**	327
General and administrative		**6,090**	4,375
Depletion and depreciation	3	**42,226**	31,888
Finance costs	13	**5,665**	4,787
Share-based compensation	12	**2,079**	1,196
Contingent payment consideration		**—**	(51)
Total expenses		**100,818**	91,220
Net income before income taxes		**14,576**	70,557
Income tax expense			
Current		**—**	203
Deferred		**3,484**	16,405
Total income tax expense		**3,484**	16,608
Net income and comprehensive income		**11,092**	53,949
Net income per share			
Basic	8	**$0.25**	$1.22
Diluted	8	**$0.25**	$1.21

See the accompanying notes to the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Changes in Equity

(Expressed in thousands of Canadian dollars, unaudited)

For the three months ended March 31,	Note	2024	2023
Shareholders' equity			
Shareholders' capital			
Balance, beginning of period		**434,615**	440,916
Issuance of share capital	11	**—**	1,203
Repurchases of shares for cancellation	11	**—**	(798)
Balance, end of period		**434,615**	441,321
Contributed surplus			
Balance, beginning of period		**34,950**	30,962
Share-based compensation	12	**809**	956
Stock options exercised	11	**—**	(470)
Balance, end of period		**35,759**	31,448
Retained earnings			
Balance, beginning of period		**240,637**	128,741
Net income and comprehensive income		**11,092**	53,949
Balance, end of period		**251,729**	182,690
Total shareholders' equity		**722,103**	655,459

See the accompanying notes to the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Cash Flows

(Expressed in thousands of Canadian dollars, unaudited)

For the three months ended March 31,	Note	2024	2023
Cash flows related to the following activities:			
Operating			
Net income		**11,092**	53,949
Adjustments for non-cash items:			
Share-based compensation	12	**2,079**	1,196
Depletion and depreciation	3	**42,226**	31,888
Unrealized loss (gain) on risk management	14	**15,140**	(28,811)
Accretion of asset retirement obligations	9,13	**859**	865
Interest on lease obligations	13	**537**	220
Deferred financing amortization	13	**161**	324
Unrealized gain on foreign exchange	13	**(554)**	(4)
Contingent payment consideration		**—**	(51)
Deferred tax expense		**3,484**	16,405
Net change in non-cash working capital	15	**704**	7,323
Asset retirement obligation expenditures	9	**(545)**	(3,144)
Cash flows from operating activities		**75,183**	80,160
Investing			
Settlement of contingent consideration	15	**—**	(10,000)
Property, plant and equipment	3	**(74,594)**	(106,394)
Project development costs	4	**(1,195)**	(2,235)
Power connection process payment	15	**(985)**	—
Proceeds from disposition	3	**21**	781
Net change in non-cash working capital	15	**7,470**	15,747
Cash flows used in investing activities		**(69,283)**	(102,101)
Financing			
Issuance of common shares	11	**—**	733
Repurchase of shares for cancellation	11	**—**	(798)
(Decrease) Increase in loans and borrowings	7	**(10,000)**	20,209
Payment of lease obligations	5	**(391)**	—
Net change in non-cash working capital	15	**—**	1,803
Cash flows (used in) from financing activities		**(10,391)**	21,947
Effect of foreign exchange on cash		**(2)**	(6)
Decrease in cash		**(4,493)**	—
Cash, beginning of period		**5,054**	—
Cash, end of period		**561**	—
Cash finance costs paid		**4,557**	3,305

See the accompanying notes to the condensed consolidated interim financial statements.

1. Nature and description of the company

Kiwetinohk Energy Corp. (“Kiwetinohk” or the “Company”) is a corporation formed on September 22, 2021, pursuant to the Canada Business Corporations Act. Kiwetinohk’s common shares commenced trading on the Toronto Stock Exchange under the symbol KEC on January 14, 2022.

