

## Condensed Consolidated Statements of Financial Position

| Unaudited, in thousands of Canadian dollars    |           | September 30, 2025 | December 31, 2024 |
|------------------------------------------------|-----------|--------------------|-------------------|
| <b>Assets</b>                                  |           |                    |                   |
| <b>Current assets</b>                          |           |                    |                   |
| Cash and cash equivalents                      |           | 10,192             | 8,576             |
| Accounts receivable                            |           | 36,980             | 50,166            |
| Prepaid expenses and other                     |           | 6,058              | 7,311             |
| Inventories                                    |           | 3,694              | 3,772             |
| Risk management contracts                      | (Note 12) | 26,563             | 44,161            |
|                                                |           | 83,487             | 113,986           |
| Risk management contracts                      | (Note 12) | 4,845              | 23,545            |
| Property, plant, and equipment                 | (Note 5)  | 345,395            | 378,727           |
| Exploration and evaluation assets              |           | 8,095              | 8,073             |
| Right-of-use assets                            |           | 3,704              | 4,450             |
| Deferred income tax asset                      |           | 90,748             | 83,642            |
| Total assets                                   |           | 536,274            | 612,423           |
| <b>Liabilities</b>                             |           |                    |                   |
| <b>Current liabilities</b>                     |           |                    |                   |
| Accounts payable and accrued liabilities       |           | 63,861             | 95,830            |
| Current portion of decommissioning obligations | (Note 8)  | 5,298              | 6,965             |
| Current portion of lease liabilities           |           | 1,726              | 1,689             |
| Warrant liability                              | (Note 7)  | 10,078             | 2,773             |
| Current portion of long-term debt              | (Note 6)  | 9,856              | 9,885             |
|                                                |           | 90,819             | 117,142           |
| Other amounts payable                          |           | 1,477              | 727               |
| Decommissioning obligations                    | (Note 8)  | 159,961            | 165,189           |
| Lease liabilities                              |           | 2,859              | 3,035             |
| Long-term debt                                 | (Note 6)  | 143,210            | 157,902           |
| Total liabilities                              |           | 398,326            | 443,995           |
| <b>Shareholders' equity</b>                    |           |                    |                   |
| Share capital                                  | (Note 9)  | 306,443            | 306,306           |
| Contributed surplus                            |           | 13,856             | 13,635            |
| Warrants                                       |           | 1,349              | 1,349             |
| Accumulated other comprehensive income         |           | 27,598             | 55,163            |
| Deficit                                        |           | (211,298)          | (208,025)         |
| Total shareholders' equity                     |           | 137,948            | 168,428           |
| Total liabilities and shareholders' equity     |           | 536,274            | 612,423           |

Commitments (Note 14)

See accompanying notes to the Interim Condensed Consolidated Financial Statements

