CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited, in thousands of Canadian dollars		March 31, 2025	December 31, 2024
Assets			
Current assets			
Cash and cash equivalents		11,408	8,576
Restricted cash		188	188
Accounts receivable		44,292	50,166
Prepaid expenses and other		6,510	7,123
Inventories		3,666	3,772
Risk management contracts	(Note 12)	13,451	44,161
		79,515	113,986
Risk management contracts	(Note 12)	4,512	23,545
Property, plant, and equipment	(Note 5)	381,612	378,727
Exploration and evaluation assets		8,077	8,073
Right-of-use assets		4,165	4,450
Deferred income tax asset		93,589	83,642
Total assets		571,470	612,423
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		92,938	95,830
Current portion of decommissioning obligations	(Note 8)	6,697	6,965
Current portion of lease liabilities	(Note 5)	1,546	1,689
Warrant liability	(Note 7)	3,513	2,773
Current portion of long-term debt	(Note 6)	11,038	9,885
		115,732	117,142
Other amounts payable		1,268	727
Decommissioning obligations	(Note 8)	174,462	165,189
Lease liabilities		3,095	3,035
Long-term debt	(Note 6)	143,860	157,902
Total liabilities		438,417	443,995
Shareholders’ equity			
Share capital	(Note 9)	306,292	306,306
Contributed surplus		13,731	13,635
Warrants		1,349	1,349
Accumulated other comprehensive income		17,040	55,163
Deficit		(205,359)	(208,025)
Total shareholders' equity		133,053	168,428
Total liabilities and shareholders' equity		571,470	612,423

Commitments (Note 14)
See accompanying notes to the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE LOSS

Unaudited, in thousands of Canadian dollars, except per share amounts		Three months ended March 31, 2025	2024
Revenue			
Petroleum and natural gas	(Note 10)	**53,296**	**76,310**
Royalties	(Note 10)	**533**	**(8,773)**
		53,829	**67,537**
Processing, marketing revenue	(Note 10)	**6,161**	**5,072**
Other revenue	(Note 10)	**93**	**144**
		60,083	**72,753**
Realized gain on risk management contracts	(Note 12)	**21,115**	**7,279**
Unrealized loss on risk management contracts	(Note 12)	**(169)**	**-**
		81,029	**80,032**
Expenses			
Operating		**43,985**	**51,504**
Transportation		**4,663**	**5,110**
General and administrative		**5,576**	**5,595**
Finance	(Note 11)	**7,828**	**8,142**
Depletion and depreciation	(Note 5)	**12,829**	**16,330**
Share-based compensation		**1,443**	**747**
Foreign exchange (gain) loss		**(204)**	**3,904**
Loss (gain) on warrant liability	(Note 7)	**740**	**(153)**
Gain on asset disposition	(Note 5)	**-**	**(2,723)**
		76,860	**88,456**
Net income (loss) before taxes		**4,169**	**(8,424)**
Deferred income tax expense (recovery)		**1,503**	**(2,140)**
Net income (loss)		**2,666**	**(6,284)**
Other comprehensive income, net of income tax			
Items that may be reclassified to net income (loss)			
Change in fair value of cash flow hedges, net of tax		**(22,164)**	**(19,561)**
Reclassification of realized gain to net income, net of tax		**(15,959)**	**(5,605)**
Total comprehensive loss		**(35,457)**	**(31,450)**
Net income (loss) per share attributable to equity holders of the Company			
Basic and diluted	(Note 9)	**0.01**	**(0.04)**
Diluted	(Note 9)	**0.01**	**(0.04)**

