



Annual Information Form

For the Year Ended December 31, 2025

Dated March 18, 2026

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SPECIAL NOTES TO READER

Forward Looking Information

Certain of the statements contained in this Annual Information Form (“AIF”) and other documents referenced herein may constitute “forward-looking statements” or “forward-looking information” within the meaning of applicable securities laws (collectively “forward-looking statements”). Words such as “may”, “will”, “should”, “could”, “consider”, “anticipate”, “believe”, “expect”, “intend”, “plan”, “ensure”, “continue”, “focus”, “commit”, “shall”, “propose”, “might”, “project”, “vision”, “opportunity”, “strategy”, “objective”, “potential”, “forecast”, “estimate”, “goal”, “target”, “growth”, “future”, and similar expressions may be used to identify these forward-looking statements.

In particular, this AIF contains forward-looking statements pertaining to, among other things: management plans and assessments of future plans and operations; Cavvy Energy Ltd.’s (“Cavvy” or the “Company”); Cavvy’s future business plan, strategy and vision; the anticipated impact of the expiry of the legacy sulphur contract; the Company’s focus on operating and growing its natural gas, NGL, sulphur production and G&P business in the Foothills region of Alberta; the Company’s 2026 corporate goals and objectives, including the measurement and assessment thereof; Cavvy’s intentions to continue to mature its deep inventory of conventional drilling prospects, while seeking opportunities to expand and diversify production and development prospects; diversifying revenue and improving cash flow by increasing third party utilization of owned infrastructure; Cavvy’s intentions with respect to future acquisitions, dispositions and investing in identified high impact drilling and other opportunities, including exploration and development activities; Cavvy’s ability to market its assets; plans and timing for development of undeveloped and probable resources; Cavvy’s core pillars and the execution thereof to create long-term shareholder value; Cavvy’s intentions with respect to the environment, health, safety and security, and relations with Indigenous people; estimated abandonment and reclamation timing and costs; plans regarding hedging; capacity at the Company’s facilities; plans regarding competitive strategy and position and the intended effects of such plans; management’s belief that the Company will be able to enhance its midstream G&P business results and explore for and develop new production and reserves, and the anticipated benefits thereof; effects of seasonality; plans regarding the payment of dividends; plans regarding wells to be drilled; the weighting of commodity expenses; expected production and performance of oil and natural gas properties; results and timing of projects; future development costs; access to adequate pipeline capacity and third-party infrastructure; growth expectations; supply and demand for oil, natural gas liquids and natural gas; industry conditions; government regulations and regimes, and Cavvy’s actions in connection therewith; capital expenditures, including the nature, timing and method of financing thereof; management’s contributions to the immediate and near-term operations of the Company; and the costs associated with compliance with applicable laws, including environmental laws. These forward-looking statements reflect management’s current beliefs and are based on information currently available to management.

Forward-looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the forward-looking statements including, but not limited to: the risks associated with oil and gas exploration, development, exploitation, production, processing, marketing and transportation; loss of markets; industry conditions; volatility of commodity prices; currency fluctuations; interest rates; imprecision of resources estimates; environmental risks, competition from other producers; incorrect assessment of the value of acquisitions; failure to realize the anticipated benefits of acquisitions; tariffs or other trade restrictions; delays resulting from or inability to obtain required regulatory approvals; pricing and taxation of oil and natural gas through legislation; ability to access sufficient capital from internal and external sources; the fluctuation in the price of natural gas, oil or sulphur; the cyclical nature of Cavvy’s business and the wider Canadian oil and gas industry; the reliance on third-party assets, facilities and services; climate change related risks and the risk factors outlined under “Risk Factors” and elsewhere herein. The recovery and resources estimate of Cavvy’s reserves provided herein are estimates only and there is no guarantee that the estimated resources will be recovered. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements.

Forward-looking statements are based on a number of factors and assumptions which have been used to develop such forward-looking statements, but which may prove to be incorrect. Although Cavvy believes that the expectations reflected in such forward-looking statements are reasonable, undue reliance should not be placed on forward-looking statements. In addition to other factors and assumptions which may be identified in this document, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which Cavvy operates; the timely receipt of any required regulatory approvals; the ability of Cavvy to obtain and retain qualified staff, equipment and services in a timely and cost efficient manner; the ability of the operator of the projects in which Cavvy has an interest in to operate the field in a safe, efficient and effective manner; the ability of Cavvy to obtain financing on acceptable terms; the ability to replace and expand oil and natural gas resources through acquisition, development and exploration; the timing and cost of future abandonment and reclamation for Cavvy’s existing wells, pipelines, associated production facilities and infrastructure; the timing and costs of pipeline, storage and facility construction and expansion; the ability of Cavvy to secure adequate product transportation; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Cavvy operates; timing and amount of capital expenditures; future sources of funding; production levels; weather conditions; success of exploration and development

activities; access to gathering, processing and pipeline systems; advancing technologies; and the ability of Cavvy to successfully market its oil and natural gas products.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect Cavvy's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR+ website (www.sedarplus.ca), and at Cavvy's website (www.cavvyenergy.com).

Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. The forward-looking statements contained herein are expressly qualified by this cautionary statement. These forward-looking statements are made as of the date hereof and Cavvy assumes no obligation to update or review them to reflect new events, information or circumstances, except as required by applicable securities laws.

Forward-looking statements contained herein concerning the oil and gas industry and Cavvy's general expectations concerning this industry are based on estimates prepared by management using data from publicly available industry sources as well as from reserve reports, market research and industry analysis and on assumptions based on data and knowledge of this industry which Cavvy believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While Cavvy is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

Presentation of Information

The information contained in this Annual Information Form ("AIF") is presented as at December 31, 2025, except where otherwise noted. In this AIF, unless otherwise noted, all dollar amounts are expressed in Canadian dollars.

Non-GAAP and Other Financial Measures

This AIF and certain documents incorporated by reference herein make reference to certain financial measures that are not recognized by International Financial Reporting Standards ("IFRS"), sometimes referred to as Generally Accepted Accounting Principles ("GAAP"). These financial measures do not have standardized meanings prescribed by IFRS and therefore are referred to as non-GAAP financial measures. These non-GAAP financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that these non-GAAP financial measures should not be construed as alternatives to other measures of financial performance calculated in accordance with GAAP. For more information regarding these and other non-GAAP financial measures used by the Company, including an explanation of the composition of each non-GAAP financial measure, an explanation of how each non-GAAP financial measure is useful and the purposes for which it is used, and a reconciliation of each non-GAAP financial measure to the most comparable GAAP financial measure disclosed in the Company's financial statements, see "*Non-GAAP and Other Financial Measures*" in Cavvy's Management Discussion and Analysis for the years ended December 31, 2025 ("**2025 MD&A**"), and 2024, which is incorporated herein by reference. The 2025 MD&A is available on SEDAR+ at www.sedarplus.ca.

Non-GAAP Measures

The non-GAAP financial measure referred to throughout this AIF is Net Operating Income. Net Operating Income equals revenue including realized gains (losses) on Financial Contracts, less royalties, operating expenses, and transportation expenses. Management considers Net Operating Income an important measure as it reflects the profitability of the Company's core operations before the impact of capital structure and other non-operating items. The most directly comparable GAAP measure to Net Operating Income is cash flow provided by operating activities.

Non-GAAP Ratio

Operating Netback is a per boe and per mcf performance measure used in the analysis of operational activities. Cavvy uses Operating Netback to assess the operational and financial performance of the Company versus third-party crude oil and natural gas producers.

Capital Management Ratio

Net Debt is a measure of leverage which demonstrates Cavvy's ability to pay off debt and take on new debt, if necessary.

Abbreviations and Conversions Table

The following are abbreviations of terms used in this AIF and a conversion table from Imperial to Metric units. Additional terms relating to reserves and other oil and gas information have the meanings set forth in Appendix C: Definitions used for Reserve Categories.

| Industry | | | |
|----------|---|--------|---|
| Bbl | Barrel | NGLs | Natural gas liquids |
| Bbls | Barrels | AECO | Alberta benchmark price for natural gas |
| Bbls/d | Barrels per day | WTI | West Texas Intermediate benchmark for crude oil |
| Boe | Barrel of oil equivalent ⁽¹⁾ | C2 | Ethane |
| Boe/d | Barrel of oil equivalent per day | C3 | Propane |
| Mcf | Thousand cubic feet | C4 | Butane |
| Mcf/d | Thousand cubic feet per day | C5/C5+ | Condensate or pentane |
| MMcf | Million cubic feet | AB | Alberta |
| MMBtu | Million British thermal units | BC | British Columbia |
| GJ | Gigajoules | U.S. | United States |
| mt | Metric tonne | CAD\$ | Canadian dollars |
| MW | Megawatt | USD\$ | United States of America dollars |
| MWh | Megawatt hour | LPG | Liquefied petroleum gas |

⁽¹⁾ Refer to "Presentation of Oil and Gas Reserves and Production Information – Oil and Gas Advisories" in this AIF for more information on boe.