Kiwetinohk’s mission is to build a profitable energy transition business providing clean, reliable, dispatchable, and affordable energy. The Company develops and produces natural gas and related products and is in the process of developing renewable and natural gas-fired power generation projects with an aim of also incorporating carbon capture technology, all as part of a broader portfolio of clean energy assets to support the transition to lower carbon energy in the markets that it serves.

The registered office of the Company is located at Suite 1700, 250–2nd Street SW, Calgary, AB, T2P 0C1.

2. Basis of presentation

These unaudited condensed consolidated interim financial statements (the “financial statements”) have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards (“IFRS”). These financial statements are condensed as they do not include the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2023.

The financial statements have been prepared using historical costs on a going concern basis and have been presented in Canadian dollars.

The financial statements were authorized for issue by the Company’s Board of Directors on May 7, 2024.

Changes to significant accounting policies

With the exception of newly issued accounting policies in effect as of January 1, 2024 as noted below, the Company has applied the same accounting policies in the financial statements as were used for the Company’s audited financial statements for the year ended December 31, 2023.

New accounting policies

IAS 1 Presentation of Financial Statements
Effective January 1, 2024, amendments to the classification of a liability as current or non-current require that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. An entity also has to disclose information to convey the risk to users that non-current liabilities with covenants could become repayable within twelve months. This did not have a material impact on the Company's financial statements.

(All figures expressed in thousands of Canadian dollars, unless otherwise stated)

IAS 7 Statement of Cash Flows & IFRS 7 Financial Instruments: Disclosures

Effective January 1, 2024, amendments in Supplier Finance Arrangements do not define supplier finance arrangements and instead provide the characteristics of an arrangement for which an entity is required to provide the information and add various disclosure objectives and requirements to sufficiently explain the impact of these arrangements on the financial statements. Additionally, supplier finance arrangements are added as an example within the liquidity risk disclosure requirements. This did not have a material impact on the Company's financial statements.

IFRS 16 Leases

Effective January 1, 2024, amendments to the sale and leaseback subsequent recognition criteria require a seller-lessee to subsequently measure the lease liability arising from a leaseback in a way that does not recognize any amount of the gain or loss that relates to the right of use it retains. This did not have a material impact on the Company's financial statements.

3. Property, plant and equipment ("PP&E") assets

	Development and production	Office furniture and equipment	Right of use assets	Total
Cost				
Balance at December 31, 2022	983,168	1,222	12,825	997,215
Acquisitions	1,286	—	—	1,286
Additions	295,732	52	14,424	310,208
Change in decommissioning asset	(3,482)	—	—	(3,482)
Lease remeasurement	—	—	209	209
Disposition of assets	(113,382)	—	—	(113,382)
Balance at December 31, 2023	1,163,322	1,274	27,458	1,192,054
Additions	76,458	—	—	76,458
Change in decommissioning asset	(1,769)	—	—	(1,769)
Lease remeasurement	—	—	534	534
Disposition of assets	(21)	—	—	(21)
Balance at March 31, 2024	**1,237,990**	**1,274**	**27,992**	**1,267,256**
Accumulated depletion and depreciation				
Balance, December 31, 2022	(203,792)	(477)	(2,200)	(206,469)
Depletion and depreciation	(126,200)	(484)	(1,466)	(128,150)
Disposal of assets	96,099	—	—	96,099
Balance at December 31, 2023	(233,893)	(961)	(3,666)	(238,520)
Depletion and depreciation	(41,711)	(57)	(458)	(42,226)
Balance at March 31, 2024	**(275,604)**	**(1,018)**	**(4,124)**	**(280,746)**
Net book value				
At December 31, 2023	929,429	313	23,792	953,534
At March 31, 2024	**962,386**	**256**	**23,868**	**986,510**

(All figures expressed in thousands of Canadian dollars, unless otherwise stated)

Future development costs of $2.7 billion, inclusive of estimated abandonment and reclamation costs, were included in the depletion calculation during the three months ended March 31, 2024 (December 31, 2023 - $2.8 billion). For the three months ended March 31, 2024, the Company capitalized $0.7 million of general and administrative expenses directly to PP&E (December 31, 2023 - $3.1 million).