See accompanying notes to the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Unaudited, in thousands of Canadian dollars	Share Capital	Contributed Surplus	Warrants	Deficit	Accumulated Other Comprehensive Income (Loss)	Total Equity Attributable to Equity Holders	Non-Controlling Interests	Total Equity
As at December 31, 2023	**275,942**	**13,191**	**1,349**	**(168,779)**	**53,044**	**174,747**	**(341)**	**174,406**
Share-based compensation	**-**	**80**	**-**	**-**	**-**	**80**	**-**	**80**
Common shares issued on stock option exercise	**6**	**(2)**	**-**	**-**	**-**	**4**	**-**	**4**
Net loss	**-**	**-**	**-**	**(6,284)**	**-**	**(6,284)**	**-**	**(6,284)**
Other comprehensive income	**-**	**-**	**-**	**-**	**(25,166)**	**(25,166)**	**-**	**(25,166)**
As at March 31, 2024	**275,948**	**13,269**	**1,349**	**(175,063)**	**27,878**	**143,381**	**(341)**	**143,040**
Balance at December 31, 2024	**306,306**	**13,635**	**1,349**	**(208,025)**	**55,163**	**168,428**	**-**	**168,428**
Share-based compensation	**-**	**96**	**-**	**-**	**-**	**96**	**-**	**96**
Share issue costs	**(14)**	**-**	**-**	**-**	**-**	**(14)**	**-**	**(14)**
Net income	**-**	**-**	**-**	**2,666**	**-**	**2,666**	**-**	**2,666**
Other comprehensive income	**-**	**-**	**-**	**-**	**(38,123)**	**(38,123)**	**-**	**(38,123)**
As at March 31, 2025	**306,292**	**13,731**	**1,349**	**(205,359)**	**17,040**	**133,053**	**-**	**133,053**

See accompanying notes to the Condensed Consolidated Financial Statements.

PIERIDAE ENERGY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited, in thousands of Canadian dollars		Three months ended March 31, 2025	2024
Operating activities			
Net Income (loss)		**2,666**	**(6,284)**
Unrealized loss on risk management contracts	(Note 12)	**169**	**-**
Depletion and depreciation	(Note 5)	**12,829**	**16,330**
Non-cash financing costs	(Note 6, 11)	**2,751**	**2,176**
Accretion of decommissioning obligations	(Note 8)	**607**	**565**
Share-based compensation		**96**	**80**
Unrealized gain (loss) on foreign exchange		**(195)**	**3,911**
Loss (gain) on revaluation of warrants	(Note 7)	**740**	**(153)**
Gain on asset disposition		**-**	**(2,723)**
Deferred income tax expense (recovery)		**1,503**	**(2,140)**
Other amounts payable		**541**	**282**
Settlement of decommissioning obligations	(Note 8)	**(268)**	**(4,018)**
Changes in non-cash working capital	(Note 13)	**1,173**	**(977)**
Cash provided by operating activities		**22,612**	**7,049**
Investing activities			
Additions to property, plant and equipment	(Note 5)	**(6,538)**	**(4,894)**
Additions to exploration and evaluation assets		**(4)**	**(3)**
Changes in non-cash working capital	(Note 13)	**2,530**	**12**
Cash used in investing activities		**(4,012)**	**(4,885)**
Financing activities			
Exercise of stock options		**-**	**4**
Share issue costs		**(14)**	**-**
Restricted cash		**-**	**(30)**
Draws on long-term debt	(Note 6)	**-**	**675**
Repayment long-term debt	(Note 6)	**(15,445)**	**(5,685)**
Payments on lease obligations		**(309)**	**(491)**
Cash used in financing activities		**(15,768)**	**(5,527)**
Increase (decrease) in cash and cash equivalents		**2,832**	**(3,363)**
Cash and cash equivalents, beginning of period		**8,576**	**18,333**
Cash and cash equivalents, end of period		**11,408**	**14,970**
Cash paid:			
Interest paid in cash	(Note 11)	**3,975**	**5,431**

See accompanying notes to the Condensed Consolidated Financial Statements.

PIERIDAE ENERGY

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Pieridae Energy Limited (the "Company" or "Pieridae") is a publicly traded, Canadian company headquartered in Calgary, Alberta. Pieridae is focused on developing and producing conventional raw natural gas and processing it into sales products that include natural gas liquids ("NGLs") and sulphur.

The common shares of Pieridae trade on the Toronto Stock Exchange ("TSX") under the symbol PEA. The Company was incorporated on May 29, 2012, under the laws of Canada. It is headquartered at 1100, 411 – 1st Street SE, Calgary, Alberta, T2G 4Y5.