TABLE 1: Conversion Factors

| To Convert From | To | Multiply By |
|-----------------|--------------|-------------|
| Mcf | Cubic metres | 28.317 |
| Cubic metres | Cubic feet | 35.315 |
| Bbls | Cubic metres | 0.159 |
| Cubic metres | Bbls | 6.289 |
| Feet | Metres | 0.305 |
| Meters | Feet | 3.281 |
| Miles | Kilometres | 1.609 |
| Kilometres | Miles | 0.621 |
| Acres | Hectares | 0.405 |
| Hectares | Acres | 2.471 |
| Gigajoules | MMbtu | 0.950 |
| MMbtu | gigajoules | 1.053 |

CAVVY ENERGY LTD.

Name, Address and Incorporation

Cavvy was formed on October 24, 2017, by the amalgamation of Pétrolia Inc. and Pieridae Energy Limited pursuant to a plan of arrangement effected under the *Canada Business Corporations Act* (the “CBCA”). The Company acquired all of the issued and outstanding shares of Ikkuma Resources Corp. on December 20, 2018, pursuant to a plan of arrangement effected under section 193 of the *Business Corporations Act* (the “ABCA”). On May 9, 2025, the Company changed its name from “Pieridae Energy Limited” to “Cavvy Energy Ltd.” and completed a continuance out of the federal jurisdiction under the CBCA and into the provincial jurisdiction of Alberta under the ABCA. Following completion of the continuance, the Company became a corporation existing under and governed by the ABCA and ceased to exist under and be governed by the CBCA.

The Company is a reporting issuer, or the equivalent, in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador. The Common Shares (as defined herein) of the Company trade on the Toronto Stock Exchange (the “TSX”) under the symbol “CVVY”.

Description of the Business

Mission & Strategy

Cavvy is a Canadian energy producer and midstream operator specializing in natural gas, condensate, fractionated natural gas liquids (“NGLs”) and sulphur with core assets concentrated in western Alberta. The business is focused on safely sustaining and growing its interrelated and complimentary low decline upstream exploration and production (“E&P”) and midstream gathering & processing (“G&P”) businesses in western Canada. Cavvy develops, produces, processes and markets its hydrocarbon reserves by leveraging its extensive ownership in strategically located G&P infrastructure. This infrastructure also allows Cavvy to provide competitive processing, fractionation and marketing services and egress to natural gas, condensate, NGL, and sulphur markets for customers.

Cavvy continues to mature its extensive inventory of conventional drilling prospects while seeking opportunities to expand and diversify production and development prospects. The long-term, low decline characteristics of the Company’s reserve base and supporting infrastructure allow continued creation of long-term shareholder value through strategic execution across the following core pillars:

- sustain a safe and regulatory compliant business.
- expand utilization of the Company’s G&P assets and diversify revenue streams by competitively attracting third party volumes derived from existing production, consolidating regional infrastructure, building product marketing service offerings, and capturing new development within the reach and capacity of its gathering systems.
- prove and diversify the Company’s resource upside by successfully investing in identified high impact development opportunities.
- improve capital structure and financial flexibility by reducing leverage.
- instill and drive a high-performance culture.
- mitigate or eliminate Technology Innovation and Emissions Reduction Regulation (“TIER Regulation”) carbon compliance cost through facility utilization and emissions reduction initiatives.
- apply technology solutions to improve profitability.
- seek new markets for the Company’s products; and
- develop and implement a “new ventures” strategy.

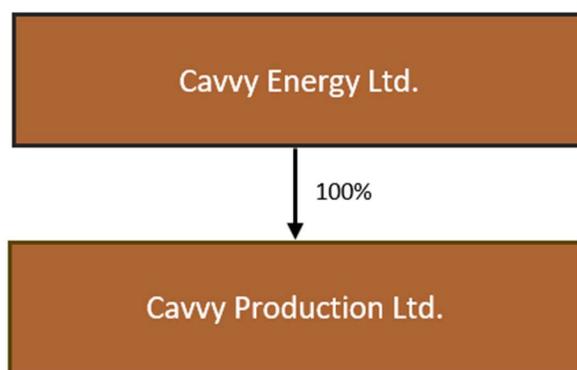
Operational discipline, safe, effective, and efficient operations, community and Indigenous partnerships, cost control, and fostering entrepreneurship are fundamental to Cavvy’s strategic vision.

The Company’s senior management is comprised of an experienced team of professionals in all key operational areas of the organization. Refer to “*Directors and Executive Officers*” in this AIF.

Intercorporate Relationships

The Table 2 below describes the intercorporate relationships among Cavvy and its material subsidiaries.

TABLE 2: Corporate Structure



 Continued under Alberta provincial law

Cavvy Energy Ltd.

Cavvy is the sole shareholder, owning 100% of the voting securities, of the following material subsidiary:

Cavvy Production Ltd.

Cavvy Production Ltd. (“CPL”) was incorporated on October 18, 1979, as “Rambler Explorations Ltd.” under the *Business Corporations Act* (British Columbia) (the “BCCA”). It changed its name to “Ramcor Resources Inc.” on January 11, 1985, to “Rampton Oil Corporation” on June 1, 1993, to “Rampton Resource Corporation” on July 17, 1996, to “PanTerra Exploration Corp.” on August 15, 2002, and to “PanTerra Resource Corp.” on September 1, 2004. On October 27, 2005, CPL continued out of British Columbia and into Alberta as “PanTerra Resource Corp.”. CPL changed its name to “Ikkuma Resources Corp.” on September 19, 2014, to “Pieridae Alberta Production Ltd.” on October 17, 2019 and to “Cavvy Production Ltd.” on May 9, 2025. CPL is extra-provincially registered under the BCCA and *The Business Corporations Act* (Saskatchewan).

THREE YEAR HISTORY OF THE BUSINESS

The following is a summary description of the major events which influenced the general development of the Company and its predecessors, and which are material to the current business of the Company.

Developments in 2025

Name Change and Continuance

On May 8, 2025, shareholders approved a name change from “Pieridae Energy Limited” to “Cavvy Energy Ltd.”, as first announced on March 27, 2025. The name change became effective on May 9, 2025 and, effective May 13, 2025, the Company’s Common Shares began trading under the stock symbol “CVVY” on the TSX. On May 8, 2025, shareholders also approved the continuance of the Company out of the federal jurisdiction under the CBCA and into the provincial jurisdiction of Alberta under the ABCA, which became effective on May 9, 2025.

The name change marked a significant inflection point in the Company’s strategic pivot. The word Cavvy draws its inspiration from the western ranching tradition, referring to a carefully selected group of working horses chosen for their strength, reliability, and specific capabilities. The name evokes an identity synonymous with our corporate values and mission, and one that is proudly connected to the Company’s western Canadian corporate roots.

Legacy Sulphur Pricing Agreement Expiry

On December 31, 2025, a sulphur pricing agreement whereby the Company sold a significant percentage of its sulphur production to a buyer for net realized price of \$6.00 per tonne expired. The contract had been in place since October 2019. The expiry of this contract and Cavvy’s associated ability to obtain market price less transportation and handling costs for 100% of its produced

sulphur represents a significant revenue inflection opportunity. In November 2025 the Company entered into a one-year structured pricing agreement for its 2026 sulphur production.

Developments in 2024

Temporary Production Curtailment Due to Low Natural Gas Prices

On July 25, 2024, in response to sustained low AECO natural gas prices and high processing costs, Cavvy announced the shut-in of 7,250 boe/d of uneconomic sour gas production in Central Alberta that flows to third party facilities. Cavvy continually evaluates the economic performance of its producing assets to optimize net operating income during periods of sustained low commodity prices. As of December 31, 2024, approximately 9,370 boe/d of uneconomic production was shut-in across the asset base, which is approximately 25% of corporate production capability.

Sale of Legacy Goldboro Assets, Private Placement & Repayment of Bridge Loan

On August 1, 2024, Cavvy successfully completed the disposition of certain assets including undeveloped lands and associated permits, located near Goldboro, Nova Scotia (the “**Goldboro Sale**”) for proceeds of \$11.9 million (\$11.4 million net of closing adjustments). Completing the Goldboro Sale was the final step in the Company’s strategic pivot away from the legacy of an integrated east coast LNG project to focus on operating and growing the Company’s natural gas, NGL, sulphur production and G&P business in the Foothills region of Alberta.