In the prior year, the Company disposed of non-core assets in the Rimbey and Willesden Green area and the West Simonette area for proceeds of $17.8 million and $2.5 million, respectively. These dispositions resulted in a gain on disposition of $7.6 million.

There were no impairment indicators at March 31, 2024.

4. Project development costs

	March 31, 2024	December 31, 2023
Cost		
Balance, beginning of period	**35,292**	22,118
Additions	**1,195**	13,174
Balance, end of period	**36,487**	35,292

For the three months ended March 31, 2024, the Company capitalized $0.2 million in general and administrative expenses directly to project development costs (December 31, 2023 - $0.8 million).

5. Lease obligations

	March 31, 2024	December 31, 2023
Balance, beginning of period	**26,525**	11,667
Accretion of lease liabilities	**537**	1,405
Lease payments	**(391)**	(1,180)
Lease remeasurement	**534**	209
Additions	**—**	14,424
Balance, end of period	**27,205**	26,525
Classification of lease obligations:		
Current liability	**3,979**	3,842
Long-term liability	**23,226**	22,683
Balance, end of period	**27,205**	26,525

The Company has lease liabilities for contracts related to office space held until August 31, 2031 and for lands for the Homestead Solar project for an initial period of 25 years. The Company has the ability to terminate the Homestead lease upon providing notice to landowner's and satisfaction of certain reclamation requirements. The Company recognizes discounted lease payments at the inception of the lease using a weighted average incremental borrowing rate at such time.

(All figures expressed in thousands of Canadian dollars, unless otherwise stated)

6. Revenue

For the three months ended March 31,	2024	2023
Oil & condensate	**71,019**	68,194
NGLs	**17,097**	14,849
Natural gas	**31,546**	36,378
Commodity sales from production	**119,662**	119,421
Commodity sales from purchases	**15,983**	20,498
Total revenue	**135,645**	139,919

7. Loans and borrowings

Senior Secured Extendible Revolving Facility (“Credit Facility”)

On May 31, 2023 the Company completed the annual borrowing base review of the consolidated Credit Facility and confirmed no changes to the borrowing base of $375.0 million. The borrowing base is comprised of an operating facility of $65.0 million and a syndicated facility of $310.0 million. The Credit Facility is a 364-day committed facility available on a revolving basis which was extended until May 31, 2024, at which time it may be extended at the lenders’ option. If the revolving period is not extended, the undrawn portion of the Credit Facility will be cancelled and the amount outstanding would be required to be repaid at the end of the non-revolving term, being May 31, 2025. The borrowing base is determined based on the lenders’ evaluation of the Company’s petroleum and natural gas reserves at the time and commodity prices.

Interest payable on amounts drawn under the Credit Facility is charged at the prevailing bankers’ acceptance rate plus the applicable stamping fees, lenders’ prime rate or U.S. base rate plus the applicable margins, depending on the form of borrowing by the Company. The applicable margins and stamping fees are based on a sliding scale pricing grid tied to the ratio of the Company’s debt to earnings before interest, taxes, depreciation and amortization (“bank EBITDA ratio"). Applicable margins over the bank’s prime rate or U.S. base rate range from 1.75 percent to 5.25 percent and stamping fees applicable to the relevant bankers’ acceptance rate range from 2.75 percent to 6.25 percent. The undrawn portion of the Credit Facility is subject to standby fees ranging from 0.6875 percent to 1.5625 percent based on the Company’s bank EBITDA ratio.

The Credit Facility is secured by a $1.0 billion demand floating charge debenture and a general security agreement over all recourse assets of the Company. At March 31, 2024, the Company had letters of credit outstanding of $86.3 million (December 31, 2023 - $89.4 million) of which, $62.4 million had been provided for through the EDC facility (see below), and the remaining $23.9 million were issued under the Credit Facility and reduce the available operating facility capacity. At March 31, 2024, the Company has $166.1 million of capacity available under the Credit Facility (December 31, 2023 - $156.7 million).