Many of the Company's activities involve jointly owned assets. The Condensed Interim Consolidated Financial Statements ("Interim Financial Statements") reflect only the Company's proportionate interest in such activities. The majority of Pieridae's assets and business activities are held in a wholly owned subsidiary, Pieridae Alberta Production Ltd ("PAPL").

These Interim Financial Statements were approved by the Board of Directors of Pieridae on May 7, 2025.

Pieridae Energy is undergoing a rebranding process, pending approval at the May 8th 2025 AGM, to Cavvy Energy Limited and will trade on the TSX under the symbol CVVY.

2. Basis of Presentation

Statement of compliance

These unaudited Interim Financial Statements and the notes thereto have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of Interim Financial Statements, including International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These Interim Financial Statements have been prepared following the same accounting policies and methods of computation as the Company's annual Consolidated Financial Statements as at and for the year ended December 31, 2024. Certain information and disclosures normally required to be included in the notes to the annual Consolidated Financial Statements have been condensed or omitted. Accordingly, these Interim Financial Statements should be read in conjunction with the annual Consolidated Financial Statements as at and for the year ended December 31, 2024. Comparative amounts have been reclassified to match the current period presentation.

3. Material Accounting Judgements and Estimates

The preparation of these Interim Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses, and related disclosures with respect to contingent assets and liabilities. Pieridae bases judgments, estimates and assumptions on current facts, historical experience and various other factors that are reasonable under the circumstances. The economic environment could also impact certain judgments, estimates and discount rates necessary to prepare these Interim Financial Statements, including significant estimates and judgments used in assessing for impairment indicators in the current economic environment. Actual results could differ materially from estimates and assumptions. Pieridae reviews estimates and underlying assumptions on an ongoing basis and make revisions as determined necessary by management. Such revisions are recognized in the period in which the estimates are revised and may impact future periods as well.

Critical accounting judgments and estimates used in preparing the Interim Financial Statements are described in Pieridae's annual Consolidated Financial Statements for the year ended December 31, 2024.

4. New Accounting Policies and Standards

There were no new accounting policies adopted during the period and there were no new or amended future accounting standards issued during the period. Refer to Note 4 in Pieridae's Annual Consolidated Financial Statements for the year ended December 31, 2024 for a description of new and future accounting policies currently being reviewed by the Company.

5. Property, Plant and Equipment

The following table summarizes the Company's property plant and equipment ("PP&E") balances at March 31, 2025 and December 31, 2024:

($ 000s) **Cost**	**March 31, 2025**	**December 31, 2024**
Balance, January 1	**675,857**	640,616
Additions	**6,538**	25,649
Dispositions	**-**	(3,849)
Change in decommissioning obligations (Note 8)	**8,666**	13,441
Balance, end of period	**691,061**	675,857

Accumulated Depletion and Depreciation	**March 31, 2025**	**December 31, 2024**
Balance, January 1	**297,130**	239,625
Depletion and depreciation	**12,319**	57,505
Balance, end of period	**309,449**	297,130

Net Book Value	**March 31, 2025**	**December 31, 2024**
Balance, January 1	**378,727**	400,991
Balance, end of period	**381,612**	378,727

At March 31, 2025, future development costs of the Company's proved plus probable reserves of $755.3 million (December 31, 2024 - $761.6 million) were included in the depletion calculations.

Impairment

At March 31, 2025, the Company did not identify any indicators of impairment or potential impairment reversals on any of the cost generating units ("CGUs"), thus no impairment test was required.

6. Long-Term Debt

The following tables summarize the Company's available liquidity and long-term debt balances as of March 31, 2025:

($ 000s)	**Principal outstanding (USD)**	**Availability (USD)**	**Principal outstanding (CAD)**
Senior Facility [1]			
Revolving Loan USD $22,000 [2]	13,000	9,000	**18,689**
Term Notes USD $81,500 [2]	69,460	-	**99,921**
Subordinated Notes USD $31,500 [2][3]	33,606	-	**48,311**
Total, March 31, 2025	**116,066**	**9,000**	**166,921**

[1] In the first quarter of 2025, the Company monetized certain in-the money hedges and concurrently amended the terms of the Term Note agreement, resulting in the repayment of a portion of its Term Notes from the proceeds of the hedge monetization.
[2] Converted to CAD using the month end exchange rate of 1.4376.
[3] Excludes unamortized deferred financing fees of USD $4.4 million and includes interest paid in-kind of USD $2.1 million.