Concurrent with the Goldboro Sale, Cavvy completed a \$4.5 million non-brokered private placement, issuing 12.8 million Common Shares to Alberta Investment Management Corporation (“**AIMCo**”) and settled its convertible bridge loan for \$24.0 million, prior to its scheduled maturity on December 13, 2024.

Shareholder Rights Offering

On October 8, 2024, Cavvy successfully closed a \$29 million equity rights offering (“**Rights Offering**”), resulting in the issuance of 118.5 million Common Shares to existing shareholders, including insiders. The Rights Offering was backstopped by AIMCo who committed \$25 million and, as a result, holds approximately 47% of the Company’s issued and outstanding shares as at the date hereof. The proceeds from the Rights Offering, net of transaction costs, were used to repay long term debt, fund working capital and certain value-accretive optimization projects, and for general corporate purposes.

Developments in 2023

Successful Debt Refinancing and Augmented Hedge Position

On June 15, 2023, the Company concluded a refinancing transaction totaling USD \$150 million which retired Cavvy’s previous term debt in advance of its upcoming maturity and materially reduced the Company’s cost of capital. The new debt is comprised of a USD \$120 million 45-month senior secured credit facility and a USD \$30 million 51-month subordinated term loan borrowed by CPL, and a CAD \$20 million 18-month senior secured bridge facility borrowed by Cavvy.

Concurrent with completion of the new financing, the Company entered into a series of senior secured commodity hedge contracts with terms ranging from 5 to 48 months.

Retirement of CEO, Appointment of Officers

On September 1, 2023, as the result of a succession process following the retirement of Alfred Sorensen as Chief Executive Officer (“**CEO**”) and Director, the Company announced the promotion of Darcy Reding as President, CEO, and Director after serving first as the Company’s COO and then as the Company’s President and COO since joining Cavvy in April 2021. Additionally, Paul Kunkel was appointed to the role of Chief Commercial Officer on September 1, 2023.

Shareholder Adoption of Bridge Loan Conversion Feature

On December 8, 2023, the Company obtained the requisite shareholder approval to repay in full the remaining principal amount, accrued interest and conversion fee owing to Erikson National Energy Inc. under a CAD\$20 million bridge loan due December 13, 2024 via the issuance of Common Shares of the Company.

2026 Goals and Objectives

The following corporate goal categories have been approved by the Board of Directors:

TABLE 3: 2026 Corporate Goal Categories

| Category | Category Weighting | Corporate KPI | Measurement Metric ⁽¹⁾⁽²⁾ |
|-------------|--------------------|--|--|
| Operational | 45% | Operating expense | Budgeted operating expense range of + 5% / - 8% |
| | | Facility Reliability ⁽³⁾ | Aggregate facility availability factor of 95%, range of -2% / +3% |
| Financial | 20% | Net debt | Budgeted year-end net debt, range of +20% / -30% |
| Strategic | 20% | Strategic execution Advancement | Advance corporate strategy across the three growth pillars of (i) Organic development, (ii) accretive M&A and (iii) Infrastructure consolidation |
| HSE | 15% | Blended aggregate of 8 individual leading & lagging ESG & HSE indicators | Aggregate sum of 8 individual HSE and ESG goals, range of 0 to 2 |

⁽¹⁾ A corporate performance factor of 0 is awarded if results are below bottom end, and 2 if results are above top end

⁽²⁾ All base targets are tied to 2026 budget

⁽³⁾ 5-year historical average facility availability normalized for planned outages.

Measurement of the objective will be based upon agreed-upon milestones and achievements and may include qualitative assessment.

BUSINESS DESCRIPTION

Cavvy is a sour gas weighted E&P and midstream G&P business which owns three large sour gas processing, deep cut, and sulphur recovery facilities. Two of the facilities are equipped with NGL fractionation, and together with the various gathering pipelines, these three facilities are connected to the TC Energy NOVA pipeline system in Alberta (the “NOVA system”).

Cavvy’s business plan is to strengthen the Company’s extensive foothills natural gas-focused footprint by increasing the utilization of its gas processing facilities, reducing its overall cost structure, and developing its existing sour-gas mineral resource reservoirs while seeking opportunities to accretively diversify revenue streams. The majority of Cavvy’s existing reservoirs are “conventional” and occur within the complexly deformed part of the basin. As such, drilling technologies and subsurface understanding of these areas requires unique technical skills, as does operating sour gas processing facilities, which Cavvy possesses but which are increasingly rare within much of the Western Canadian Sedimentary Basin.

Property Description

As at December 31, 2025, the Company’s principal land holdings are located in the provinces of Alberta and British Columbia. These lands cover a total area of approximately 1,103,355 acres on a gross basis and approximately 788,864 acres on a net basis. The following table describes the Company’s land holdings categorized by province, and by cash generating unit (“CGU”). The Company does not have reserves or production in Saskatchewan.

TABLE 4: Land Holdings

| Areas | Gross Acres | Net Acres | Working Interest (%) |
|------------------------------------|------------------|----------------|----------------------|
| BC NORTHEAST ⁽¹⁾ | 96,198 | 88,184 | 92 |
| NORTHERN ALBERTA ⁽¹⁾⁽²⁾ | 246,480 | 179,210 | 73 |
| CENTRAL ALBERTA | 642,545 | 414,179 | 64 |
| SOUTHERN ALBERTA | 118,132 | 107,291 | 91 |
| TOTAL | 1,103,355 | 788,864 | 80 |

⁽¹⁾ Included in the Northern CGU.

⁽²⁾ Includes the Ojay area of east central BC.

British Columbia

BC Northeast

The Sierra and Ekwan areas are located roughly between 45 km and 85 km east of Fort Nelson. Cavvy’s working interest in the Sierra asset consists of production from the Pine Point Formation and is currently shut-in due to infrastructure constraints. Ekwan currently produces when AECO natural gas price supports above break-even economics from the Jean Marie Formation, which is

transported southward in the NOVA system. BC Northeast represented approximately 1% of the Company's production for the year ended December 31, 2025

While this area contains significant total proved + probable reserves, Cavvy considers it non-core as it is outside its primary Foothills operating area.

Alberta

Northern Alberta

The Northern Alberta area (which includes the Ojay field across the border in BC) starts 100 km southwest of Grande Prairie, Alberta and continues southeast to Hinton, Alberta. The area represented approximately 11% of the Company's production for the year ended December 31, 2025. The area has multiple gas dehydrators, compressors, transportation pipelines and gas gathering systems connected to the NOVA system. All production of conventional gas and NGLs from the Northern Alberta CGU are processed at non-operated processing facilities.

Central Alberta

The Central Alberta area straddles the areas north of the town of Rocky Mountain House and south along the Foothills to the Jumping Pound field west of Cochrane Alberta, including the Jumping Pound Gas Plant and the Caroline Gas Complex as further described below. Central Alberta represented approximately 54% of the Company's production for the year ended December 31, 2025. Conventional natural gas and NGLs from the Central Alberta CGU are processed by Cavvy-owned and non-operated processing facilities.

Southern Alberta

The Southern Alberta area consists of the Waterton field and Waterton Gas Complex in southwest Alberta. Southern Alberta represented approximately 34% of the Company's production for the year ended December 31, 2025. These production assets represent some of the most prolific natural gas fields in North American history with continued, long term remaining reserves.

Midstream G&P Operations and Infrastructure

Cavvy owns three (3) large sour natural gas processing facilities: the Jumping Pound Gas Plant ("**Jumping Pound**") (100% working interest), the Waterton Gas Complex ("**Waterton**") (100% working interest) and the Caroline Gas Complex ("**Caroline**") (74% working interest). Combined they represent over 750mmcf/d of potential processing capacity. Jumping Pound and Waterton have full NGL fractionation capabilities while Caroline produces a C2+ stream, which is transported to Fort Saskatchewan for fractionation, as well as a segregated C5+ stream. During 2025, these facilities operated at an average of 73% of current throughput capacity, reflecting significant progress during the year in attracting new third-party volumes. Remaining capacity represents opportunity for future development, acquisition of additional connected reserves or further attraction of third-party processing volumes. Additional capacity is available at these facilities upon debottlenecking capital investment.

Approximately 75% of the Company's natural gas production for the year ended December 31, 2025, was processed by Cavvy-operated facilities. The Company's strategy includes maximizing this percentage through non-core dispositions, gathering system optimization, and competing facility consolidation. During 2025, aggregate gross inlet volumes at Cavvy-owned facilities was comprised of 59% Cavvy-owned production, 2% partner-owner production and 39% third party fee-based production.