	March 31, 2024	December 31, 2023
Credit facility drawn	**185,000**	195,000
Deferred financing costs	**(751)**	(912)
Balance, end of period	**184,249**	194,088

The Company is not subject to any financial covenants under the Credit Facility.

(All figures expressed in thousands of Canadian dollars, unless otherwise stated)

EDC Letter of Credit Facility

On June 5, 2023, Kiwetinohk amended and increased the unsecured demand revolving letter of credit facility (the "LC Facility") with Export Development Canada ("EDC") from $15.0 million to $75.0 million. Kiwetinohk's obligations under the LC Facility are supported by a performance security guarantee ("PSG") granted by EDC to the Credit Facility lender to guarantee the payment of certain amounts in respect of letters of credit. The PSG is valid to May 31, 2024 and may be extended from time-to-time at the option of Kiwetinohk and with the agreement of EDC. The Company expects to renew the PSG in May 2024 concurrently with its annual borrowing base review of the consolidated Credit Facility. At March 31, 2024, the Company has $12.6 million of capacity remaining under the LC Facility (December 31, 2023 - $8.9 million).

8. Weighted average shares

For the three months ended March 31,	2024	2023
Basic weighted average shares	**43,663**	44,219
Effect of dilutive instruments	**216**	530
Diluted weighted average shares	**43,879**	44,749

9. Asset retirement obligations ("ARO")

	March 31, 2024	December 31, 2023
Balance, beginning of period	**82,299**	89,774
Liabilities incurred	**455**	2,472
Accretion expense	**859**	3,677
Changes in estimate	**(2,224)**	(5,954)
Asset retirement obligation expenditures	**(545)**	(4,074)
Disposition of liabilities	**—**	(3,596)
Balance, end of period	**80,844**	82,299
Current asset retirement obligations	**4,827**	5,341
Long term asset retirement obligations	**76,017**	76,958
Balance, end of period	**80,844**	82,299

The Company's asset retirement obligations result from its ownership in oil and natural gas assets, including well sites, facilities and gathering systems. The Company estimates the total future cash flows to settle its ARO is $111.9 million, or $176.4 million inflated at 1.84% (December 31, 2023 – 1.62%) and undiscounted. These cash flows have been discounted using a risk-free interest rate of 3.34% (December 31, 2023 – 3.02%) to arrive at the present value estimate of $80.8 million. The Company expects these obligations to be settled over one to forty-two years.

10. Commitments and contingencies

$ millions	2024	2025	2026	2027	2028	Thereafter
Gathering, processing and transport	57.3	67.2	14.8	16.2	16.2	21.8
Natural gas purchases	22.8	—	—	—	—	—
Upstream and Corporate lease liabilities	1.5	2.2	2.2	2.2	2.2	6.3
Power lease liabilities [1]	2.0	1.3	1.3	1.3	1.3	25.9
Power construction	—	0.6	—	—	—	—
Other	—	0.4	0.4	0.4	0.4	0.4
Total	83.6	71.7	18.7	20.1	20.1	54.4

1- The Company has not reached a final investment decision ("FID") on power projects as of the date hereof. The Company has the ability to terminate the lease and remove this financial obligation if FID is not achieved.

The Company currently has natural gas transportation commitments on the Nova Gas Transmission Ltd. and Alliance pipelines, with a commitment to deliver approximately 120.0 MMcf per day of gas to Chicago on Alliance through October 2025. The Company has entered into various gas purchase agreements to fill the underutilized portion of the Alliance pipeline through October 2024.

Lease liabilities represent the undiscounted payments required under lease obligations as described in Note 5.

