



Condensed Consolidated Interim Financial Statements

As at and for the three and nine months ended
September 30, 2025

Condensed Consolidated Interim Balance Sheet
(Expressed in thousands of Canadian dollars, unaudited)

		As at	
	Note	September 30, 2025	December 31, 2024
Assets			
Current			
Accounts receivable	14	69,348	60,181
Prepaid expenses and deposits		15,099	7,827
Inventory		—	315
Risk management contracts	14	8,133	—
		92,580	68,323
Property, plant, and equipment	3	1,150,235	1,134,859
Project development costs	4	—	12,393
Risk management contracts	14	1,544	—
Total assets		1,244,359	1,215,575
Liabilities			
Current			
Accounts payable and accrued liabilities		55,662	75,859
Share based compensation liability	12	5,683	4,260
Risk management contracts	14	1,105	20,900
Lease liabilities	5	2,156	4,683
Asset retirement obligations	9	3,676	6,383
		68,282	112,085
Share based compensation liability	12	6,585	4,177
Risk management contracts	14	1,572	11,326
Lease liabilities	5	4,275	29,720
Asset retirement obligations	9	68,700	82,255
Loans and borrowings	7	195,880	249,902
Deferred tax liability		50,550	11,072
Total liabilities		395,844	500,537
Equity			
Shareholders' capital	11	435,840	436,477
Contributed surplus		38,648	36,859
Retained earnings		374,027	241,702
Total equity		848,515	715,038
Total liabilities and equity		1,244,359	1,215,575
Commitments and contingencies	10		
Subsequent events	10, 16		

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 September 30,		For the nine months ended September 30,	
	Note	2025	2024	2025	2024
Revenue					
Commodity sales from production	6	131,972	109,166	438,783	333,877
Commodity sales from purchases	6	17,924	15,773	41,463	39,109
Royalty expense		(6,084)	(8,233)	(22,800)	(26,770)
Revenue, net of royalties		143,812	116,706	457,446	346,216
Other income					
Unrealized gain (loss) on risk management	14	933	21,570	39,226	(10,390)
Realized gain (loss) on risk management	14	679	2,884	(6,349)	9,561
Other income	15	9,601	963	13,931	2,748
Gain (loss) on disposition	15	(13,990)	—	11,332	—
Total revenue and other income		141,035	142,123	515,586	348,135
Expenses					
Operating		17,821	17,206	51,259	49,589
Transportation		16,260	14,417	48,655	40,236
Commodity purchases, transportation and other		12,174	14,090	27,353	36,829
Exploration, evaluation and other		136	177	592	356
General and administrative		5,767	5,121	18,921	16,966
Depletion and depreciation	3	51,225	40,033	155,396	122,325
Finance costs	13	4,576	6,867	18,667	18,746
Share-based compensation	12	4,288	1,775	17,009	6,522
Project development	4	(608)	—	3,283	—
Project development impairment	4	—	—	—	29,222
Provision for onerous contract	9	—	98	—	4,629
Transaction costs	15	2,497	—	2,617	—
Total expenses		114,136	99,784	343,752	325,420
Net income before income taxes		26,899	42,339	171,834	22,715
Income tax expense					
Current		18	22	31	29
Deferred		8,775	9,782	39,478	5,597
Total income tax expense		8,793	9,804	39,509	5,626
Net income and comprehensive income		18,106	32,535	132,325	17,089
Net income per share					
Basic	8	\$0.41	\$0.74	\$3.01	\$0.39
Diluted	8	\$0.39	\$0.73	\$2.95	\$0.39

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 September 30,		For the nine months ended September 30,	
	Note	2025	2024	2025	2024
Shareholders' equity					
Shareholders' capital					
Balance, beginning of period		437,978	434,751	436,477	434,615
Issuance of share capital	11	—	687	1,680	823
Repurchases of shares for cancellation	11	(2,138)	—	(2,317)	—
Balance, end of period		435,840	435,438	435,840	435,438
Contributed surplus					
Balance, beginning of period		38,097	36,441	36,859	34,950
Share-based compensation	12	551	513	2,365	2,123
Stock options exercised	11	—	(239)	(576)	(358)
Balance, end of period		38,648	36,715	38,648	36,715
Retained earnings					
Balance, beginning of period		355,921	225,191	241,702	240,637
Net income and comprehensive income		18,106	32,535	132,325	17,089
Balance, end of period		374,027	257,726	374,027	257,726
Total shareholders' equity		848,515	729,879	848,515	729,879