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

| <i>Unaudited, in thousands of Canadian dollars, except per share amounts</i> |           | Three months ended<br>September 30, |          | Nine months ended<br>September 30, |          |
|------------------------------------------------------------------------------|-----------|-------------------------------------|----------|------------------------------------|----------|
|                                                                              |           | 2025                                | 2024     | 2025                               | 2024     |
| <b>Revenue</b>                                                               |           |                                     |          |                                    |          |
| Petroleum and natural gas                                                    | (Note 10) | 35,298                              | 34,674   | 138,431                            | 159,141  |
| Royalties                                                                    | (Note 10) | (1,219)                             | (2,608)  | (5,163)                            | (16,970) |
|                                                                              |           | 34,079                              | 32,066   | 133,268                            | 142,171  |
| Processing, marketing revenue                                                | (Note 10) | 10,398                              | 5,561    | 26,171                             | 14,836   |
| Other revenue                                                                | (Note 10) | 1,009                               | 175      | 1,238                              | 463      |
|                                                                              |           | 45,486                              | 37,802   | 160,677                            | 157,470  |
| Realized gain on risk management contracts                                   | (Note 12) | 26,399                              | 24,736   | 64,224                             | 50,230   |
| Unrealized gain (loss) on risk management contracts                          | (Note 12) | 65                                  | (230)    | (455)                              | -        |
|                                                                              |           | 71,950                              | 62,308   | 224,446                            | 207,700  |
| <b>Expenses</b>                                                              |           |                                     |          |                                    |          |
| Operating                                                                    |           | 36,677                              | 38,447   | 121,071                            | 142,950  |
| Transportation                                                               |           | 4,577                               | 4,273    | 14,158                             | 13,861   |
| General and administrative                                                   |           | 5,557                               | 5,195    | 17,049                             | 17,106   |
| Finance                                                                      | (Note 11) | 6,897                               | 8,540    | 21,628                             | 25,067   |
| Depletion and depreciation                                                   | (Note 5)  | 13,606                              | 12,172   | 40,692                             | 43,545   |
| Share-based compensation                                                     |           | 6,814                               | 42       | 9,876                              | 1,471    |
| Foreign exchange loss (gain)                                                 |           | 3,127                               | (2,310)  | (5,234)                            | 3,206    |
| Loss (gain) on warrant liability                                             | (Note 7)  | 6,127                               | (1,900)  | 7,305                              | (1,807)  |
| Gain on asset disposition                                                    |           | -                                   | (7,569)  | -                                  | (10,292) |
|                                                                              |           | 83,382                              | 56,890   | 226,545                            | 235,107  |
| <b>Net (loss) income before taxes</b>                                        |           | (11,432)                            | 5,418    | (2,099)                            | (27,407) |
| Deferred income tax (recovery) expense                                       |           | (1,346)                             | (2,078)  | 1,174                              | (9,423)  |
| <b>Net (loss) income</b>                                                     |           | (10,086)                            | 7,496    | (3,273)                            | (17,984) |
| <b>Other comprehensive income (loss), net of income tax</b>                  |           |                                     |          |                                    |          |
| Change in fair value of cash flow hedges, net of tax                         |           | 8,863                               | 38,614   | 21,612                             | 51,197   |
| Reclassification of realized gain to net (loss) income, net of tax           |           | (20,377)                            | (19,047) | (49,177)                           | (38,676) |
| <b>Total comprehensive (loss) income</b>                                     |           | (21,600)                            | 27,063   | (30,838)                           | (5,463)  |
| <b>Net (loss) income per share</b>                                           |           |                                     |          |                                    |          |
| Basic and diluted                                                            | (Note 9)  | (0.03)                              | 0.04     | (0.01)                             | (0.11)   |

See accompanying notes to the Interim Condensed Consolidated Financial Statements

## Condensed Consolidated Statements of Changes in Equity

| <i>Unaudited, in thousands of<br/>Canadian dollars</i> | Share Capital  | Contributed Surplus | Warrants     | Deficit          | Accumulated<br>Other Comprehensive<br>Income (Loss) | Total Equity<br>Attributable<br>to Equity<br>Holders | Non-<br>Controlling<br>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                               | -              | 362                 | -            | -                | -                                                   | 362                                                  | -                                | 362            |
| Common share issued on private placement (Note 10)     | 4,480          | -                   | -            | -                | -                                                   | 4,480                                                | -                                | 4,480          |
| Share issuance costs (Note 10)                         | (453)          | -                   | -            | -                | -                                                   | (453)                                                | -                                | (453)          |
| Common shares issued on stock option exercise          | 12             | (4)                 | -            | -                | -                                                   | 8                                                    | -                                | 8              |
| Other comprehensive income, net of income tax          | -              | -                   | -            | -                | 12,521                                              | 12,521                                               | -                                | 12,521         |
| Acquisition of non-controlling interest                | -              | -                   | -            | (341)            | -                                                   | (341)                                                | 341                              | -              |
| Net loss                                               | -              | -                   | -            | (17,984)         | -                                                   | (17,984)                                             | -                                | (17,984)       |
| <b>As at September 30, 2024</b>                        | <b>279,981</b> | <b>13,549</b>       | <b>1,349</b> | <b>(187,104)</b> | <b>65,565</b>                                       | <b>173,340</b>                                       | <b>-</b>                         | <b>173,340</b> |
| As at December 31, 2024                                | 306,306        | 13,635              | 1,349        | (208,025)        | 55,163                                              | 168,428                                              | -                                | 168,428        |
| Share-based compensation                               | -              | 264                 | -            | -                | -                                                   | 264                                                  | -                                | 264            |
| Common shares issued on stock option exercise          | 151            | (43)                | -            | -                | -                                                   | 108                                                  | -                                | 108            |
| Share issue costs                                      | (14)           | -                   | -            | -                | -                                                   | (14)                                                 | -                                | (14)           |
| Other comprehensive loss, net of income tax            | -              | -                   | -            | -                | (27,565)                                            | (27,565)                                             | -                                | (27,565)       |
| Net loss                                               | -              | -                   | -            | (3,273)          | -                                                   | (3,273)                                              | -                                | (3,273)        |
| <b>As at September 30, 2025</b>                        | <b>306,443</b> | <b>13,856</b>       | <b>1,349</b> | <b>(211,298)</b> | <b>27,598</b>                                       | <b>137,948</b>                                       | <b>-</b>                         | <b>137,948</b> |