	Senior Facility (i)				
($ 000s)	**Term Notes**	**Revolving Loan**	**Subordinated Notes (ii)**	**Financing Costs**	**Total**
Balance, beginning of period	112,629	21,583	40,052	(6,477)	**167,787**
Repayment of long-term debt	(12,588)	(2,857)	-	-	**(15,445)**
Non-cash interest paid in kind (Note 11)	-	-	1,577	-	**1,577**
Accretion of financing costs (Note 11)			454	720	**1,174**
Foreign exchange gain [1]	(120)	(37)	(38)	-	**(195)**
Balance, end of period	**99,921**	**18,689**	**42,045**	**(5,757)**	**154,898**
Current	**10,178**	**860**	**-**	**-**	**11,038**
Long-term	**89,743**	**17,829**	**42,045**	**(5,757)**	**143,860**

[1] Converted to CAD using the month end exchange rate of 1.4376.

i. Senior Facility

The Senior Facility is subject to an excess cash flow sweep, which is based on a prescriptive formula and was triggered at March 31, 2025 for $0.9 million, and is payable on April 30, 2025. The Senior Facility is repayable in full on March 13, 2027.

The effective interest rate on the Term Notes was 11.7% (March 31, 2024 – 12.1%).

The Revolving Loan is subject to a standby fee of 0.5% per annum payable quarterly on the undrawn portion. The effective interest rate on the Revolving Loan was 11.7% (March 31, 2024 – 12.1%).

ii. Subordinated Notes

The effective interest rate on the Subordinated Notes for the period ended March 31, 2025, was 19.6% (March 31, 2024 – 20.0%).

Covenants

As at March 31, 2025 the Company was in compliance with all covenants.

Letter of credit guarantee facility

Effective July 1, 2024 the guarantee facility from Export Development Canada was renewed and maintained at $12.0 million, of which $2.0 million was re-purposed into a foreign exchange facility to allow for increased hedge capability, reducing the trade and commercial facility to $10.0 million. This facility provides for 100% guarantee to the issuing bank of the Company's existing and future letters of credit of which $8.6 million was drawn at March 31, 2025 (March 31, 2024 - $6.0 million).

7. Warrant Liability

As at March 31, 2025, the warrant liability is remeasured and any changes in fair value are recognized in the statements of income). The fair value of the warrants is determined using the Black-Scholes option valuation model. The warrants may be exercised at any time and are therefore presented as a current liability on the statements of financial position. The following table reconciles the warrant liability at March 31, 2025 and December 31, 2024:

($ 000s)	**March 31, 2025**	**December 31, 2024**
Balance, beginning of period	**2,773**	4,192
Change in fair value to Tranche 1 due to re-strike (October 17, 2024)	**-**	(43)
Initial value of Tranche 2 (November 26, 2024)	**-**	147
Change in fair value during year	**740**	(1,523)
Balance, March 31	**3,513**	2,773

The following table provides the assumptions used in the Black-Scholes pricing model to calculate the fair value of the warrants:

	March 31, 2025	**December 31, 2024**
Risk-free interest rate	**2.42%**	2.74%
Expected life (years)	**5.20**	5.45
Volatility	**67.65%**	69.30%

8. Decommissioning Obligations

The following table summarizes the Company's decommissioning obligations at March 31, 2025 and December 31, 2024:

($ 000s)	**March 31, 2025**	**December 31, 2024**
Balance, January 1	**172,154**	161,881
Change in cost estimates(1)	**-**	19,608
Change in discount rate	**8,666**	(6,167)
Settlement of obligations	**(268)**	(5,549)
Accretion	**607**	2,381
Balance, end of period	**181,159**	172,154
Expected to be incurred within one year	**6,697**	6,965
Expected to be incurred beyond one year	**174,462**	165,189

(1) Change in cost estimates relates to the update in AER directive 11 released in 2024.