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 September 30,		For the nine months ended September 30,	
	Note	2025	2024	2025	2024
Cash flows related to the following activities:					
Operating					
Net income		18,106	32,535	132,325	17,089
Adjustments for non-cash items:					
Share-based compensation	12	4,288	1,775	17,009	6,522
Depletion and depreciation	3	51,225	40,033	155,396	122,325
Unrealized (gain) loss on risk management	14	(933)	(21,570)	(39,226)	10,390
Accretion expense	9,13	930	977	2,768	2,761
Interest on lease obligations	13	200	527	1,634	1,612
Deferred financing amortization	13	198	194	589	538
Unrealized (gain) loss on foreign exchange	13	(494)	395	1,784	(278)
Project development impairment	4	—	—	—	29,222
Provision for onerous contract	9	—	98	—	4,629
Loss (gain) on disposition	15	13,990	—	(11,332)	—
Deferred tax expense		8,775	9,782	39,478	5,597
Net change in non-cash working capital	15	(11,862)	3,670	(23,001)	5,343
Asset retirement obligation expenditures	9	(551)	(1,549)	(3,396)	(2,468)
Cash flows from operating activities		83,872	66,867	274,028	203,282
Investing					
Property, plant and equipment	3	(70,794)	(89,514)	(208,036)	(232,351)
Project development costs	4	(21)	(1,530)	(383)	(4,921)
Power connection process payment	4	—	—	(8,000)	(985)
Proceeds from disposition	15	5,550	297	26,600	318
Net change in non-cash working capital	15	2,895	(1,019)	(14,787)	10,838
Cash flows used in investing activities		(62,370)	(91,766)	(204,606)	(227,101)
Financing					
Issuance of common shares	11	—	448	1,104	465
Repurchase of shares for cancellation	11	(2,138)	—	(2,317)	—
Payment of equity incentive plans	12	(10,813)	(2,685)	(10,813)	(2,685)
(Decrease) increase in loans and borrowings	7	(7,371)	29,333	(54,611)	24,080
Payment of lease obligations	5	(980)	(1,931)	(2,160)	(2,807)
Net change in non-cash working capital	15	—	—	—	—
Cash flows (used in) from financing activities		(21,302)	25,165	(68,797)	19,053
Effect of foreign exchange on cash		(200)	6	(625)	(16)
Increase (decrease) in cash		—	272	—	(4,782)
Cash, beginning of period		—	—	—	5,054
Cash, end of period		—	272	—	272
Cash finance costs paid		8,042	5,105	13,711	13,823
Cash taxes paid		18	17	31	37

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

Notes to the Consolidated Financial Statements

For the periods ended September 30, 2025 and 2024

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

1. Nature and description of the company

Kiwetinothk Energy Corp. ("Kiwetinothk" or the "Company") is a corporation formed on September 22, 2021, pursuant to the Canada Business Corporations Act. Kiwetinothk's common shares trade on the Toronto Stock Exchange under the symbol KEC.

Kiwetinothk produces natural gas, natural gas liquids, oil and condensate from profitable early to mid-life liquids-rich natural gas properties focused in the Montney and Duvernay formations in Alberta, Canada.

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 IFRS® Accounting Standards, as issued by the IAS Standards Board ("IASB®"). 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, 2024.

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 November 4, 2025.

Changes to significant accounting policies

With the exception of newly issued accounting policies in effect as of January 1, 2025 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, 2024.

New accounting policies

IAS 21 The Effects of Changes in Foreign Exchange Rates

Effective January 1, 2025, amendments require entities to apply a consistent approach in assessing whether a currency can be exchanged into another currency and, when it cannot, in determining the exchange rate to use and the disclosures to provide. This did not have a material impact on the Company's financial statements.