See accompanying notes to the Interim Condensed Consolidated Financial Statements

## Condensed Consolidated Statements of Cash Flows

| Unaudited, in thousands of Canadian dollars                   | Three months ended<br>September 30, |                | Nine months ended<br>September 30, |                 |
|---------------------------------------------------------------|-------------------------------------|----------------|------------------------------------|-----------------|
|                                                               | 2025                                | 2024           | 2025                               | 2024            |
| <b>Operating activities</b>                                   |                                     |                |                                    |                 |
| Net (loss) income                                             | (10,086)                            | 7,496          | (3,273)                            | (17,984)        |
| Unrealized (gain) loss on risk management contracts (Note 12) | (65)                                | 230            | 455                                | -               |
| Depletion and depreciation (Note 5)                           | 13,606                              | 12,172         | 40,692                             | 43,545          |
| Non-cash financing costs (Note 6, 11)                         | 1,246                               | 1,797          | 5,215                              | 6,207           |
| Accretion of decommissioning obligations (Note 8, 11)         | 674                                 | 589            | 1,952                              | 1,738           |
| Stock-based compensation                                      | 63                                  | 192            | 221                                | 362             |
| Unrealized loss (gain) on foreign exchange                    | 3,068                               | (2,120)        | (5,382)                            | 3,094           |
| Loss (gain) on revaluation of warrants (Note 7)               | 6,127                               | (1,900)        | 7,305                              | (1,807)         |
| Gain on asset disposition                                     | -                                   | (7,569)        | -                                  | (10,292)        |
| Deferred income tax (recovery) expense                        | (1,346)                             | (2,078)        | 1,174                              | (9,423)         |
| Other amounts payable                                         | (389)                               | (575)          | 749                                | (36)            |
| Settlement of decommissioning obligations (Note 8)            | (1,129)                             | (306)          | (1,667)                            | (4,990)         |
| Changes in non-cash working capital (Note 13)                 | (7,303)                             | (5,668)        | (18,764)                           | (2,660)         |
| Cash provided by operating activities                         | 4,466                               | 2,260          | 28,677                             | 7,754           |
| <b>Investing activities</b>                                   |                                     |                |                                    |                 |
| Additions to property, plant and equipment (Note 5)           | (4,004)                             | (9,971)        | (12,933)                           | (19,855)        |
| Additions to exploration and evaluation assets                | (18)                                | (31)           | (22)                               | (47)            |
| Proceeds from asset disposition                               | -                                   | 11,509         | -                                  | 11,509          |
| Changes in non-cash working capital (Note 13)                 | 1,541                               | 4,169          | 1,468                              | 3,142           |
| Cash (used in) provided by investing activities               | (2,481)                             | 5,676          | (11,487)                           | (5,251)         |
| <b>Financing activities</b>                                   |                                     |                |                                    |                 |
| Proceeds of private placement, net of transactions costs      | -                                   | 4,027          | (14)                               | 4,027           |
| Exercise of stock options                                     | 139                                 | -              | 151                                | 8               |
| Draws on long-term debt (Note 6)                              | 12,430                              | 9,861          | 16,593                             | 17,386          |
| Repayment of long-term debt (Note 6)                          | (10,411)                            | (26,337)       | (31,147)                           | (34,783)        |
| Restricted cash                                               | (150)                               | -              | (150)                              | 150             |
| Payments on lease obligations                                 | (367)                               | (503)          | (1,007)                            | (1,473)         |
| Cash provided by (used in) financing activities               | 1,641                               | (12,952)       | (15,574)                           | (14,685)        |
| <b>Increase (decrease) in cash and cash equivalents</b>       | <b>3,626</b>                        | <b>(5,016)</b> | <b>1,616</b>                       | <b>(12,182)</b> |
| <b>Cash and cash equivalents, beginning of period</b>         | <b>6,566</b>                        | <b>11,167</b>  | <b>8,576</b>                       | <b>18,333</b>   |
| <b>Effect of foreign exchange on cash</b>                     | <b>-</b>                            | <b>(34)</b>    | <b>-</b>                           | <b>(34)</b>     |
| <b>Cash and cash equivalents, end of period</b>               | <b>10,192</b>                       | <b>6,117</b>   | <b>10,192</b>                      | <b>6,117</b>    |
| <b>Cash paid:</b>                                             |                                     |                |                                    |                 |
| Interest paid in cash (Note 11)                               | 4,867                               | 5,695          | 13,586                             | 16,400          |

See accompanying notes to the Interim Condensed Consolidated Financial Statements



# Notes to the Interim Condensed Consolidated Financial Statements

## 1. Corporate Information

Cavvy Energy Ltd. (the “Company” or “Cavvy”) is a publicly traded, Canadian company headquartered in Calgary, Alberta. Cavvy is a significant upstream producer and midstream gathering and processing operator with core assets concentrated in western Alberta. Cavvy’s business is focused on safely producing, processing and delivering treated natural gas, condensate, natural gas liquids (“NGLs”) and sulphur to market.