The Company's decommissioning obligations result from net ownership interests in petroleum and natural gas assets including well sites, gathering systems and processing facilities. As at March 31, 2025 the Company estimates the total undiscounted amount of cash flows required to settle its decommissioning obligations is approximately $293.1 million (December 31, 2024 - $292.9 million).

The Company uses an observable, market-based and inflation adjusted risk-free real rate of return to estimate the present value of the decommissioning obligation. As at March 31, 2025, the inflation adjusted risk-free discount rate was 1.37% (December 31, 2024 - 1.51%).

9. Share Capital

Authorized

The Company has an unlimited number of common shares with the holders of common shares entitled to one vote per share and an unlimited number of preferred shares issuable in series, with rights and privileges to be designated by the Board of Directors at the time of issuance. There were no preferred shares outstanding at March 31, 2025 or December 31, 2024.

Issued and outstanding common shares

($ 000s except per share amounts)	**Common shares**	**March 31, 2025 $**	**Common shares**	**December 31, 2024 $**
Balance, January 1	**290,387,642**	**306,306**	159,087,336	275,942
Shares issued on stock option exercise	**-**	**-**	24,000	12
Shares issued on private placement	**-**	**-**	12,800,000	3,653
Shares issued on rights offering	**-**	**-**	118,476,306	26,699
Share issue costs	**-**	**(14)**	-	-
Balance, end of period	**290,387,642**	**306,292**	290,387,642	306,306

Per share amounts

Per common share amounts have been determined based on the following:

	Three months ended March 31 2025	**Three months ended March 31 2024**
Weighted average common shares	**290,387,642**	159,054,636
Dilutive effect of warrants (1)	**-**	-
Dilutive effect of options (1)	**-**	-
Weighted average common shares, diluted	**290,387,642**	159,054,636

(1) For the quarter ended March 31, 2025, 6.9 million options and 23.6 million warrants (March 31, 2024 – 4.5 million options and 23.6 million warrants) were excluded from the diluted weighted average shares calculation as they were anti-dilutive.

10. Petroleum and Natural Gas Sales

The Company's petroleum and natural gas revenues are set out below:

($ 000s)	**Three months ended March 31 2025**	**Three months ended March 31 2024**
Natural gas	**21,903**	42,309
Condensate	**21,012**	23,074
NGLs	**8,736**	8,961
Sulphur	**1,645**	1,966
Total petroleum and natural gas revenue	**53,296**	76,310
Less:		
Gross royalties	**11,549**	17,380
Gas cost allowance	**(12,082)**	(8,607)
Total royalties	**(533)**	8,773
Processing and marketing revenue	**6,161**	5,072
Other revenue	**93**	144
Processing, marketing and other revenue	**6,254**	5,216
Total	**60,083**	72,753

11. Finance Expense

The following is a summary of finance expenses:

($ 000s)	**Three months ended March 31 2025**	**Three months ended March 31 2024**
Cash portion of Interest expense	**3,975**	5,431
Non-cash interest paid in kind (Note 6)	**1,577**	986
	5,552	6,417
Accretion of financing costs (Note 6)	**1,174**	1,190
Accretion of decommissioning obligations (Note 8)	**607**	565
Interest on lease liabilities	**131**	64
Other charges (recoveries)	**364**	(94)
Total finance expense	**7,828**	8,142

12. Financial Instruments and Risk Management

Financial instruments at March 31, 2025, consist of cash and cash equivalents, restricted cash, deposits, accounts receivable, accounts payable, other amounts payable, current and long-term debt, risk management contracts, and warrant liability. Risk management contracts and warrant liability are classified as Level 2 measurements. The carrying value of long-term debt approximates its fair value as it bears interest at market rates. The Company does not have any recurring fair value measurements classified as Level 3. There were no transfers between the levels in the fair value hierarchy for the period ended March 31, 2025. The Company's accounts receivable, deposits, accounts payable and other amounts payable approximate their fair values due to the short-term nature of these instruments.

The Company has exposure to counterparty credit risk, liquidity risk and market risk. Pieridae recognizes that effective management of these risks is a critical success factor in managing organization and shareholder value. Risk management strategies, policies and limits ensure risks and exposures are aligned to the Company's business strategy and risk tolerance. The Board of Directors is responsible for providing risk management oversight and oversees how management assesses and monitors risk. The following analysis provides an assessment of those risks as at March 31, 2025.