Notes to the Consolidated Financial Statements

For the periods ended September 30, 2025 and 2024

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

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, 2023	1,163,322	1,274	27,458	1,192,054
Additions	337,215	348	—	337,563
Change in decommissioning asset	2,786	—	—	2,786
Lease remeasurement	—	—	8,844	8,844
Disposition of assets	(318)	—	—	(318)
Balance at December 31, 2024	1,503,005	1,622	36,302	1,540,929
Additions	207,794	242	—	208,036
Change in decommissioning asset	(11,312)	—	—	(11,312)
Lease remeasurement (Note 5)	—	—	(4,016)	(4,016)
Disposition of assets (Note 4)	(80)	—	(22,985)	(23,065)
Balance at September 30, 2025	1,699,407	1,864	9,301	1,710,572
Accumulated depletion and depreciation				
Balance, December 31, 2023	(233,893)	(961)	(3,666)	(238,520)
Depletion and depreciation	(165,475)	(196)	(1,879)	(167,550)
Balance at December 31, 2024	(399,368)	(1,157)	(5,545)	(406,070)
Depletion and depreciation	(153,923)	(179)	(1,294)	(155,396)
Disposition of assets (Note 4)	—	—	1,129	1,129
Balance at September 30, 2025	(553,291)	(1,336)	(5,710)	(560,337)
Net book value				
At December 31, 2024	1,103,637	465	30,757	1,134,859
At September 30, 2025	1,146,116	528	3,591	1,150,235

Future development costs of \$3.0 billion, inclusive of estimated abandonment and reclamation costs, were included in the depletion calculation during the nine months ended September 30, 2025 (December 31, 2024 - \$3.2 billion). For the nine months ended September 30, 2025, the Company capitalized \$2.3 million of general and administrative expenses directly to PP&E (December 31, 2024 - \$3.3 million).

At September 30, 2025, there were no indicators of impairment identified (December 31, 2024 - no indicators).

Notes to the Consolidated Financial Statements

For the periods ended September 30, 2025 and 2024

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

4. Project development costs

	September 30, 2025	December 31, 2024
Cost		
Balance, beginning of period	12,393	35,292
Additions	383	5,448
Impairment	—	(28,347)
Disposition of assets	(12,776)	—
Balance, end of period	—	12,393

During the nine months ended September 30, 2025, the Company did not capitalize any general and administrative expenses directly to project development costs (December 31, 2024 - \$0.6 million).

In the prior year, the Company recorded an impairment expense of \$28.3 million on all power development projects within the portfolio, with the exception of its Homestead Solar project, in response to government policy and regulatory uncertainty at the time.

During the three months ended September 30, 2025, the Company sold its Homestead Solar project, including all assets, material contracts, leases and permits for total gross proceeds of \$2.8 million. The Company recorded a loss on disposition of \$16.7 million, which included the removal of a \$8.0 million refundable Generating Unit Owner's Contribution ("GUOC") payment made in the first quarter of 2025. Upon closing, all future lease obligations and commitments were assumed by the purchaser (see Note 5).

5. Lease obligations

	September 30, 2025	December 31, 2024
Balance, beginning of period	34,403	26,525
Accretion of lease liabilities	1,634	2,240
Lease payments	(2,160)	(3,206)
Lease remeasurement	(4,016)	8,844
Dispositions	(23,430)	—
Balance, end of period	6,431	34,403
Classification of lease obligations:		
Current liability	2,156	4,683
Long-term liability	4,275	29,720
Balance, end of period	6,431	34,403

The Company has a lease liability related to an office space contract. During the three months ended September 30, 2025, the Company remeasured the office lease liability as a result of the Company's expected sale through the formal business strategy review. The Company has reasonable certainty that the early termination option embedded within the lease will be exercised. Expected lease payments were discounted at a revised incremental borrowing rate of 5.75% and the remeasurement, reflecting a revised term to August 31, 2028, reduced the lease liability by \$4.0 million.

Notes to the Consolidated Financial Statements

For the periods ended September 30, 2025 and 2024

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

During the three months ended September 30, 2025, the Company disposed of a lease liability of \$23.4 million as part of the Homestead Solar sale (see Note 4), as the purchaser assumed the related land contracts with a 35-year term. No liability related to Homestead Solar remains as at September 30, 2025 (December 31, 2024 - \$22.8 million).