During the second quarter of 2025 Cavvy underwent a rebranding process. With the approval of shareholders at the May 8<sup>th</sup>, 2025 Annual General Meeting, the name change from Pieridae Energy Limited was made official.

The common shares of Cavvy trade on the Toronto Stock Exchange (“TSX”) under the symbol CVVY. 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 Interim Condensed Consolidated Financial Statements (“Interim Financial Statements”) reflect only the Company’s proportionate interest in such activities. The majority of Cavvy’s assets and business activities are held in a wholly owned subsidiary, Cavvy Production Ltd (“CPL”). All inter-entity transactions have been eliminated upon consolidation. The Company’s operations are viewed as a single operating segment by the chief operating decision maker of the Company for the purposes of resource allocation and assessing performance.

These Interim Financial Statements were approved by the Board of Directors of Cavvy on November 6, 2025.

## 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 audited Consolidated Financial Statements for the year ended December 31, 2024 (the “Consolidated Financial Statements”). Certain information and disclosures normally required to be included in the notes to the Consolidated Financial Statements have been condensed or omitted. Accordingly, these Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements. 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. Cavvy 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. Cavvy reviews estimates and underlying assumptions on an ongoing basis and makes 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 Cavvy’s 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 of the Consolidated Financial Statements 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 balances at September 30, 2025 and December 31, 2024:

| (\$ 000s)                                      | September 30, 2025 | December 31, 2024 |
|------------------------------------------------|--------------------|-------------------|
| <b>Cost</b>                                    |                    |                   |
| Balance, January 1                             | 675,857            | 640,616           |
| Additions                                      | 12,933             | 25,649            |
| Dispositions                                   | -                  | (3,849)           |
| Change in decommissioning obligations (Note 8) | (7,180)            | 13,441            |
| <b>Balance, end of period</b>                  | <b>681,610</b>     | <b>675,857</b>    |
| <b>Accumulated Depletion and Depreciation</b>  |                    |                   |
| Balance, January 1                             | 297,130            | 239,625           |
| Depletion and depreciation                     | 39,085             | 57,505            |
| <b>Balance, end of period</b>                  | <b>336,215</b>     | <b>297,130</b>    |
| <b>Net Book Value</b>                          |                    |                   |
| Balance, January 1                             | 378,727            | 400,991           |
| <b>Balance, end of period</b>                  | <b>345,395</b>     | <b>378,727</b>    |

At September 30, 2025, future development costs of the Company's proved plus probable reserves of \$745.0 million (December 31, 2024 - \$761.6 million) were included in the depletion calculations.

### Impairment

At September 30, 2025, the Company did not identify any indicators of impairment or potential impairment reversals on any of the cash-generating units, 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 September 30, 2025:

| (\$ 000s)                                              | Interest Rate (%) | Principal outstanding (USD) | Unamortized financing fees (USD) | Subtotal (USD) | Principal outstanding (CAD) <sup>(1)</sup> | Availability (USD) |
|--------------------------------------------------------|-------------------|-----------------------------|----------------------------------|----------------|--------------------------------------------|--------------------|
| Senior Facility                                        |                   |                             |                                  |                |                                            |                    |
| Revolving Loan USD \$22,000 <sup>(1)</sup>             | SOFR + 6.75       | 17,100                      | -                                | 17,100         | 23,805                                     | 4,900              |
| Term Notes USD \$81,500 <sup>(1)</sup>                 | SOFR + 6.75       | 65,920                      | -                                | 65,920         | 91,830                                     | -                  |
| Subordinated Notes USD \$33,606 <sup>(1)</sup>         | 13.00             | 33,606                      | (3,616)                          | 29,990         | 41,749                                     | -                  |
| <b>Total principal outstanding, September 30, 2025</b> |                   | <b>116,626</b>              | <b>(3,616)</b>                   | <b>113,010</b> | <b>157,384</b>                             | <b>4,900</b>       |

<sup>(1)</sup> Converted to CAD using the month end exchange rate of 1.3921 at September 30, 2025.