The Company may be involved in litigation and disputes arising in the normal course of operations. Management is of the opinion that any potential litigation will not have a material adverse impact on the Company's financial position or results of operations as at March 31, 2024.

11. Shareholders' capital

The Company is authorized to issue an unlimited number of voting common shares and an unlimited number of preferred shares issuable in series.

$000s, except share amounts	Number	$
Common shares:		
Balance, December 31, 2022	44,176,710	440,916
Stock options exercised	84,710	1,310
Repurchase of shares for cancellation	(598,776)	(7,611)
Balance, December 31, 2023	43,662,644	434,615
Balance, March 31, 2024	**43,662,644**	**434,615**

On December 19, 2023, the Company renewed its normal course issuer bid ("NCIB"), allowing the Company to purchase and cancel up to 2.2 million Common Shares prior to December 22, 2024.

The Company has not purchased shares under the NCIB program during the three months ended March 31, 2024.

(All figures expressed in thousands of Canadian dollars, unless otherwise stated)

12. Share-based compensation plans

Equity-settled incentive plans

Stock Options

The following table summarizes the changes in stock options outstanding and related weighted average exercise prices of stock options outstanding for the three months ended March 31, 2024.

	Number of options	Weighted average exercise price ($)
Outstanding, December 31, 2022	2,716,786	10.36
Granted	244,500	14.11
Exercised	(96,462)	10.00
Forfeited	(96,755)	10.94
Outstanding, December 31, 2023	2,768,069	10.68
Forfeited	(2,341)	11.96
Outstanding, March 31, 2024	**2,765,728**	**10.68**

No stock options were granted during the three months ended March 31, 2024.

Performance Warrants

The following table summarizes the changes in performance warrants outstanding and related weighted average exercise prices of performance warrants outstanding for the three months ended March 31, 2024.

	Number of performance warrants	Weighted average exercise price ($)
Outstanding, December 31, 2022	7,555,258	20.00
Forfeited	(776,003)	20.00
Outstanding, December 31, 2023	6,779,255	20.00
Forfeited	(10,805)	20.00
Outstanding, March 31, 2024	6,768,450	20.00

(All figures expressed in thousands of Canadian dollars, unless otherwise stated)

Cash-settled incentive plans

The following table summarizes the changes in the deferred share unit ("DSU"), performance share unit ("PSU"), and restricted share unit ("RSU") awards for the three months ended March 31, 2024.

(Number of awards)	DSUs	PSUs	RSUs
Outstanding, December 31, 2022	47,422	142,494	184,195
Granted	55,331	141,657	198,533
Exercised	—	(32,282)	(55,609)
Forfeited	—	(28,667)	(17,341)
Outstanding, December 31, 2023	102,753	223,202	309,778
Granted	14,717	5,000	2,500
Forfeited	—	—	(2,193)
Outstanding, March 31, 2024	117,470	228,202	310,085

The following table summarizes the change in compensation liability relating to awards:

	DSUs	PSUs [1]	RSUs
Balance, December 31, 2022	693	603	757
Change in accrued compensation liability	(186)	(933)	(971)
Granted	661	1,768	2,531
Exercised	—	(418)	(720)
Forfeited	—	(364)	(217)
Balance, December 31, 2023	1,168	656	1,380
Change in accrued compensation liability	62	445	542
Granted	165	54	27
Forfeited	—	—	(25)
Balance, March 31, 2024	1,395	1,155	1,924

1 – The change in PSU compensation liability relating to granted and forfeited awards assumes a 1.0x performance multiplier. The change in accrued compensation liability to reach the ultimate settlement includes any performance multiplier impact on the change in PSU liability.