All three facilities are connected to the NOVA system and possess the capability to recover NGLs and sulphur. They are also connected to the Canadian Pacific Railway and can transport LPG's and sulphur, by truck or rail, to all points in North America including export hubs. Additionally, Cavvy owns a significant number of upstream transportation pipelines that interconnect with these facilities and provide sales points at multiple locations along the NOVA system.



- Major Facilities**
- 1 – Caroline Gas Plant
 - 2 – Shantz Sulphur Facility
 - 3 – Jumping Pound Gas Plant
 - 4 – Waterton Gas Plant

Oil and Gas Wells

The following table sets forth the number and status of wells in which Cavvy has a working interest as at December 31, 2025.

TABLE 5: Oil and Gas Wells

| LOCATION | PRODUCING | | | | NON-PRODUCING | | | | SERVICE WELLS | |
|------------------|-----------|----------|-------------|------------|---------------|-----------|-------------|------------|---------------|----------|
| | Oil | | Natural Gas | | Oil | | Natural Gas | | Gross | Net |
| | Gross | Net | Gross | Net | Gross | Net | Gross | Net | | |
| ALBERTA | 3 | 1 | 377 | 276 | 9 | 6 | 373 | 270 | 5 | 5 |
| BRITISH COLUMBIA | - | - | 65 | 65 | - | - | 83 | 71 | 2 | 2 |
| SASKATCHEWAN | - | - | - | - | - | - | 4 | 4 | - | - |
| QUÉBEC | - | - | - | - | 9 | 7 | - | - | - | - |
| TOTAL | 3 | 1 | 442 | 341 | 18 | 13 | 460 | 345 | 7 | 7 |

(1) "Gross" wells mean the number of wells in which Cavvy has a working interest or a royalty interest that may be convertible to a working interest.

(2) "Net" wells mean the aggregate number of wells obtained by multiplying each gross well by Cavvy's percentage working interest therein.

Other Business Information

Forward Contracts and Marketing

The Company has a commodity price hedging policy that requires management to undertake hedging portions of its expected cashflows over multiple time frames. The hedging targets are adjusted on an ongoing basis depending upon market conditions, budget forecasts, credit facility covenants, and cash flow expectations. Constraints around the hedging program may be imposed as part of contractual commitments, such as covenants imposed by debt lenders.

Cavvy utilizes various counterparties under several short and long-term agreements to facilitate market access for its products. As a result, all products are sold, either to end users or to marketing counterparties, at or near the relevant facility custody transfer point. Other than as disclosed in the Company's consolidated financial statements for the year ended December 31, 2025 (the "2025 Financial Statements") and the 2025 MD&A, each of which are incorporated by reference herein and are available on SEDAR+ at www.sedarplus.ca, Cavvy is not bound by any agreement (including any transportation or marketing agreements), directly or through an aggregator, under which it is precluded from fully realizing, or may be protected from the full effect of, future market prices for natural gas, NGLs or sulphur. Cavvy manages obligations or commitments for future physical deliveries of natural gas and associated products to ensure they do not vary significantly from Cavvy's future forecasted production. Refer to Note 18 "Financial Instruments and Risk Management – Market Risk" in the 2025 Financial Statements for further discussion on the Company's commodity hedging activities.

Competitive Conditions

The oil and natural gas industry is competitive. Companies operating in the oil and gas industry must manage risks which are beyond the direct control of Company personnel. Among these risks are those associated with exploration, environmental damage, commodity prices, foreign exchange rates, international political or economic conditions, interest rates and natural disasters. Cavvy attempts to enhance its competitive position by operating in areas where it believes its technical personnel can reduce some of the risks associated with exploration, production and commercial or marketing activities because they are familiar with the areas of operation. Cavvy has a strong competitive position in its core areas (see "Business Description – Property Description" in this AIF). Management believes that Cavvy will be able to enhance its midstream G&P business results and explore for and develop new production and reserves with the objective of increasing its cash flow and reserve base over time. See "Risk Factors – Competition" in this AIF.

Seasonality

The level of activity in the Canadian oil and gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw can make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels during these windows. Further, certain of Cavvy's producing assets are in areas that are considered inaccessible for various seasonal environmental risks or regulations, or wildlife considerations at various time of the year. There can be no assurance that these seasonal factors will not adversely affect the timing and scope of Cavvy's exploration and development activities, which could in turn have an adverse impact on Cavvy's business, operations, and prospects. Refer to the "Risks Factors – Risks Related to Cavvy's Business and Industry" section of this AIF.

Additionally, the realized price for natural gas and sulphur produced by the Company typically has a component of seasonality relating to the demand for commodities rising and falling due to changing supply and demand conditions during the year.

Environmental, Social and Governance Policies

The Company is committed to environmental responsibility, ethical business practices, and striving to be a good neighbour, ensuring that the Company operates with integrity and transparency in support of Cavvy's business vision and strategy.

In 2025, the Company continued to advance its policy and governance framework under various health, safety, environmental, social and governance activities. Recent amendments to the *Competition Act*, and the absence of any guidance from the federal government have created uncertainty with respect to how organizations can communicate about their environmental performance. However, on November 4, 2025, Bill C-15 "An Act to implement certain provisions of the budget" was tabled in Parliament and recently passed in the House of Commons. Bill C-15 contemplates, among other things, amending the *Competition Act* to address concerns raised by industry groups regarding the scope of these provisions. If Bill C-15 receives royal assent, it may come into effect in 2026. The Company remains committed to meeting or exceeding all environmental and safety standards applicable to our business and continues to prioritize the safety and security of employees, contractors, customers, neighbours and the environment. We will monitor developments relating to the *Competition Act*, and will re-evaluate our disclosure, including the publication of an annual ESG report, as more clarity is obtained.

The Company's operations are highly regulated by various governmental agencies and regulatory frameworks with respect to, among others, environmental protection. Environmental consequences can be difficult to identify, whether in terms of level, timeline, or impact. Compliance with such legislation may require significant expenditures or result in operational restrictions. Breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage and the imposition of material fines and penalties, all of which could have a significant negative impact on earnings and overall competitiveness of the Company. For a description of the financial and operational effects of environmental protection requirements on the capital expenditures, earnings and competitive position of the Company. See "Industry Conditions – Environmental Regulations" and "Risk Factors – Environmental" in this AIF.

The Company has adopted policies relating to health, safety, and environmental matters. The Company’s objective is to pursue its business strategy while ensuring that its operations meet applicable laws and safety standards and account for environmental and social impacts. Occupational and community health and safety are key concerns in the planning and performance of exploration work. Special attention is also paid to local community and business relationships, as well as environmental protection.

The Company’s Manager, Health and Safety and Manager, Regulatory Affairs and Environment oversee all aspects of Health, Safety, Environmental and Regulatory (“**HSER**”) policy development, implementation and enforcement for the Company and report regularly to the senior management team, the Reserves and Health, Safety and Environment Committee (the “**Reserves & HSE Committee**”) of the Board of Directors and to the Board of Directors. Cavvy’s HSER structure includes personnel health, safety, emergency response and environmental roles stationed at each of the main facilities supporting the large network of dedicated and competent employees.

Employees, and Specialized Skill and Knowledge

The following table summarizes Cavvy’s full-time equivalent employees as at December 31, 2025:

TABLE 6: Cavvy Employees

| Business Segment | Employees |
|-----------------------|------------|
| Field and Facility | 193 |
| Corporate Head Office | 64 |
| Total | 257 |

Cavvy also engages contractors and service providers. Cavvy employs individuals with various professional skills in the course of pursuing its strategy including geology, geophysics, engineering, financial and business skills. Drawing on extensive experience in the oil and gas industry, with a particular focus on exploration and development of natural gas reserves in the Alberta and BC Foothills play, Cavvy’s management team has a demonstrated track record of bringing together the key components required to realize Cavvy’s evolving strategy.

Refer to the section entitled “*Risk Factors*” in this AIF for further information on employee and other workforce related risks affecting Cavvy.

PRESENTATION OF OIL AND GAS RESERVES AND PRODUCTION INFORMATION

Oil and Gas Advisories

Barrel of Oil Equivalency: Cavvy has adopted the standard of 6 Mcf:1 bbl when converting natural gas to barrel of oil equivalent. Condensate and other NGLs are converted to oil equivalent at a ratio of 1 bbl:1 bbl. Barrels of Oil Equivalent (“**BOEs**”) may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 bbl is based roughly on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the Company’s sales point. Given the value ratio based on the current price of oil as compared to natural gas and NGLs are significantly different from the energy equivalency of 6 Mcf:1 bbl and 1 bbl:1 bbl, respectively, utilizing a conversion ratio at 6 Mcf:1 bbl for natural gas and 1 bbl:1 bbl for NGLs may be misleading as an indication of value.