| (\$ 000s)                                | Senior Facility (i) |               |                                 | Subordinated Notes (ii) | Total          |
|------------------------------------------|---------------------|---------------|---------------------------------|-------------------------|----------------|
|                                          | Revolving Loan      | Term Notes    | Senior Facility Financing Costs |                         |                |
| Balance, January 1                       | 21,583              | 112,629       | (6,477)                         | 40,052                  | 167,787        |
| Repayment of long-term debt              | (13,680)            | (17,467)      | -                               | -                       | (31,147)       |
| Draws on Revolving Loan                  | 16,593              | -             | -                               | -                       | 16,593         |
| Non-cash interest paid in kind (Note 11) | -                   | -             | -                               | 1,577                   | 1,577          |
| Accretion of financing costs (Note 11)   | -                   | -             | 2,159                           | 1,479                   | 3,638          |
| Foreign exchange gain <sup>(1)</sup>     | (691)               | (3,332)       | -                               | (1,359)                 | (5,382)        |
| <b>Balance, end of period</b>            | <b>23,805</b>       | <b>91,830</b> | <b>(4,318)</b>                  | <b>41,749</b>           | <b>153,066</b> |
| <b>Current</b>                           | <b>-</b>            | <b>9,856</b>  | <b>-</b>                        | <b>-</b>                | <b>9,856</b>   |
| <b>Long-term</b>                         | <b>23,805</b>       | <b>81,974</b> | <b>(4,318)</b>                  | <b>41,749</b>           | <b>143,210</b> |

<sup>(1)</sup> Converted to CAD using the month end exchange rate of 1.3921 at September 30, 2025.

## i. Senior Facility

The Senior Facility is subject to an excess cash flow sweep, which is based on a prescriptive formula and was not triggered at September 30, 2025. The Senior Facility is repayable in full on March 13, 2027.

The effective interest rate on the Term Notes for the three-month period ended September 30, 2025 was 11.2% (September 30, 2024 – 11.7%).

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 for the three-month period ended September 30, 2025 was 11.2% (September 30, 2024 – 11.7%).

## ii. Subordinated Notes

The effective interest rate on the Subordinated Notes for the three-month period ended September 30, 2025, was 19.6% (September 30, 2024 – 20.0%).

## Covenants

As at September 30, 2025 the Company was in compliance with all covenants.

## Letter of credit guarantee facility

Effective July 1, 2025 the guarantee facility from Export Development Canada was renewed and maintained at \$12.0 million. The \$2.0 million formerly allocated to a foreign exchange facility was repurposed back to the trade and commercial facility. This facility provides for 100% guarantee to the issuing bank of the Company's existing and future letters of credit of which \$8.4 million was drawn at September 30, 2025 (December 31, 2024 - \$8.4 million).

## 7. Warrant Liability

As at September 30, 2025, the warrant liability was remeasured and the associated change in fair value was recognized in the consolidated statements of income (loss). The fair value of the warrants was 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 September 30, 2025, and December 31, 2024:

| (\$ 000s)                                                             | September 30, 2025 | December 31, 2024 |
|-----------------------------------------------------------------------|--------------------|-------------------|
| Balance, January 1                                                    | 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 period                                    | 7,305              | (1,523)           |
| <b>Balance, end of period</b>                                         | <b>10,078</b>      | <b>2,773</b>      |

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

|                                               | September 30, 2025 | December 31, 2024 |
|-----------------------------------------------|--------------------|-------------------|
| Risk-free interest rate                       | 2.51%              | 2.74%             |
| Expected life (years)                         | 4.70               | 5.45              |
| Weighted average fair-value price per warrant | \$0.51             | \$0.14            |
| Volatility                                    | 73.75%             | 69.30%            |

## 8. Decommissioning Obligations

The following table summarizes the Company's decommissioning obligations at September 30, 2025, and December 31, 2024:

| (\$ 000s)                               | September 30, 2025 | December 31, 2024 |
|-----------------------------------------|--------------------|-------------------|
| Balance, January 1                      | 172,154            | 161,881           |
| Change in cost estimates <sup>(1)</sup> | -                  | 19,608            |
| Change in discount rate                 | (7,180)            | (6,167)           |
| Settlement of obligations               | (1,667)            | (5,549)           |
| Accretion                               | 1,952              | 2,381             |
| <b>Balance, end of period</b>           | <b>165,259</b>     | <b>172,154</b>    |
| Expected to be incurred within one year | 5,298              | 6,965             |
| Expected to be incurred beyond one year | 159,961            | 165,189           |

<sup>(1)</sup> Change in cost estimates for the year ended December 31, 2024 relate to the update of 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 September 30, 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 September 30, 2025, the inflation adjusted risk-free discount rate was 1.66% (December 31, 2024 - 1.51%).