The following table summarizes the composition of the compensation liability as at:

	March 31, 2024	December 31, 2023
Current liability	**1,837**	1,218
Long-term liability	**2,637**	1,986
Balance, end of period	**4,474**	3,204

The following table summarizes the total share-based compensation expense relating to equity-settled and cash-settled awards:

	2024	2023
Equity-settled awards	**809**	956
Cash-settled awards	**1,270**	240
Share-based compensation expense	**2,079**	1,196

(All figures expressed in thousands of Canadian dollars, unless otherwise stated)

13. Finance costs

For the three months ended March 31,	2024	2023
Interest and bank charges	**4,662**	3,382
Accretion of asset retirement obligations	**859**	865
Interest on lease obligations	**537**	220
Deferred financing amortization	**161**	324
Unrealized gain on foreign exchange	**(554)**	(4)
Finance costs	**5,665**	4,787

14. Financial instruments and risk management

The Company's financial instruments recognized on the condensed consolidated balance sheet include accounts receivable, prepaid expenses and deposits, inventory, accounts payable and accrued liabilities, lease liabilities, share based compensation liability, contingent payment consideration, loans and borrowings, and risk management contracts.

Financial instruments carried at fair value include cash, share based compensation liability, and risk management contracts. Share based compensation liability and risk management contracts are classified as a Level 2 measurement in the fair value measurement hierarchy. All other financial instruments are measured at amortized cost.

With respect to risk management contracts, which are derivative financial instruments, management has elected not to use hedge accounting and consequently records the fair value of its natural gas, crude oil, foreign exchange and basis differential contracts on the condensed consolidated interim balance sheet at each reporting period with the change in the fair value of the financial contracts being classified as unrealized gains and losses in the condensed consolidated interim statement of net income and comprehensive income.

The carrying value of accounts receivable, prepaid expenses and deposits, inventory, accounts payable and accrued liabilities approximate fair value due to their short terms to maturity. Loans and borrowings approximate their fair value due to the use of floating rates. Lease liabilities have a carrying value that does not significantly differ compared to fair value.

The nature of financial instruments exposes the Company to credit risk, liquidity risk, and market risk.

Credit risk
Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company is exposed to credit risk with respect to its accounts receivable and risk management contracts.

The Company's risk management contracts are held with large established financial institutions. The Company manages credit risk by ensuring transactions are only entered into with counterparties with strong credit worthiness and regular internal reviews are performed on the Company's exposure to these counterparties, the majority of which is short-term.

(All figures expressed in thousands of Canadian dollars, unless otherwise stated)

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

	March 31, 2024	December 31, 2023
Commodity sales from production and marketing	**47,739**	51,630
Government related filings	**4,795**	5,786
Joint venture	**859**	485
Other	**75**	48
Total accounts receivable	**53,468**	57,949
Cash	**561**	5,054
Risk management contracts	**4,406**	19,546
Total exposure	**58,435**	82,549

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company operates in a capital-intensive industry with medium to long-term cash cycles. The Company may face lengthy development lead times, as well as risks associated with rising capital costs and timing of project completion because of the availability of resources, permits and other factors beyond its control. The Company regularly monitors its cash requirements by assessing its ability to generate cash flow from operations, access to external financing, debt obligations as they become due, and its expected future operating and capital expenditure requirements. The Company may adjust forward looking capital expenditures to manage liquidity risk as required.

The Company's expected cash outflows relating to financial liabilities at March 31, 2024 are as follows:

$ millions	2024	2025	2026	2027	2028	Thereafter
Accounts payable	61.9	—	—	—	—	—
Cash-settled compensation liability[1]	1.8	1.0	0.3	—	—	1.4
Loans and borrowings[2]	—	185.0	—	—	—	—
Upstream and Corporate lease liabilities	1.5	2.2	2.2	2.2	2.2	6.3
Power lease liabilities[3]	2.0	1.3	1.3	1.3	1.3	25.9
Total	67.2	189.5	3.8	3.6	3.6	33.6

1 – Cash outflows relating to the DSU cash-settled compensation liability will be paid when each director retires. The Company has no available information to estimate the year of cash outflow and therefore the entirety of the DSU expected outflow has been assigned to "Thereafter".
2 – Assumes current debt drawn is repaid at the current maturity date of the Credit Facility.
3 – The Company has not reached a final investment decision ("FID") on power projects as of December 31, 2023. The Company has the ability to terminate the lease and remove this financial obligation if FID is not achieved.