6. Revenue

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Oil & condensate	79,717	76,507	253,331	218,538
NGLs	15,075	14,331	49,458	46,091
Natural gas	37,180	18,328	135,994	69,248
Commodity sales from production	131,972	109,166	438,783	333,877
Commodity sales from purchases	17,924	15,773	41,463	39,109
Total revenue	149,896	124,939	480,246	372,986

7. Loans and borrowings

Senior Secured Extendible Revolving Facility ("Credit Facility")

On May 30, 2025 the Company completed the annual borrowing base review of the consolidated Credit Facility and confirmed no changes to the borrowing base of \$400.0 million. The borrowing base is comprised of an operating facility of \$65.0 million and a syndicated facility of \$335.0 million. The Credit Facility is a 364-day committed facility available on a revolving basis which was extended until May 31, 2026, 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, 2027. 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 Canadian Overnight Repo Rate Average 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 September 30, 2025, the Company had letters of credit outstanding of \$56.8 million (December 31, 2024 - \$70.0 million) of which, \$37.2 million had been provided for through the EDC facility (see below), and the remaining \$19.6 million were issued under the Credit Facility and reduce the available operating facility capacity. At September 30, 2025, the Company has \$183.2 million of capacity available under the Credit Facility (December 31, 2024 - \$127.0 million).

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

Notes to the Consolidated Financial Statements

For the periods ended September 30, 2025 and 2024

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

	September 30, 2025	December 31, 2024
Credit facility drawn	197,201	251,002
Deferred financing costs	(1,321)	(1,100)
Balance, end of period	195,880	249,902

EDC Letter of Credit Facility

On June 12, 2025, the Company amended and decreased the unsecured demand revolving letter of credit facility (the "LC Facility") with Export Development Canada ("EDC") in response to lower anticipated utilization, from \$125.0 million to \$100.0 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, 2026 and may be extended from time-to-time at the option of Kiwetinohk and with the agreement of EDC. At September 30, 2025, the Company has \$62.8 million of capacity remaining under the LC Facility (December 31, 2024 - \$77.0 million).

8. Weighted average shares

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Basic weighted average shares	43,837	43,673	43,828	43,667
Effect of dilutive instruments	2,420	616	1,472	455
Diluted weighted average shares	46,256	44,289	45,300	44,122

9. Asset retirement obligations

	Asset Retirement Obligations	Onerous Contract	Total
Balance at December 31, 2023	82,299	—	82,299
Liabilities incurred	3,384	4,531	7,915
Expenditures	(4,479)	(268)	(4,747)
Changes in estimate	(598)	63	(535)
Accretion expense	3,637	69	3,706
Balance at December 31, 2024	84,243	4,395	88,638
Liabilities incurred	1,491	—	1,491
Expenditures	(3,323)	(73)	(3,396)
Changes in estimate	(12,803)	—	(12,803)
Accretion expense	2,768	—	2,768
Dispositions	—	(4,322)	(4,322)
Balance at September 30, 2025	72,376	—	72,376

	2025	2024
Current liability	3,676	6,383
Long-term liability	68,700	82,255
Balance, end of period	72,376	88,638

Notes to the Consolidated Financial Statements

For the periods ended September 30, 2025 and 2024

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

Asset Retirement Obligations

The Company's asset retirement obligations ("ARO") 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 \$101.6 million, or \$164.8 million inflated at 1.95% (December 31, 2024 – 1.82%) and undiscounted. These cash flows have been discounted using a long-term risk-free interest rate of 3.61% (December 31, 2024 – 3.33%) to arrive at the present value estimate of \$72.4 million. The Company expects these obligations to be settled over one to forty-eight years.

Onerous Contracts

In the prior year, the Company recognized a provision related to an onerous contract to transport and offload natural gas from the Nova Gas Transmission Ltd. pipeline system for use at its Opal gas-fired peaking project. On February 4, 2025, the Company sold its Opal project and assigned all future tolling obligations under the contract and removed the provision. No liability remains as at September 30, 2025 (December 31, 2024 - \$4.4 million). See Note 15.

10. Commitments and contingencies

\$ millions	2025	2026	2027	2028	2029	Thereafter
Gathering, processing and transport	15.2	56.9	56.9	56.9	56.9	192.5
Natural gas purchases	0.6	—	—	—	—	—
Upstream and corporate lease liabilities	0.4	2.2	2.2	2.3	—	—
Other	—	0.4	0.4	0.4	0.4	—
Total	16.2	59.5	59.5	59.6	57.3	192.5

The Company holds a commitment to deliver approximately 120.0 MMcf/d of gas to Chicago on the Alliance Pipeline. The commitment on the US segment of Alliance Pipeline extends until October 31, 2032 and the Company has extended its commitment on the Canadian segment until October 31, 2035. In addition, the Company currently has 29.7 MMcf/d of natural gas transportation commitments on the Nova Gas Transmission Ltd. to July 31, 2031.