## 9. Share Capital

The following table outlines the issued and outstanding shares at September 30, 2025, and December 31, 2024:

| (\$ 000s except per share amounts)     | Common shares      | September 30, 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 | 228,428            | 151                   | 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)                  | -                  | -                    |
| <b>Balance, end of period</b>          | <b>290,616,070</b> | <b>306,443</b>        | <b>290,387,642</b> | <b>306,306</b>       |

### Per share amounts

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

|                                                | Three months ended September 30 |                | Nine months ended September 30 |                |
|------------------------------------------------|---------------------------------|----------------|--------------------------------|----------------|
|                                                | 2025                            | 2024           | 2025                           | 2024           |
| Weighted average common shares                 | 290,492                         | 167,273        | 290,427                        | 161,822        |
| Dilutive effect of options <sup>(1)</sup>      | -                               | 3,647          | -                              | -              |
| <b>Weighted average common shares, diluted</b> | <b>290,492</b>                  | <b>170,920</b> | <b>290,427</b>                 | <b>161,822</b> |

<sup>(1)</sup> For the three and nine months ended September 30, 2025, all options and all warrants were excluded from the diluted weighted average shares calculation as they were anti-dilutive (three months ended September 30, 2024 - 6.9 million options and all warrants, nine months ended September 30, 2024 - all options and all warrants).



## 10. Petroleum and Natural Gas Sales

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

| (\$ 000s)                                     | Three months ended<br>September 30 |               | Nine months ended<br>September 30 |                |
|-----------------------------------------------|------------------------------------|---------------|-----------------------------------|----------------|
|                                               | 2025                               | 2024          | 2025                              | 2024           |
| Natural gas                                   | 8,266                              | 10,127        | 50,833                            | 70,258         |
| Condensate                                    | 17,171                             | 18,569        | 57,486                            | 64,125         |
| NGLs                                          | 6,296                              | 4,801         | 21,575                            | 19,308         |
| Sulphur                                       | 3,565                              | 1,177         | 8,537                             | 5,450          |
| Total petroleum and natural gas revenue       | 35,298                             | 34,674        | 138,431                           | 159,141        |
| Less:                                         |                                    |               |                                   |                |
| Gross royalties                               | 9,709                              | 9,049         | 32,393                            | 37,555         |
| Gas cost allowance                            | (8,490)                            | (6,441)       | (27,230)                          | (20,585)       |
| Total royalties                               | 1,219                              | 2,608         | 5,163                             | 16,970         |
| Processing and marketing revenue              | 10,398                             | 5,561         | 26,171                            | 14,836         |
| Other revenue                                 | 1,009                              | 175           | 1,238                             | 463            |
| Total processing, marketing and other revenue | 11,407                             | 5,736         | 27,409                            | 15,299         |
| <b>Total</b>                                  | <b>45,486</b>                      | <b>37,802</b> | <b>160,677</b>                    | <b>157,470</b> |

## 11. Finance Expense

The following is a summary of finance expenses:

| (\$ 000s)                                         | Three months ended<br>September 30 |              | Nine months ended<br>September 30 |               |
|---------------------------------------------------|------------------------------------|--------------|-----------------------------------|---------------|
|                                                   | 2025                               | 2024         | 2025                              | 2024          |
| Cash portion of Interest expense                  | 4,867                              | 5,695        | 13,586                            | 16,400        |
| Non-cash interest paid in kind (Note 6)           | -                                  | 453          | 1,577                             | 2,449         |
|                                                   | 4,867                              | 6,148        | 15,163                            | 18,849        |
| Accretion of financing costs (Note 6)             | 1,246                              | 1,344        | 3,638                             | 3,758         |
| Accretion of decommissioning obligations (Note 8) | 674                                | 589          | 1,952                             | 1,738         |
| Interest on lease liabilities                     | 138                                | 55           | 403                               | 177           |
| Other charges                                     | (28)                               | 404          | 472                               | 545           |
| <b>Total finance expense</b>                      | <b>6,897</b>                       | <b>8,540</b> | <b>21,628</b>                     | <b>25,067</b> |

## 12. Financial Instruments and Risk Management

Financial instruments at September 30, 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 September 30, 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. Cavvy 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 September 30, 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 accounts receivable balance is with petroleum and natural gas marketers, joint venture partners, hedge counterparties, and third-party processing customers. Sales from petroleum and natural gas marketers are normally collected on the 25<sup>th</sup> day of the month following the sale. Amounts due from joint venture and third-party partners are collected based on billing cycles. 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 counterparties. The Company's financial risk management contracts are held with two counterparties, both of which are large reputable financial institutions; management has concluded that 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 Cavvy'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.