Use of Estimates: The discounted and undiscounted net present value of future net revenues attributable to Cavvy’s reserves do not represent the fair market value of Cavvy’s reserves. There is no assurance that the forecast prices and costs assumptions applied by Cavvy’s independent reserves evaluator in evaluating the reserves of the Company will be attained, and variances could be material. The estimates of Cavvy’s oil, conventional natural gas and NGLs provided in this AIF or otherwise referred to in this AIF are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual oil, conventional natural gas and NGLs may be greater than or less than the estimates provided in this AIF or otherwise referred to in this AIF, and the difference may be material.

The determination of oil, conventional natural gas and NGLs involves the preparation of estimates that have an inherent degree of associated risk and uncertainty. The estimation and classification of reserves is a complex process involving the application of professional judgment combined with geological and engineering knowledge to assess whether specific classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply reserves definitions. In addition, rules set forth in the Canadian Oil and Gas Evaluation Handbook (the “**COGE Handbook**”) and National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* (“**NI 51-101**”) override professional judgments as to volumes of recovery, well productivity and other factors.

The information set forth in this AIF relating to Cavvy's reserves and future net revenues constitutes forward-looking statements which are subject to certain risks and uncertainties. See "Forward-Looking Information" and "Risk Factors" in this AIF. Unless otherwise specified, the NGLs reported by Deloitte Touche Tohmatsu Limited ("**Deloitte**"), the Company's independent qualified reserves evaluator, that are referred to in this AIF are reported on a combined basis with any condensate as required under NI 51-101.

Reserves Disclosure

Reserves are classified as proved reserves, probable reserves, or possible reserves according to the certainty associated with the estimates and further classified into developed and undeveloped as applicable. Additional clarification of the classification of reserves, the certainty levels associated with reserves estimates and the effect of aggregation are provided in the COGE Handbook. Refer to *Appendix C "Definitions Used for Reserve Categories"*.

The qualitative certainty levels referred to in the definitions of proved reserves, probable reserves, possible reserves, developed reserves, developed non-producing reserves, developed producing reserves and undeveloped reserves are applicable to individual reserves entities (which refers to the lowest level at which reserves calculations are performed) and to reported reserves (which refers to the highest-level sum of individual entity estimates for which reserves are presented). Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- at least a 90% probability that the quantities actually recovered will equal or exceed the estimated proved reserves.
- at least a 50% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves: or
- at least a 10% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable plus possible reserves.

A qualitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates are prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to sub-divide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

Disclosure of Reserves Data

The following tables are based on the Reserves Report prepared by Deloitte, an independent qualified reserves evaluator, effective as of December 31, 2025, and dated and prepared as of February 17, 2026 (the "**Deloitte Reserves Report**"). The tables show the estimated share of Cavvy's oil, natural gas and NGL reserves in its properties and the present value of estimated future net revenue for these reserves, after provision for Alberta gas cost allowance, using forecast price and cost assumptions. All evaluations of the present worth of estimated future net revenue in the Deloitte Reserve Report are stated after provision for estimated future capital expenditures, both before and after income taxes, but, except where otherwise indicated, prior to indirect costs, well abandonment and disconnect costs and surface lease reclamation costs and do not necessarily represent the fair market value of the reserves. The Deloitte Reserves Report was prepared in accordance with the standards included in the COGE Handbook and NI 51-101.

It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There are numerous uncertainties inherent in estimating quantities of crude oil, NGL and natural gas reserves and the future cash flows attributed to such reserves. Actual oil, natural gas and NGL reserves may be greater than or less than the estimates provided herein. In general, estimates of economically recoverable crude oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of crude oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, among others, estimates of the economically recoverable crude oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves may vary and such variations may be material. The actual production, revenues, taxes and development and operating expenditures with respect to the reserves associated with Cavvy's assets may vary from the information presented herein and such variations could be material. See "Risk Factors" in this AIF.

The present value of future net revenue before and after income taxes has been estimated by Deloitte. The estimates of the after-income tax value of future net revenue have been prepared based on before income tax reserves information and includes assumptions and estimates of Cavvy's tax pools provided by management of the Company and the sequences of claims and rates of claim thereon. The values shown may not be representative of future income tax obligations, applicable tax horizon or after-tax valuation. The after-tax net present value of Cavvy's oil and natural gas properties reflects the tax burden of its properties on a stand-alone basis. It does not provide an estimate of the value of Cavvy as a business entity, which may be significantly different.

All evaluations of future net revenue contained in the Deloitte Reserves Report are after the deduction of royalties, development costs, production costs and abandonment and reclamation costs but before consideration of indirect costs such as administrative, overhead, and other miscellaneous expenses. It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to reserves estimated by Deloitte represent the fair market value of those reserves. There is no assurance that the forecast price and cost assumptions contained in the Deloitte Reserves Report will be attained and variations could be material. Other assumptions and qualifications relating to costs and other matters are summarized herein. The recovery and reserve estimates described herein are estimates only. The actual reserves associated with Cavvy's properties may be greater or less than those calculated. See "Risk Factors" in this AIF.

The historical production information used by Deloitte came from Cavvy. The Company also provided Deloitte with other required information, such as operating statements and land data. Deloitte incorporated all this data into its analysis in accordance with standards set out in the COGE Handbook. The standards in the COGE Handbook require Deloitte to plan and perform an assessment of the Company's reserves data in order to obtain reasonable assurance as to whether such reserves data are free of material misstatement.

Throughout the following summary tables differences may arise due to rounding.

In accordance with the requirements of NI 51-101, attached hereto are the following appendices:

| | |
|-------------|---|
| Appendix A: | NI 51-101F2 Report on Reserves Data by Independent Qualified Reserves Evaluator |
| Appendix B: | NI 51-101F3 Report of Management and Directors on Oil and Gas Disclosure |
| Appendix C: | Definitions Used for Reserve Categories |

The following tables summarizes Cavvy's net working interest reserve volumes, gross and net of royalty deductions, as of December 31, 2025:

TABLE 7: Summary of Oil and Gas Reserves as of December 31, 2025

| Reserves Category ⁽⁵⁾ | Light/Medium Crude Oil | | Conventional Natural Gas ⁽¹⁾ | | Natural Gas Liquids | |
|--|------------------------|-------------|---|------------------|---------------------|---------------|
| | Gross (Mbbbl) | Net (Mbbbl) | Gross (MMcf) | Net (MMcf) | Gross (Mbbbl) | Net (Mbbbl) |
| Proved | | | | | | |
| Developed Producing ⁽²⁾ | - | 7.3 | 487,535 | 422,562 | 25,363 | 20,326 |
| Developed Non-Producing ⁽³⁾ | - | - | 240,189 | 209,166 | 502 | 386 |
| Undeveloped ⁽⁴⁾ | - | - | 244,876 | 211,021 | 8,203 | 6,262 |
| Total Proved | - | 7.3 | 972,600 | 842,749 | 34,068 | 26,974 |
| Total Probable | - | 3.3 | 326,890 | 274,625 | 9,873 | 7,773 |
| Total Proved + Probable | - | 10.6 | 1,299,490 | 1,117,374 | 43,941 | 34,747 |

⁽¹⁾ Natural gas volumes include associated, and non-associated gas.

⁽²⁾ "Developed Producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

⁽³⁾ "Developed Non-Producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.

⁽⁴⁾ "Undeveloped" reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.

⁽⁵⁾ Gross refers to the working interest volumes before royalty deductions.

The following tables summarize the undiscounted value and the present value, discounted at 5%, 10%, 15% and 20%, of Cavvy's estimated future net revenue based on forecast price and cost assumptions as of December 31, 2025:

TABLE 8: Summary of Before-Tax Present Value of Future Net Revenue at December 31, 2025 ⁽¹⁾

| Reserves Category ⁽²⁾ | Before Income Tax, Discounted at (%/year) | | | | | Unit Value Before Income Tax, Discounted at 10%/year |
|----------------------------------|---|------------------|------------------|------------------|----------------|---|
| | 0% (M\$) | 5% (M\$) | 10% (M\$) | 15% (M\$) | 20% (M\$) | \$/BOE |
| Proved | | | | | | |
| Developed Producing | 629,068 | 846,586 | 711,083 | 591,800 | 503,697 | 7.83 |
| Developed Non-Producing | 293,263 | 168,816 | 106,557 | 70,436 | 47,609 | 3.02 |
| Undeveloped | 860,587 | 538,723 | 355,920 | 245,005 | 173,948 | 8.59 |
| Total Proved | 1,782,918 | 1,554,125 | 1,173,560 | 907,241 | 725,254 | 7.01 |
| Total Probable | 1,234,604 | 592,436 | 332,347 | 208,193 | 141,201 | 6.21 |
| Total Proved + Probable | 3,017,522 | 2,146,561 | 1,505,907 | 1,115,434 | 866,455 | 6.81 |

⁽¹⁾ Future net revenue is estimated using forecast prices and costs – see “Pricing Assumptions – Forecast Prices and Costs – December 31, 2025” in this AIF.