Counterparty credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's accounts receivable from hydrocarbon sales, partners in jointly owned assets, counterparties to derivative financial contracts and third-party processing customers.

Substantially all of the Company's petroleum and natural gas production is marketed under standard industry terms. Sales from petroleum and natural gas marketers are normally collected on the 25th day of the month following the sale. The Company's credit policy includes parameters to mitigate credit risk associated with these balances. The Company has not experienced any material collection issues with its petroleum and natural gas marketers. The Company's financial risk management contracts are held with two counterparties, both of which are large reputable financial institutions; management has concluded credit risk associated with these parties' contracts is low.

Liquidity and funding risk

Liquidity and funding risk is the risk that the Company may be unable to obtain sufficient cash or its equivalent in a timely and cost-effective manner in order to meet its commitments as they become due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company manages its liquidity risk by forecasting cash flows over a twelve-month rolling time period; these requirements are then addressed through management of Pieridae's capital structure, being its share capital and debt facilities and adjustments are made based on the funds available to the Company.

The Company's significant outstanding financial liabilities consist of accounts payable and accrued liabilities, which are expected to be funded as they come due by cash provided by operating activities and the current and long-term debt.

Capital management

The Company manages its capital structure and makes adjustments in light of changes in economic and market conditions and the risk characteristics of the underlying assets. The Company's objective when managing capital is to ensure it has sufficient funds to maintain and develop its operating properties, accelerate debt repayment, develop resource opportunities and meet its commitments. To maintain or adjust the capital structure, the Company may issue new shares, obtain additional debt facilities and/or consider strategic alliances including joint ventures.

The Company manages its capital structure and financing requirements using funds flow from operations, a non-GAAP measure. Funds flow from operations is used to monitor and assess liquidity and the flexibility of the Company's capital structure by providing management and investors with a measure of the cash flows generated by the Company's assets available to meet financial obligations. Funds flow from operations is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities.

The calculation of funds flow from operations is as follows:

($ 000s)	**Three months ended March 31 2025**	**Three months ended March 31 2024**
Cash provided by operating activities	**22,612**	7,049
Settlement of decommissioning obligations	**268**	4,018
Changes in non-cash working capital	**(1,173)**	977
Funds flows from operations	**21,707**	12,044

The Company funds its share of commitments from existing cash balances, issuing shares and various debt facilities. The Company may require additional financing to advance growth opportunities. Management will explore all options to achieve the appropriate funding levels. Sources of future funds can include the issuance of shares, debt, a partnership agreement, or the sale of an interest in oil or natural gas properties.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market conditions. Market risk comprises three types of risk: commodity price risk, interest rate risk and currency risk.

Commodity price risk

The Company's natural gas, condensate, NGL and sulphur sales, and electricity purchase, are directly subject to fluctuations in underlying commodity prices. Fluctuations in commodity prices, both absolute and where relevant, associated with changes in the Canadian to USD exchange rate. Commodity price volatility may impact the Company's operating cash flows, its ability to attract investment and the ability to generate cashflows to maintain operations. The Company continually evaluates options to manage commodity price volatility and risk.

The Company utilizes fixed price physical delivery contracts and various financial derivative instruments as part of its overall risk management strategy to assist in managing the exposure to commodity price, foreign exchange and interest rate risk. These financial instruments are not used for speculative purposes.

Physical contracts are considered normal purchase or sales contracts and are not included in the risk management account on the statement of financial position but recognized in petroleum and natural gas revenue or operating expense as contracts are settled. The Company had the following fixed price physical commodity sales contracts and power contracts in place at March 31, 2025:

Type of contract	Quantity	Time Period	Average Price
Fixed Price - Natural Gas Sales	5,000 GJ/d	Apr 2025 - Oct 2026	CAD $3.31 /GJ
Fixed Price - Power Purchases	54 MW	Apr 2025 - Dec 2025	CAD $79.09 /MWh
Fixed Price - Power Purchases	45 MW	Jan 2026 - Dec 2026	CAD $75.88 /MWh
Fixed Price - Power Purchases	25 MW	Jan 2027 - Dec 2027	CAD $70.19 /MWh