### 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 assets, 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:

|                                           | Three months ended<br>September 30 |              | Nine months ended<br>September 30 |               |
|-------------------------------------------|------------------------------------|--------------|-----------------------------------|---------------|
| (\$ 000s)                                 | 2025                               | 2024         | 2025                              | 2024          |
| Cash provided by operating activities     | 4,466                              | 2,260        | 28,677                            | 7,754         |
| Settlement of decommissioning obligations | 1,129                              | 306          | 1,667                             | 4,990         |
| Changes in non-cash working capital       | 7,303                              | 5,668        | 18,764                            | 2,660         |
| <b>Funds flow from operations</b>         | <b>12,898</b>                      | <b>8,234</b> | <b>49,108</b>                     | <b>15,404</b> |

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 is comprised of 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, are impacted by changes in the CAD 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 September 30, 2025:

| Type of contract                | Quantity   | Time Period         | Average Price    |
|---------------------------------|------------|---------------------|------------------|
| Fixed Price - Natural Gas Sales | 5,000 GJ/d | Oct 2025 - Oct 2026 | CAD \$3.31 /GJ   |
| Fixed Price - Power Purchases   | 55 MW      | Oct 2025 - Dec 2025 | CAD \$79.08 /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 |

The Company had the following financial risk management contracts, to which hedge accounting is applied, in place as at September 30, 2025:

| Type of contract      | Quantity     | Time Period         | Contract Price             |
|-----------------------|--------------|---------------------|----------------------------|
| AECO Natural Gas Swap | 105,000 GJ/d | Oct 2025 - Dec 2025 | CAD \$3.32 /GJ             |
| AECO Natural Gas Swap | 73,500 GJ/d  | Jan 2026 - May 2026 | CAD \$3.32 /GJ             |
| AECO Natural Gas Swap | 53,340 GJ/d  | Jun 2026            | CAD \$3.40 /GJ             |
| AECO Natural Gas Swap | 63,340 GJ/d  | Jul 2026 - Mar 2027 | CAD \$3.41 /GJ             |
| AECO Natural Gas Swap | 42,000 GJ/d  | Apr 2027 - May 2027 | CAD \$3.40 /GJ             |
| WTI Crude Oil Collar  | 1,126 bbl/d  | Oct 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    | 515 bbl/d    | Oct 2025 - Dec 2025 | CAD \$94.89 /bbl           |
| WTI Crude Oil Swap    | 549 bbl/d    | Jan 2026 - Dec 2026 | CAD \$92.82 /bbl           |
| WTI Crude Oil Swap    | 828 bbl/d    | Jan 2027 - Dec 2027 | CAD \$90.57 /bbl           |
| WTI Crude Oil Swap    | 767 bbl/d    | Jan 2028 - Jun 2028 | CAD \$88.44 /bbl           |

The Company added the following fixed price physical power contract subsequent to September 30, 2025:

| Type of contract              | Quantity | Time Period         | Average Price   |
|-------------------------------|----------|---------------------|-----------------|
| Fixed Price – Power Purchases | 5 MW     | Jan 2026 – Dec 2026 | CAD \$54.30/MWh |

On November 6, 2025, the Company entered into a structured sulphur pricing agreement with a third-party, under which Cavvy will receive the following prices for its sulphur sales for a twelve month period commencing January 1, 2026:

- One third of sulphur sales will receive a fixed price of US\$225/tonne FOB Vancouver.
- One third of sulphur sales will receive a price determined using a collar structure with a floor of US\$205/tonne and a cap of US\$250/tonne FOB Vancouver.
- One third of sulphur sales will receive spot FOB Vancouver market price.

The Company did not identify any hedge ineffectiveness as of September 30, 2025. 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 September 30, 2025.

Changes in fair value of risk management asset and liabilities for the period ended September 30, 2025, are as follows:

| (\$ 000s)                                                            | Financial Derivatives | Cashflow Hedges | Total         |
|----------------------------------------------------------------------|-----------------------|-----------------|---------------|
| Fair value of assets, balance January 1                              | 520                   | 67,186          | 67,706        |
| Changes in fair value – profit or loss                               | (454)                 | -               | (454)         |
| Other comprehensive loss                                             | -                     | (35,844)        | (35,844)      |
| <b>Fair value of assets, balance end of period</b>                   | <b>66</b>             | <b>31,342</b>   | <b>31,408</b> |
| Risk management contracts – current                                  |                       |                 | 26,563        |
| Risk management contracts – long-term                                |                       |                 | 4,845         |
| Risk management contract settlements – profit or loss <sup>(1)</sup> | 359                   | 63,865          | <b>64,224</b> |

<sup>(1)</sup> Includes net proceeds from the hedge monetization in the first quarter of 2025 of \$10.2 million.