Subsequent to September 30, 2025, the Company extended its commitment on the US segment of Alliance Pipeline to October 31, 2035, to align with the term on the Canadian segment. This three-year extension represents an incremental \$50.2 million transportation commitment.

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

The Company is 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 September 30, 2025.

Notes to the Consolidated Financial Statements

For the periods ended September 30, 2025 and 2024

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

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, 2023	43,662,644	434,615
Equity compensation exercises	119,104	1,862
Balance, December 31, 2024	43,781,748	436,477
Equity compensation exercises	106,290	1,680
Repurchase of shares for cancellation	(99,941)	(2,317)
Balance, September 30, 2025	43,788,097	435,840

On December 19, 2024, the Company renewed its normal course issuer bid ("NCIB"), allowing the Company to purchase and cancel up to 2,188,237 Common Shares prior to December 22, 2025.

During the nine months ended September 30, 2025, the Company purchased 99,941 Common Shares under the NCIB program at a total cost of \$2.3 million (an average of \$23.18 per share). No shares were repurchased during the 2024 year.

Subsequent to September 30, 2025, the Company announced a plan of arrangement (see Note 16) and as a result the Company's NCIB program was turned off for the remainder of the year.

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:

	Number of options	Weighted average exercise price (\$)
Outstanding, December 31, 2023	2,768,069	10.68
Granted	203,887	13.55
Exercised	(134,751)	10.01
Forfeited	(10,403)	12.30
Outstanding, December 31, 2024	2,826,802	10.92
Granted	155,858	20.21
Exercised	(106,290)	10.38
Forfeited	(16,895)	13.76
Outstanding, September 30, 2025	2,859,475	11.43

Notes to the Consolidated Financial Statements

For the periods ended September 30, 2025 and 2024

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

A summary of the inputs used to value stock options granted is as follows:

	September 30, 2025	December 31, 2024
Risk-free interest rate	3.03 %	2.89 %
Expected life (years)	7.0	7.0
Expected volatility ¹	54 %	52 %
Expected dividend rate	— %	— %
Expected forfeiture rate	4 %	3 %
Weighted average fair value	\$11.65	\$7.53

1 – Kiwetinohk has estimated the expected volatility over the life of the option based on a peer group average for intermediate oil and gas and power companies.

Performance Warrants

The following table summarizes the changes in performance warrants outstanding and related weighted average exercise prices of performance warrants outstanding:

	Number of performance warrants	Weighted average exercise price (\$)
Outstanding, December 31, 2023	6,779,255	20.00
Exercised	(2,000)	15.00
Forfeited	(193,860)	20.05
Outstanding, December 31, 2024	6,583,395	20.00
Outstanding, September 30, 2025	6,583,395	20.00

On May 21, 2025, an ordinary resolution of shareholders (on a disinterested basis) approving an amendment to the expiry date of certain performance warrants, was approved. On June 26, 2025, the Company finalized the one year extension of 1,999,743 performance warrants that were scheduled to expire on October 3, 2025. The extension represented a modification to the terms of the equity-settled awards after the vesting date, with the incremental fair value of \$1.0 million recognized immediately upon the extension date.

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:

(Number of awards)	DSUs	PSUs	RSUs
Outstanding, December 31, 2023	102,753	223,202	309,778
Granted	49,849	209,038	279,576
Settled	(7,224)	(86,400)	(121,399)
Forfeited	—	(3,261)	(6,091)
Outstanding, December 31, 2024	145,378	342,579	461,864
Granted	42,924	144,928	196,185
Settled	—	(154,349)	(203,742)
Forfeited	—	(6,790)	(18,114)
Outstanding, September 30, 2025	188,302	326,368	436,193

Notes to the Consolidated Financial Statements

For the periods ended September 30, 2025 and 2024

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

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

	DSUs	PSUs	RSUs
Balance, December 31, 2023	1,168	656	1,380
Change in accrued compensation liability	667	2,246	2,104
Granted	658	1,377	1,168
Settled	(115)	(1,165)	(1,601)
Forfeited	—	(37)	(69)
Balance, December 31, 2024	2,378	3,077	2,982
Change in accrued compensation liability	990	7,442	4,457
Granted	994	416	679
Settled	—	(6,514)	(4,299)
Forfeited	—	(111)	(223)
Balance, September 30, 2025	4,362	4,310	3,596