⁽²⁾ Values reflect abandonment and reclamation costs for all producing wells which have associated reserves, facilities, and pipelines and for all future locations assigned reserves in the Deloitte Reserves Report in the aggregate amount of \$584.0 million (inflated, undiscounted) for total proved reserves and 601.7 million (inflated, undiscounted) for total proved plus probable reserves.

TABLE 9: Summary of After-Tax Present Value of Future Net Revenue as of December 31, 2025 ⁽¹⁾

| Reserves Category ⁽²⁾ | After Income Tax Discounted at (%/year) | | | | |
|----------------------------------|---|------------------|------------------|----------------|----------------|
| | 0% (M\$) | 5% (M\$) | 10% (M\$) | 15% (M\$) | 20% (M\$) |
| Proved | | | | | |
| Developed Producing | 437,583 | 716,034 | 617,202 | 521,426 | 449,189 |
| Developed Non-Producing | 230,895 | 128,691 | 79,061 | 50,649 | 32,812 |
| Undeveloped | 658,461 | 408,312 | 265,892 | 179,641 | 124,636 |
| Total Proved | 1,326,939 | 1,253,036 | 962,156 | 751,716 | 606,637 |
| Total Probable | 967,423 | 457,876 | 255,074 | 159,187 | 107,729 |
| Total Proved + Probable | 2,294,362 | 1,710,912 | 1,217,230 | 910,903 | 714,366 |

⁽¹⁾ Future net revenue is estimated using forecast prices and costs – see “Pricing Assumptions – Forecast Prices and Costs – December 31, 2025” in this AIF.

⁽²⁾ Values reflect abandonment and reclamation costs for all producing wells which have associated reserves, facilities, and pipelines and for all future locations assigned reserves in the Deloitte Reserves Report in the aggregate amount of \$584.0 million (inflated, undiscounted) for total proved reserves and \$601.7 million (inflated, undiscounted) for total proved plus probable reserves.

TABLE 10: Total Future Net Revenue (Undiscounted) as of December 31, 2025 ⁽¹⁾

| Reserves Category | Revenue ⁽²⁾ (M\$) | Royalties (M\$) | Operating Costs (M\$) | Develop- ment Costs ⁽³⁾ (M\$) | Well Abandonme nt and Reclamatio n Costs (M\$) | Future Net Revenue Before Income Taxes (M\$) | Future Income Taxes (M\$) | Future Net Revenue After Income Taxes (M\$) |
|----------------------------------|---------------------------------|--------------------|-----------------------------|---|---|--|------------------------------------|---|
| Proved Reserves | 8,090,436 | 549,177 | 3,995,456 | 1,178,880 | 584,004 | 1,782,918 | 455,980 | 1,326,939 |
| Proved + Probable Reserves | 11,039,621 | 738,844 | 5,402,034 | 1,279,558 | 601,663 | 3,017,523 | 723,161 | 2,294,361 |

⁽¹⁾ Future net revenue is estimated using forecast prices and costs – see “Pricing Assumptions – Forecast Prices and Costs – December 31, 2025” in this AIF.

⁽²⁾ Revenue includes product revenue and other income from facilities, wells and corporate if specified.

⁽³⁾ Development costs include facility turnaround and consolidation capital for ongoing operations.

TABLE 11: Future Net Revenue by Product Type as of December 31, 2025⁽¹⁾

| Reserve Category | Product Type | Future Net Revenue Before Income Taxes (discounted at 10%/year) (M\$) | Unit Value Before Income Taxes (discounted at 10%/Year) (\$/BOE) |
|------------------|--------------------------|---|--|
| Proved Reserves | Conventional Natural Gas | 1,172,919 | 7.01 |

| | | | |
|----------------------------|---|-----------|------|
| | (including associated by-products) | | |
| | Light Medium and Crude Oil | 640 | |
| Proved + Probable Reserves | Conventional Natural Gas (including associated by-products) | 1,505,101 | 6.81 |
| | Light Medium and Crude Oil | 807 | |

⁽¹⁾ Future net revenue is estimated using forecast prices and costs – see “Pricing Assumptions – Forecast Prices and Costs – December 31, 2025” in this AIF.

Costs Incurred

The following table summarizes the capital expenditures made by Cavvy on oil and gas properties for the year ended December 31, 2025.

TABLE 12: Capital Expenditures Made by Cavvy on Oil and Gas Properties for the Year Ended December 31, 2025

| Nature of Cost | Amount (M\$) |
|---|--------------|
| Acquisition Costs for Proved Properties | - |
| Acquisition Costs for Unproved Properties | 86 |
| Exploration Costs | - |
| Development Costs | - |
| Total Costs | 86 |

Pricing Assumptions – Forecast Prices and Costs

Deloitte employed the following pricing, exchange rate and inflation rate assumptions in estimating Cavvy’s reserves data using forecast prices and costs as of December 31, 2025.

TABLE 13: Canadian Domestic Forecast ⁽¹⁾

| Year | Light Oil | Natural Gas | Natural Gas Liquids | | | Operating Cost Inflation Rate (%/Year) | Exchange Rate (USD\$/CAD\$) |
|---|---|--------------------------|------------------------------|-----------------------------|------------------------------------|--|-----------------------------|
| | Canadian Light Sweet Crude ⁽²⁾ 40° API (CAD\$/Bbl) | Alberta AECO (CAD\$/Mcf) | Edmonton Propane (CAD\$/Bbl) | Edmonton Butane (CAD\$/Bbl) | Edmonton Pentanes Plus (CAD\$/Bbl) | | |
| Historical | | | | | | | |
| 2014 | 94.00 | 4.50 | 42.93 | 59.43 | 101.47 | 1.91 | 0.91 |
| 2015 | 57.00 | 2.69 | 5.35 | 33.70 | 55.15 | 1.13 | 0.78 |
| 2016 | 52.22 | 2.16 | 8.71 | 31.45 | 52.43 | 1.44 | 0.75 |
| 2017 | 62.12 | 2.19 | 27.92 | 40.98 | 63.65 | 1.60 | 0.77 |
| 2018 | 69.12 | 1.54 | 29.76 | 46.17 | 75.74 | 2.27 | 0.77 |
| 2019 | 68.76 | 1.81 | 15.82 | 21.40 | 67.57 | 1.94 | 0.75 |
| 2020 | 45.06 | 2.25 | 16.11 | 20.93 | 47.14 | 0.73 | 0.75 |
| 2021 | 80.35 | 3.64 | 45.46 | 40.28 | 82.91 | 3.40 | 0.80 |
| 2022 | 119.45 | 5.36 | 51.37 | 64.88 | 118.21 | 6.80 | 0.77 |
| 2023 | 99.26 | 2.69 | 31.35 | 48.62 | 99.82 | 3.89 | 0.74 |
| 2024 | 97.13 | 1.36 | 32.49 | 43.44 | 96.79 | 2.41 | 0.73 |
| 2025 | 84.52 | 1.71 | 31.28 | 36.51 | 85.71 | 2.08 | 0.72 |
| Forecast | | | | | | | |
| 2026 | 76.82 | 2.98 | 25.36 | 36.12 | 78.67 | 0.00 | 0.73 |
| 2027 | 81.82 | 3.36 | 27.16 | 38.45 | 83.77 | 2.00 | 0.74 |
| 2028 | 88.79 | 3.53 | 29.65 | 41.68 | 90.78 | 2.00 | 0.74 |
| 2029 | 90.83 | 3.61 | 30.33 | 42.63 | 92.87 | 2.00 | 0.74 |
| 2030 | 92.64 | 3.69 | 30.93 | 43.47 | 94.72 | 2.00 | 0.74 |
| 2031 | 94.49 | 3.76 | 31.55 | 44.35 | 96.61 | 2.00 | 0.74 |
| 2032 | 96.38 | 3.84 | 32.19 | 45.23 | 98.55 | 2.00 | 0.74 |
| <i>Escalation rate of 2% thereafter</i> | | | | | | | |

⁽¹⁾ Forecast prices were estimated using the average of the escalated price forecasts of four independent reserve evaluators, namely Deloitte LLP, GLJ Petroleum Consultants Ltd., McDaniels & Associates Consultants Ltd. and Sproule Associates

Limited. There is no assurance that the forecast prices and forecast factors used by Deloitte in the Deloitte Reserves Report will prove accurate and variances could be material.