Market risk

Market risk is the risk that fluctuations in market prices, such as foreign exchange rates, commodity prices, and interest rates will affect the Company's condensed consolidated interim statement of net income and comprehensive income to the extent the Company has outstanding financial instruments.

(All figures expressed in thousands of Canadian dollars, unless otherwise stated)

Commodity price risk and foreign currency risk
The nature of the Company's operations result in exposure to fluctuations in commodity prices. Additionally, the Company is exposed to foreign currency fluctuations as crude oil and natural gas prices are referenced in U.S. dollar denominated prices. The demand for energy including petroleum and natural gas sales is generally linked to economic activities. A slowdown in economic growth, an economic downturn or recession, or other adverse economic or political developments in North America or globally, could result in a significant adverse effect on global financial markets which could in turn cause commodity price and foreign currency fluctuations which could negatively impact the Company's operations and cash flows.

Management continuously monitors commodity prices and foreign exchange rates and may from time to time enter into risk management contracts to manage exposure to these risks in accordance with Board approved risk management guidelines.

The Company has the following commodity risk management contracts outstanding at March 31, 2024:

Type		Q2 2024	Q3 2024	Q4 2024	2025	2026	2027
Crude oil [1]							
WTI swap	bbl/d	1,750	1,750	2,000	563	—	—
WTI buy put	bbl/d	4,367	3,833	3,000	1,833	—	—
WTI sell call	bbl/d	3,500	3,333	2,500	1,833	—	—
WTI swap average	US$/bbl	$74.32	$74.32	$73.91	$74.17	$—	$—
WTI buy put average	US$/bbl	$67.75	$69.14	$69.17	$69.14	$—	$—
WTI sell call average	US$/bbl	$79.52	$79.32	$77.98	$78.16	$—	$—
Natural gas [1]							
NYMEX Henry Hub swap	MMBtu/d	3,333	2,500	2,500	—	—	—
NYMEX Henry Hub buy put	MMBtu/d	45,833	45,833	40,833	28,958	15,868	1,035
NYMEX Henry Hub sell call	MMBtu/d	37,500	35,833	32,500	28,958	15,868	1,035
NYMEX Henry Hub swap average	US$/MMBtu	$3.18	$3.23	$3.23	$—	$—	$—
NYMEX Henry Hub buy put average	US$/MMBtu	$3.14	$3.11	$3.19	$3.24	$3.14	$3.00
NYMEX Henry Hub sell call average	US$/MMBtu	$3.92	$3.96	$4.14	$4.60	$4.49	$3.90
Natural gas transportation [1,2,3]							
Purchase AECO 5A basis (to NYMEX Henry Hub)	MMBtu/d	30,000	30,000	10,000	—	—	—
Sell GDD Chicago basis (to NYMEX Henry Hub) [3]	MMBtu/d	(30,000)	(30,000)	(10,000)	—	—	—
AECO 5A basis (to NYMEX Henry Hub) average	US$/MMBtu	$(1.28)	$(1.28)	$(1.28)	$—	$—	$—
GDD Chicago basis (to NYMEX Henry Hub) average [3]	US$/MMBtu	$(0.07)	$(0.07)	$(0.07)	$—	$—	$—

1 – Prices per unit and volumes per day are represented at the average amounts for the period.
2 – Natural gas transportation hedges relate to exposure to basis pricing differentials between AECO and Chicago arising from firm transportation commitments.
3 – Gas Daily Daily ("GDD") pricing represents the daily natural gas settlement price in Chicago.