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    |
| Other comprehensive income                            | -                     | 2,771           | 2,771  |
| Fair value of assets, balance end of period           | 520                   | 67,186          | 67,706 |
| Risk management asset – current                       |                       |                 | 44,161 |
| Risk management asset – long-term                     |                       |                 | 23,545 |
| Risk management contract settlements – profit or loss | 329                   | 66,890          | 67,219 |

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 September 30, 2025, and 2024. The sensitivity is based on a 10% increase and 10% decrease in forward price curves at September 30, 2025, and 2024.

| (\$ 000s)                         | 10% Decrease in Price |        | 10% Increase in Price |          |
|-----------------------------------|-----------------------|--------|-----------------------|----------|
|                                   | 2025                  | 2024   | 2025                  | 2024     |
| <b>Increase (decrease) to OCI</b> |                       |        |                       |          |
| Crude Oil - WTI (CAD)             | <b>8,962</b>          | 13,206 | <b>(9,077)</b>        | (13,699) |
| Natural Gas - AECO (CAD)          | <b>11,140</b>         | 21,581 | <b>(11,140)</b>       | (21,581) |

During the first quarter, the Company monetized a portion of its January 2026 to May 2027 AECO Natural Gas Swaps representing a weighted average of 24,862 GJ/d during that period, and re-structured a portion of the remaining AECO Natural Gas Swaps during the same period from \$3.78/GJ to \$3.40/GJ. The monetization resulted in net proceeds of \$10.2 million, which were recognized in net income. Net proceeds were utilized to reduce long term debt.

During the second quarter the Company entered new AECO Natural Gas Swaps totalling 10,000 GJ/d from July 2026 to March 2027 at \$3.45/GJ.

### 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 period ended September 30, 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 \$0.9 million and \$0.8 million change in interest expense for the three and nine months ended September 30, 2025 and 2024, respectively.

### Currency risk

Currency risk is the risk that cashflows will fluctuate as a result of changes in foreign currencies and 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 September 30, 2025:

| Type of Contract | Quantity (USD '000s) | Time Period | Average Price           |
|------------------|----------------------|-------------|-------------------------|
| USD Forward      | US\$2.483            | Dec 2025    | CAD \$1.4105            |
| USD Forward      | US\$2.483            | Dec 2025    | CAD \$1.3786            |
| USD Collar       | US\$2.308            | Mar 2026    | CAD \$1.3355 - \$1.3700 |
| USD Collar       | US\$2.283            | Jun 2026    | CAD \$1.3355 - \$1.3700 |

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 September 30, 2025 and \$0.5 million for the nine months ended September 30, 2025 respectively (three and nine months ended September 30, 2024 - \$0.3 million and \$0.8 million, respectively) and a \$8.2 million impact on the foreign exchange translation gain (loss) related to the long-term debt valuation (September 30, 2024 - \$8.9 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<br>September 30 |                | Nine months ended<br>September 30 |            |
|-------------------------------------------------|------------------------------------|----------------|-----------------------------------|------------|
|                                                 | 2025                               | 2024           | 2025                              | 2024       |
| <b>Changes in non-cash working capital</b>      |                                    |                |                                   |            |
| Accounts receivable                             | 178                                | 6,942          | 13,186                            | 23,305     |
| Prepaid expenses and other                      | 704                                | (644)          | 1,409                             | 416        |
| Inventories                                     | (24)                               | (764)          | 78                                | (648)      |
| Accounts payable and accrued liabilities        | (6,620)                            | (6,943)        | (31,969)                          | (22,501)   |
| <b>Total change in non-cash working capital</b> | <b>(5,762)</b>                     | <b>(1,409)</b> | <b>(17,296)</b>                   | <b>572</b> |
| Relating to:                                    |                                    |                |                                   |            |
| Operating activities                            | (7,303)                            | (5,578)        | (18,764)                          | (2,570)    |
| Investing activities                            | 1,541                              | 4,169          | 1,468                             | 3,142      |

### 14. Commitments, Provisions and Contingencies

#### Commitments

The following is a summary of the Company's commitments as at September 30, 2025:

| (\$ 000s)           | 2025  | 2026   | 2027  | Thereafter | Total  |
|---------------------|-------|--------|-------|------------|--------|
| Firm transportation | 3,337 | 13,731 | 4,313 | -          | 21,381 |

#### 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.