Cavvy's weighted average realized sales prices for the year ended December 31, 2025, were \$30.27/bbl for NGLs and \$1.74/Mcf for natural gas, before considering the impact of financial derivative instruments.

Production Estimates

The following table discloses, by product type, the volume of Cavvy's production estimated for the year ended December 31, 2026, as evaluated by Deloitte.

TABLE 14: 2026 Production Estimates

| Reserves Category | Light/Medium Crude Oil (Bbl/d) | Conventional Natural Gas (MMcf/d) | Natural Gas Liquids (Bbl/d) | Combined (BOE/d) |
|--|--------------------------------|-----------------------------------|-----------------------------|------------------|
| Proved | | | | |
| Developed Producing ⁽¹⁾ | - | 115.0 | 5,374.3 | 24,539.1 |
| Developed Non-Producing ⁽²⁾ | - | 2.9 | 144.1 | 627.1 |
| Undeveloped | - | - | - | - |
| Total Proved | - | 117.9 | 5,518.4 | 25,166.2 |
| Total Probable | - | 2.7 | 158.2 | 603.3 |
| Total Proved + Probable | - | 120.6 | 5,676.6 | 25,769.5 |

⁽¹⁾ Cavvy's Waterton field 2025 Proved Developed Producing ("PDP") reserves production forecast comprises 38.7% of the total Corporate 2026 PDP production estimate. Of this amount, natural gas amounts to 35.3MMcf/d and NGLs amount to 2,662bbl/day, for combined production of 8,545 Boe/d.

⁽²⁾ Refer to the discussion under "Developed Non-Producing Reserves" in this AIF.

Production History

The following table sets forth certain information in respect of production, product prices received, royalties, production costs and netbacks received by Cavvy for each quarter of its most recently completed fiscal year:

TABLE 15: 2025 Quarterly Production History

| Reserves Category | Three months ended | | | | Twelve months ended |
|--|--------------------|--------------|--------------|--------------|---------------------|
| | Mar 31, 2025 | Jun 30, 2025 | Sep 30, 2025 | Dec 31, 2025 | Dec 31, 2025 |
| Average Gross Daily Production | | | | | |
| Light/Medium Crude Oil (bbl/d) ⁽¹⁾ | - | - | - | - | - |
| Conventional Natural Gas (Mcf/d) | 105,338 | 126,197 | 115,467 | 111,834 | 114,729 |
| Condensate (bbl/d) ⁽²⁾ | 2,454 | 2,507 | 2,258 | 2,065 | 2,320 |
| Other NGLs (bbl/d) ⁽³⁾ | 2,574 | 2,524 | 2,454 | 2,299 | 2,462 |
| Combined (boe/d) | 22,584 | 26,064 | 23,956 | 23,004 | 23,903 |
| Average Net Prices Received | | | | | |
| Light/Medium Crude Oil (\$/bbl) | - | - | - | - | - |
| Conventional Natural Gas (\$/Mcf) | 2.31 | 1.80 | 0.78 | 2.47 | 1.82 |
| Condensate (\$/bbl) | 95.15 | 84.60 | 82.66 | 76.61 | 85.08 |
| Other NGLs (\$/bbl) | 37.70 | 28.49 | 27.89 | 26.59 | 30.27 |
| Netback Received | | | | | |
| Processing & Marketing (\$/boe) | 3.08 | 4.11 | 5.18 | 6.05 | 4.61 |
| Total Revenue (\$/boe) | 29.30 | 25.12 | 21.19 | 29.45 | 26.15 |
| Royalties (\$/boe) | (0.26) | 1.89 | 0.55 | 2.40 | 1.17 |
| Production Costs (\$/boe) | 21.64 | 17.04 | 16.64 | 20.64 | 18.88 |
| Operating Netback ⁽⁴⁾ Received (\$/boe) | 5.63 | 4.12 | 1.92 | 4.05 | 3.91 |

⁽¹⁾ The Company had no material light and medium crude oil production in 2025.

⁽²⁾ Comprised of the condensate that is extracted in the field or that is otherwise sold separately from other NGLs either delivered to non-operated processing facilities or fractionated and processed at the Company's gas processing facilities. See "Business Description – Facilities and Infrastructure" in this AIF.

⁽³⁾ Represents NGLs (other than condensate) either delivered to non-operated processing facilities or fractionated and processed at the Company's gas processing facilities. See "Business Description – Facilities and Infrastructure" in this AIF.

⁽⁴⁾ Netback is calculated by deducting royalties, operating and transportation costs from total corporate revenues which include

hydrocarbon and sulphur sales, and third party processing fees. These figures have not been adjusted for financial hedging gains or losses. Operating Netback does not have any standardized meaning and should not be used for the purposes of drawing comparisons between the Company and other companies. For additional information regarding netbacks see “Non-GAAP and Other Financial Measures” in the Company’s 2025 MD&A.

TABLE 15a: Waterton Significant Field 2025 Quarterly Production History

| Reserves Category | Three months ended | | | | Twelve months ended |
|---|--------------------|--------------|--------------|--------------|---------------------|
| | Mar 31, 2025 | Jun 30, 2025 | Sep 30, 2025 | Dec 31, 2025 | Dec 31, 2025 |
| Average Daily Production | | | | | |
| Light/Medium Crude Oil (bbl/d) ⁽¹⁾ | - | - | - | - | - |
| Conventional Natural Gas (Mcf/d) | 33,910 | 37,043 | 34,338 | 26,644 | 32,968 |
| Condensate (bbl/d) ⁽²⁾ | 1,570 | 1,533 | 1,318 | 1,085 | 1,375 |
| Other NGLs (bbl/d) ⁽³⁾ | 1,220 | 1,256 | 1,249 | 921 | 1,161 |
| Combined (boe/d) | 8,442 | 8,963 | 8,290 | 6,448 | 8,031 |
| Percentage of Total Production | 37% | 34% | 35% | 28% | 34% |

⁽¹⁾ The Company had no material light and medium crude oil production in 2025.

⁽²⁾ Comprised of the condensate that is extracted in the field or that is otherwise sold separately from other NGLs either delivered to non-operated processing facilities or fractionated and processed at the Company’s gas processing facilities. See “Business Description – Facilities and Infrastructure” in this AIF.

⁽³⁾ Represents NGLs (other than condensate) either delivered to non-operated processing facilities or fractionated and processed at the Company’s gas processing facilities. See “Business Description – Facilities and Infrastructure” in this AIF.

Reconciliation of Changes in Reserves and Future Net Revenue

Reserves Reconciliation

The following table outlines the primary drivers of reserve changes during 2025, as of December 31, 2025:

TABLE 16: Reserve Reconciliation

| | Light & Medium Oil | | | Conventional Gas | | | Natural Gas Liquids | | |
|---------------------------------------|--------------------|----------|-------------------|------------------|----------------|-------------------|---------------------|--------------|-------------------|
| | Proved | Probable | Proved + Probable | Proved | Probable | Proved + Probable | Proved | Probable | Proved + Probable |
| | Mstb | Mstb | Mstb | MMcf | MMcf | MMcf | Mstb | Mstb | Mstb |
| Opening Balance | - | - | - | 913,127 | 315,011 | 1,228,138 | 31,046 | 8,607 | 39,653 |
| Production ⁽¹⁾ | (2.6) | - | (2.6) | (42,158) | - | (42,158) | (1,708) | - | (1,708) |
| Technical Revisions ⁽²⁾ | 2.6 | - | 2.6 | 110,435 | 16,122 | 126,557 | 4,929 | 990 | 5,919 |
| Drilling Extensions ⁽³⁾ | - | - | - | 249 | 30 | 279 | 92 | 5 | 97 |
| Economic Factors ⁽⁴⁾ | - | - | - | (9,053) | (4,273) | (13,326) | (291) | 271 | (20) |
| Closing Balance ⁽⁵⁾ | - | - | - | 972,600 | 326,890 | 1,299,490 | 34,068 | 9,873 | 43,941 |

⁽¹⁾ Negative production revisions are due to 2025 volumes produced.

⁽²⁾ Significant positive technical revisions are due to lower forecast net operating costs allocated to the Company’s producing wells due to offsetting third-party gathering and processing revenue at Cavvy’s operated regional gas plants and forecast prices for associated products such as sulphur. Negative PDP technical revisions are due to the move from PDP to PD reserve category for temporarily shut in Central Alberta properties.

⁽³⁾ Drilling extensions reflect Cavvy’s participation in a non-operated well.

⁽⁴⁾ Negative economic factors revisions are due to a lower hydrocarbon commodity price forecasts.