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

	September 30, 2025	December 31, 2024
Current liability	5,683	4,260
Long-term liability	6,585	4,177
Balance, end of period	12,268	8,437

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Equity-settled awards	551	513	2,365	2,123
Cash-settled awards	3,737	1,262	14,644	4,399
Share-based compensation expense	4,288	1,775	17,009	6,522

13. Finance costs

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Interest and bank charges	3,742	4,774	11,892	14,113
Accretion expense	930	977	2,768	2,761
Interest on lease obligations	200	527	1,634	1,612
Deferred financing amortization	198	194	589	538
Unrealized (gain) loss on foreign exchange	(494)	395	1,784	(278)
Finance costs	4,576	6,867	18,667	18,746

Notes to the Consolidated Financial Statements

For the periods ended September 30, 2025 and 2024

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

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, accounts payable and accrued liabilities, lease liabilities, share based compensation liability, loans and borrowings, and risk management contracts.

Financial instruments carried at fair value include 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, 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.

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

	September 30, 2025	December 31, 2024
Commodity sales from production and marketing	62,858	55,280
Government related filings	3,389	3,758
Joint venture	2,280	999
Other	821	144
Total accounts receivable	69,348	60,181
Risk management contracts	7,000	—
Total exposure	76,348	60,181

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For the periods ended September 30, 2025 and 2024

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

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 planned capital expenditures to manage liquidity risk as required.

The Company's expected cash outflows relating to financial liabilities at September 30, 2025 are as follows:

\$ millions	2025	2026	2027	2028	2029	Thereafter
Accounts payable	55.7	—	—	—	—	—
Cash-settled compensation liability ¹	—	5.7	2.0	0.2	—	4.4
Loans and borrowings ²	—	—	197.2	—	—	—
Upstream and Corporate lease liabilities	0.4	2.2	2.2	2.3	—	—
Total ³	56.1	7.9	201.4	2.5	—	4.4

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 the outstanding debt on the Credit Facility as of September 30, 2025 is repaid on the facility's maturity date.

3 – The details disclosed above do not reflect any potential changes that may arise through the proposed plan of arrangement, announced on October 28, 2025.

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.

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 policies.

Notes to the Consolidated Financial Statements

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

The Company has the following commodity risk management contracts outstanding at September 30, 2025:

Type		Q4 2025	2026	2027	2028
Crude oil ¹					
WTI swap	bbl/d	1,000	750	188	—
WTI buy put	bbl/d	4,833	3,333	1,438	83
WTI sell call	bbl/d	3,833	2,333	688	—
WTI swap average	US\$/bbl	\$70.04	\$68.72	\$66.05	\$—
WTI buy put average	US\$/bbl	\$62.96	\$60.80	\$53.41	\$55.00
WTI sell call average	US\$/bbl	\$74.29	\$72.19	\$74.08	\$—
Natural gas ¹					
NYMEX Henry Hub buy put	MMBtu/d	68,333	53,958	24,167	1,667
NYMEX Henry Hub sell call	MMBtu/d	65,833	53,333	24,167	1,667
NYMEX Henry Hub buy put average	US\$/MMBtu	\$3.33	\$3.25	\$3.45	\$3.52
NYMEX Henry Hub sell call average	US\$/MMBtu	\$4.62	\$4.49	\$4.80	\$4.89
Natural gas transportation ^{1,2,3}					
Purchase AECO 5A basis (to NYMEX Henry Hub)	MMBtu/d	15,000	8,333	—	—
Sell GDD Chicago basis (to NYMEX Henry Hub) ³	MMBtu/d	(15,000)	(8,333)	—	—
AECO 5A basis (to NYMEX Henry Hub) average	US\$/MMBtu	\$(1.91)	\$(2.19)	\$—	\$—
GDD Chicago basis (to NYMEX Henry Hub) average ³	US\$/MMBtu	\$(0.14)	\$(0.18)	\$—	\$—

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.