There was no hedge ineffectiveness identified as of March 31, 2025. The Company had the following financial risk management contracts, to which hedge accounting is applied, in place as at March 31, 2025:

Type of contract	Quantity	Time Period	Contract Price
AECO Natural Gas Swap	105,000 GJ/d	Apr 2025 - Dec 2025	CAD $3.32 /GJ
AECO Natural Gas Swap	73,502 GJ/d	Jan 2026 - May 2026	CAD $3.32 /GJ
AECO Natural Gas Swap	53,340 GJ/d	Jun 2026 - Mar 2027	CAD $3.40 /GJ
AECO Natural Gas Swap	42,000 GJ/d	Apr 2027 - May 2027	CAD $3.40 /GJ
WTI Crude Oil Collar	1,188 bbl/d	Apr 2025 - Dec 2025	CAD $80.00 - $90.75 /bbl
WTI Crude Oil Collar	917 bbl/d	Jan 2026 - Dec 2026	CAD $80.00 - $90.75 /bbl
WTI Crude Oil Collar	761 bbl/d	Jan 2027 - May 2027	CAD $80.00 - $90.75 /bbl
WTI Crude Oil Swap	345 bbl/d	Apr 2025 - May 2025	CAD $100.65 /bbl
WTI Crude Oil Swap	515 bbl/d	Jun 2025	CAD $94.20 /bbl
WTI Crude Oil Swap	515 bbl/d	Jul 2025 - Dec 2025	CAD $94.89 /bbl
WTI Crude Oil Swap	475 bbl/d	Jan 2026 - May 2026	CAD $93.96 /bbl
WTI Crude Oil Swap	605 bbl/d	Jun 2026	CAD $87.08 /bbl
WTI Crude Oil Swap	600 bbl/d	Jul 2026 - Dec 2026	CAD $92.83 /bbl
WTI Crude Oil Swap	405 bbl/d	Jan 2027 - May 2027	CAD $92.63 /bbl
WTI Crude Oil Swap	1,135 bbl/d	Jun 2027	CAD $83.38 /bbl
WTI Crude Oil Swap	1,125 bbl/d	Jul 2027 – Dec 2027	CAD $90.05/bbl
WTI Crude Oil Swap	785 bbl/d	Jan 2028 - Mar 2028	CAD $90.40 /bbl
WTI Crude Oil Swap	750 bbl/d	Apr 2028 - Jun 2028	CAD $86.50 /bbl

The hedge ratio, representing the relationship between the quantity of the hedging instrument and the quantity of the hedged item in terms of their relative weighting is 1:1 at March 31, 2025.

Changes in fair value of risk management asset and liabilities for the period ended March 31, 2025 are as follows:

($ 000s)	Financial Derivatives	Cashflow Hedges	Total
Fair value of assets, balance January 1	849	66,857	67,706
Changes in fair value – profit or loss	(169)	-	(169)
Changes in fair value – other comprehensive income	-	(70,689)	(70,689)
Risk management contract settlements [(1)]	389	20,726	21,115
Fair value of assets, balance end of period	**1,069**	**16,894**	**17,963**
Risk management contracts– current			13,451
Risk management contracts – long-term			4,512

(1) Includes hedge monetization of $10.2 million net of transaction costs.

Changes in fair value of risk management asset and liabilities for the period ended December 31, 2024 are as follows:

($ 000s)	Financial Derivatives	Cashflow Hedges	Total
Fair value of assets, balance January 1	-	64,415	64,415
Changes in fair value – profit or loss	520	-	520
Changes in fair value – other comprehensive income	-	(64,448)	(64,448)
Risk management contract settlements	329	66,890	67,219
Fair value of assets, balance end of period	**849**	**66,857**	**67,706**
Risk management asset – current			44,161
Risk management asset – long-term			23,545

The following table illustrates the effects of potential movement in commodity prices on net income due to the changes in the fair value of financial derivative contracts in place at March 31, 2025 and 2024. The sensitivity is based on a 10% increase and 10% decrease in forward price curves at March 31, 2025 and 2024.