(All figures expressed in thousands of Canadian dollars, unless otherwise stated)

The Company has the following foreign exchange risk management contracts outstanding at March 31, 2024:

Type		Q2 2024	Q3 2024	Q4 2024	2025	2026	2027
Foreign exchange							
Sell USD CAD (monthly average)	US$	$9.0 MM	$9.0 MM	$9.0 MM	$16.5 MM	$— MM	$— MM
USD CAD buy put	US$	$5.0 MM	$5.0 MM	$5.0 MM	$2.5 MM	$5.0 MM	$— MM
USD CAD sell call	US$	$5.0 MM	$5.0 MM	$5.0 MM	$2.5 MM	$5.0 MM	$— MM
USD CAD fixed sell rate		$1.33	$1.33	$1.33	$1.34	$—	$—
USD CAD put rate		$1.32	$1.32	$1.32	$1.33	$1.28	$—
USD CAD call rate		$1.34	$1.34	$1.34	$1.38	$1.35	$—

The Company offsets risk management assets and liabilities if the Company has a legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously. The following table is a summary of the company's risk management position in the condensed consolidated interim Balance Sheet as at March 31, 2024 and the impact of offsetting contracts.

	Gross financial assets (liabilities)	Gross financial assets (liabilities) offset	Net financial assets (liabilities) on Balance Sheet
As at December 31, 2023			
Current asset	14,950	4,242	10,708
Long-term asset	9,014	176	8,838
Current liability	(4,242)	(4,242)	—
Long-term liability	(176)	(176)	—
Net risk management position	19,546	—	19,546
As at March 31, 2024			
Current asset	19,165	7,125	12,040
Long-term asset	1,510	1,335	175
Current liability	(13,883)	(7,125)	(6,758)
Long-term liability	(2,386)	(1,335)	(1,051)
Net risk management position	4,406	—	4,406

A summary of the Company's total gain (loss) on risk management contracts for the three months ended March 31, 2024 is as follows:

For the three months ended March 31,	2024	2023
Realized gain on production	**2,672**	1,973
Realized gain on purchases	**1,117**	4,279
Realized loss on foreign exchange	**(654)**	(1,083)
Total realized gain	**3,135**	5,169
Unrealized (loss) gain	**(15,140)**	28,811
Total (loss) gain on risk management	**(12,005)**	33,980

(All figures expressed in thousands of Canadian dollars, unless otherwise stated)

Interest rate risk
The Company is exposed to interest rate risk to the extent that changes in floating market interest rates impact interest incurred on its credit facility. The Company does not currently utilize risk management contracts to mitigate interest rate risk.

15. Supplemental cash flow information

Changes in non-cash working capital are as follows:

For the three months ended March 31,	2024	2023
Accounts receivable	**5,115**	22,222
Prepaid expenses and deposits	**562**	1,638
Inventory	**—**	(675)
Accounts payable and accrued liabilities	**2,497**	1,688
Net change in non-cash working capital	**8,174**	24,873
Allocated to:		
Operating activities	**704**	7,323
Investing activities	**7,470**	15,747
Financing activities	**—**	1,803
Net change in non-cash working capital	**8,174**	24,873

During the three months ended March 31, 2024, the Company advanced the Opal Firm Renewable Peaker project to Stage 5 of the Alberta Energy Systems Operator's grid connection process and made the required refundable Generator Unit Owners Contribution payment of $1.0 million. This refundable payment has been recorded as a prepaid deposit and recognized in the condensed consolidated interim Statement of Cash Flows under investing activities.

For the three months ended March 31, 2024, the Company has drawn $1.9 million of prepaid casing into Property, Plant and Equipment with no impact on the condensed consolidated interim Statement of Cash Flows. As at March 31, 2024, $4.4 million of casing remains in Prepaid Expenses and Deposits.

In the prior year, the Company settled a $10.0 million contingent payment related to the 2021 Simonette Acquisition. All contingent payments related to this acquisition have been fully settled. This $10.0 million payment has been recognized in the condensed consolidated interim Statement of Cash Flows under investing activities.