The Company has the following foreign exchange risk management contracts outstanding at September 30, 2025:

Type		Q4 2025	2026	2027	2028
Foreign exchange ¹					
Sell USD CAD (monthly average)	US\$	\$12.5 MM	\$— MM	\$3.0 MM	\$— MM
USD CAD buy put	US\$	\$10.5 MM	\$15.0 MM	\$10.0 MM	\$— MM
USD CAD sell call ²	US\$	\$10.5 MM	\$19.0 MM	\$10.0 MM	\$— MM
USD CAD fixed sell rate		\$1.35	\$—	\$1.35	\$—
USD CAD buy put rate		\$1.36	\$1.32	\$1.34	\$—
USD CAD sell call rate ²		\$1.42	\$1.40	\$1.40	\$—

1 – Prices per unit and volumes per day are represented at the average amounts for the period.

2 – The Company entered into a collar effective for the 2026 calendar year, included in the above table at \$8.0 million per month at a rate of 1.37 USD/CAD. Should the WM/Reuters monthly average drop below 1.405, the notional amount will drop to \$4.0 million at a call rate of 1.405.

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

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 September 30, 2025 and the impact of offsetting contracts.

	Gross financial assets (liabilities)	Offsetting contracts	Net financial assets (liabilities) on Balance Sheet
As at December 31, 2024			
Current asset	5,207	(5,207)	—
Long-term asset	3,025	(3,025)	—
Current liability	(26,107)	5,207	(20,900)
Long-term liability	(14,351)	3,025	(11,326)
Net risk management position	(32,226)	—	(32,226)
As at September 30, 2025			
Current asset	13,316	(5,183)	8,133
Long-term asset	4,429	(2,885)	1,544
Current liability	(6,288)	5,183	(1,105)
Long-term liability	(4,457)	2,885	(1,572)
Net risk management position	7,000	—	7,000

A summary of the Company's total loss on risk management contracts for the three and nine months ended September 30, 2025 is as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Realized gain (loss) on production	4,864	4,590	7,466	10,496
Realized gain (loss) on purchases	(3,266)	(240)	(7,588)	2,759
Realized gain (loss) on foreign exchange	(919)	(1,466)	(6,227)	(3,694)
Total realized gain (loss)	679	2,884	(6,349)	9,561
Unrealized gain (loss)	933	21,570	39,226	(10,390)
Total gain (loss) on risk management	1,612	24,454	32,877	(829)

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.

Notes to the Consolidated Financial Statements

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

15. Supplemental cash flow information

Changes in non-cash working capital are as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Accounts receivable	(14,000)	(9,864)	(10,345)	6,830
Prepaid expenses and deposits	3,558	1,764	(7,272)	(1,424)
Inventory	35	165	315	—
Accounts payable and accrued liabilities	1,440	10,586	(20,486)	10,775
Net change in non-cash working capital	(8,967)	2,651	(37,788)	16,181
Allocated to:				
Operating activities	(11,862)	3,670	(23,001)	5,343
Investing activities	2,895	(1,019)	(14,787)	10,838
Financing activities	—	—	—	—
Net change in non-cash working capital	(8,967)	2,651	(37,788)	16,181

During the three months ended September 30, 2025, the Canadian Energy Regulator approved a settlement between Alliance Pipeline and its shippers. As part of the settlement, the Company recognized a \$7.8 million receivable related to a one-time refund of recoverable costs, which is expected to be received in the first quarter of 2026 and was recorded in Other Income.

Power dispositions

During the nine months ended September 30, 2025, the Company sold or cancelled all but two of its Power projects, including its Homestead Solar project (see Note 4), for total gross proceeds of \$26.5 million and a net gain on disposition of \$11.3 million. An additional project was sold subsequent to September 30, 2025. All projects except for Homestead Solar were fully impaired in 2024, resulting in gains upon disposal for these projects.

16. Subsequent events

On October 28, 2025, the Company announced a plan of arrangement under which Cygnet Energy Ltd. will acquire all of the issued and outstanding common shares of Kiwetinohk for cash consideration of \$24.75 per Share.

The Arrangement has been unanimously approved by Kiwetinohk's Board of Directors (with conflicted directors abstaining). A special meeting of shareholders will be held on or about December 16, 2025, to consider and vote on the Arrangement. Closing will occur thereafter upon satisfaction or waiver of all conditions, including required shareholder approvals, court approval and customary closing conditions.