	10% Decrease in Price		10% Increase in Price	
($ 000s)	2025	2024	2025	2024
Increase (decrease) to OCI				
Crude Oil - WTI (CAD)	**12,569**	13,945	**(12,991)**	(14,427)
Natural Gas - AECO (CAD)	**16,574**	28,654	**(16,574)**	(28,654)

During the current quarter the Company reassessed its hedge position and determined that monetizing of a portion of its AECO Natural Gas Swap risk management contracts (“AECO Swaps”) and re-striking the remainder better align with its risk management objectives. All AECO Swaps were initially scheduled to mature between January 2026 and May 2027. The early monetization of a portion of the AECO Swaps reduced the Company’s hedge position as of March 19, 2025 by 24,862 GJ/d and resulted in proceeds of $10.2 million, net of transaction costs, which is recognized in net income in March 2025. The remaining AECO Swaps strike price was adjusted to $3.40/GJ from $3.78/GJ as of March 19, 2025.

Interest rate risk

Interest rate risk is the risk that future cashflows will fluctuate as a result of changes in market interest rate. For the year ended March 31, 2025, the Company’s primary interest rate exposure was the variable rate Senior Facility. A 1.0% change in the SOFR rate would result in a $0.3 million change in interest expense for the period ended March 31, 2025 (March 31, 2024 - $0.3 million).

Currency risk

Currency risk is the risk that cashflows will fluctuate as a result of changes in foreign currencies and the CAD. A small portion of the Company’s accounts receivable, accounts payable, accrued liabilities and commitments are denominated in USD, however the impact of currency fluctuations are immaterial to these items.

Periodically, the Company enters into currency hedges, which provide the right but not the obligation to purchase USD at a fixed exchange rate. These provide downside protection on cash flow risk associated with currency fluctuations between USD and CAD for a portion of scheduled debt service obligations denominated in USD.

The Company had the following financial risk management contracts, to which hedge accounting is not applied, in place as at March 31, 2025:

Type of Contract	Quantity (USD ‘000s)	Time Period	Average Price
USD Call Option	US$4,715,000	Apr 2025 - Jun 2025	CAD $1.3600
USD Forward	US$2,482,500	Sep 2025	CAD $1.4159
USD Forward	US$2,482,500	Dec 2025	CAD $1.4105

The following contracts were entered into subsequent to March 31, 2025:

Type of Contract	Quantity (USD ‘000s)	Time Period	Average Price
USD Forward	US$2,482,500	Sep 2025	CAD $1.3834
USD Forward	US$2,482,500	Dec 2025	CAD $1.3786

A 5% change in the foreign exchange rates between CAD and USD would result in a $0.2 million impact on interest expense for the three months ended March 31, 2025 (March 31, 2024 - $1.7 million) and an $8.3 million impact on the foreign exchange translation gain (loss) related to the long-term debt valuation (March 31, 2024 - $8.3 million).

13. Presentation in Consolidated Statements of Cash Flows

The following table provides a detailed breakdown of certain line items contained within cashflow from operating and investing activities:

($ 000s)	**Three months ended March 31 2025**	**Three months ended March 31 2024**
Changes in non-cash working capital		
Accounts receivable	**5,874**	10,850
Prepaid expenses and deposits	**613**	188
Inventories	**106**	(196)
Accounts payable and accrued liabilities	**(2,890)**	(11,807)
Total change in non-cash working capital	**3,703**	(965)
Relating to:		
Operating activities	**1,173**	(977)
Investing activities	**2,530**	12

14. Commitments, Provisions and Contingencies

Commitments

The following is a summary of the Company's commitments as at March 31, 2025:

($ 000s)	**2025**	**2026**	**2027**	**Thereafter**	**Total**
Firm transportation	8,243	9,913	1,796	-	19,952

Provisions and Contingencies

The Company is involved in various claims and litigation arising in the normal course of business. While the outcome of these matters is uncertain and there can be no assurance that such matters will be resolved in the Company's favor, the Company does not currently believe that adverse outcomes in any of these pending or threatened proceedings would have a material adverse impact on its financial position or results of operations.