⁽⁵⁾ There were no revisions associated with discoveries, acquisitions or dispositions.

Additional Information Relating to Reserves Data

Undeveloped Reserves

Undeveloped reserves are attributed by Deloitte in accordance with standards and procedures contained in the COGE Handbook. Proved undeveloped reserves are those reserves that can be estimated with a high degree of certainty and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Probable undeveloped reserves are those reserves that are less certain to be recovered than proved reserves and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Proved and probable undeveloped reserves have been assigned in accordance with engineering and geological practices as defined under NI 51-101. In general, development plan assumptions within the Reserve Report are to initiate drilling activity between 2027 and 2032.

TABLE 17: Undeveloped Reserves Volumes

| | Light & Medium Oil | | | Conventional Gas | | | Natural Gas Liquids | | |
|----------------|--------------------|----------|-------------------|------------------|----------|-------------------|---------------------|----------|-------------------|
| | Proved | Probable | Proved + Probable | Proved | Probable | Proved + Probable | Proved | Probable | Proved + Probable |
| | Mstb | Mstb | Mstb | MMcf | MMcf | MMcf | Mstb | Mstb | Mstb |
| YE 2025 | - | - | - | 244,876 | 110,469 | 355,345 | 8,203 | 2,034 | 10,237 |
| YE 2024 | - | - | - | 245,386 | 107,967 | 353,353 | 8,234 | 1,729 | 9,963 |
| YE 2023 | - | - | - | 241,200 | 106,714 | 347,914 | 8,407 | 1,745 | 10,153 |

In some cases, it will take longer than five years to develop these reserves. There are a number of factors that could result in delayed or cancelled development, including the following: (i) changing economic conditions (due to pricing, operating and capital expenditure fluctuations); (ii) changing technical conditions (including production anomalies, such as water breakthrough or accelerated depletion, or to changes in geological interpretation, including reservoir continuity and quality); (iii) multizone developments (for instance, a prospective formation completion may be delayed until the initial completion formation is no longer economic); (iv) a larger development program may need to be spread out over several years to optimize capital allocation and facility utilization; and (v) surface access issues (including those relating to land owners, weather conditions and regulatory approvals). For more information, see “Risk Factors” in this AIF.

Developed Non-Producing Reserves

The Deep Basin area includes assets in the Sierra and Ekwan areas roughly 45 km east of Fort Nelson, British Columbia stretching 85 km east towards the Alberta border that were acquired as part of the 2017 acquisition from Husky. The Sierra asset consists of approximately 25 mmcf/d of production from the Pine Point formation and was shut in due to infrastructure constraints in September 2017. The restart is currently contemplated for 2028 and is estimated to require \$35.0 million of capital primarily for sour gas related plant upgrades and pipelines. Sierra represents 14.4 MMboe in reserves and \$28.6 million NPV10 value within the proved non-producing category.

Significant Factors or Uncertainties Affecting Reserve Data

The process of estimating reserves is complex. It requires significant judgments and decisions based on available geological, geophysical, engineering, and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, commodity prices and economic conditions. Cavy’s reserves are evaluated by Deloitte, an independent engineering firm.

Estimates made are reviewed and revised, either upward or downward, as warranted by new information. Revisions are often required due to changes in well performance, commodity prices, economic conditions, and governmental restrictions. Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. Cavy’s actual production, revenues, taxes, development, and operating expenditures with respect to its reserves may vary from such estimates, and such variances could be material. See “Risk Factors – Reserves Estimates” in this AIF.

Cavy estimates the total cost of future abandonment and reclamation for its existing wells, pipelines, associated production facilities and infrastructure and the expected timing of the costs to be incurred in future periods. The Company has a process for estimating these costs, which considers experience, applicable current regulations, technology and industry standards, actual and anticipated costs, the type, and depth of the well (or the nature and size of the pipeline or facility), and the geographic location. Cavy expects to incur abandonment and reclamation costs on 930 gross (707 net) wells in due course; of these 48% (48% net) are currently producing.

As at December 31, 2025, the Company has estimated its share of the total abandonment and reclamation costs for all its existing wells, pipelines, and facilities to be \$292.6 million uninflated and undiscounted, \$662.9 million when inflated at 2% per year, and \$36.1 million discounted at 10% per year, of which Cavy expects to pay approximately \$9.1 million over the next five financial years.

Of the inflated and discounted future abandonment and reclamation costs to be incurred over the life of Cavy’s proved plus probable reserves, approximately \$13.1 million have been deducted in estimating the total Proved Plus Probable discounted future net revenue in the Deloitte Reserves Report, which represents the Company’s active, economic existing estimated abandonment and reclamation costs, plus all forecast estimates of abandonment and reclamation costs attributable to future development activity associated with the reserves.

Future Development Costs

The following table sets forth development costs deducted in the estimation of the future net revenue attributable to the reserve categories noted below, using forecast prices and costs.

TABLE 18: Future Development Costs ⁽¹⁾

| Year | Undiscounted Inflated Forecast Prices and Costs | |
|---------------------------|--|---|
| | Proved Undeveloped Reserves (M\$) ⁽²⁾ | Proved + Probable Undeveloped Reserves (M\$) ⁽²⁾ |
| 2026 | 4.6 | 4.6 |
| 2027 | 39.8 | 39.8 |
| 2028 | 70.3 | 70.3 |
| 2029 | 51.7 | 55.3 |
| 2030 | 56.6 | 56.6 |
| Remaining Years | 24.0 | 59.2 |
| Total Undiscounted | 247.0 | 285.8 |

⁽¹⁾ Future net revenue estimated using forecast prices and costs – see “Pricing Assumptions – Forecast Prices and Costs – December 31, 2025” in this AIF.

⁽²⁾ Represents costs associated with realizing undeveloped reserves only. Total future development capital inclusive of capital costs associated with existing production for facility maintenance, turnarounds, compression, workovers, completions, and pipelines for total proved and total proved + probable reserves are \$1,178.9 million and \$1,279.6 million respectively.

Cavvy expects to fund the development costs of these reserves through a combination of the funds available from internally generated cash flow, non-core asset dispositions and the issuance of new equity and/or debt where and when the Board of Directors believes it is appropriate.

There can be no guarantee that funds will be available or that the Company will allocate funding to develop all of the reserves attributable in the Deloitte Reserves Report. Failure to develop those reserves could have a negative impact on Cavvy’s future cash flow. See “Risk Factors – Access to Capital and Liquidity” in this AIF.

The interest or other costs of external funding are not included in the reserves and future net revenue estimates set forth above and would reduce the reserves and future net revenue to some degree depending upon the funding sources utilized. Cavvy does not anticipate that interest or other funding costs would make further development of any of Cavvy’s assets uneconomic.

Properties with no Attributed Reserves

The following table sets forth the gross and net acres of unproved properties held by Cavvy as at December 31, 2025, and the net area of unproved property for which Cavvy expects its rights to explore, develop and exploit to expire during the next year. Cavvy has an 76% working interest in its undeveloped land.

TABLE 19: Unproved Properties – Undeveloped Land

| Location | Undeveloped Gross Acres ⁽¹⁾ | Undeveloped Net Acres ⁽²⁾ | Net Area to Expire in 2026 |
|----------------|--|--------------------------------------|----------------------------|
| Western Canada | 519,185 | 396,192 | 37,981 |
| Total | 519,185 | 396,192 | 37,981 |

⁽¹⁾ “Gross Acres” are the total acres in which Cavvy has or had an interest.

⁽²⁾ “Net Acres” is the aggregate of the total acres in which Cavvy has or had an interest multiplied by Cavvy’s working interest percentage held therein.

CAPITAL STRUCTURE

Common Shares

The authorized capital of the Company consists of an unlimited number of common shares (the “Common Shares”) without nominal value, of which 296,005,505 were issued and outstanding as of the date of this AIF. The Common Shares do not carry any exchange, exercise, conversion, redemption, or retraction rights.

The holders of the Common Shares are entitled to one vote per share at all meetings of shareholders of the Company and are entitled to dividends, if and when declared by the Board, and to the distribution of the residual assets of the Company in the event of the liquidation, dissolution or winding-up of the Company.

Common Share Issuances

The following table discloses the securities of the Company that have been issued in the 12 months prior to the date of this AIF:

TABLE 20: Share Issuances

| Date of Issuance | Issue Price per Share | Number of Shares Issued ⁽¹⁾ |
|------------------------------|-----------------------|--|
| 2025 | | |
| Various dates ⁽¹⁾ | \$0.39 | 292,628 |

⁽¹⁾ Cavvy issued Common Shares to employees upon exercise of stock options in accordance with its stock option plan.

The following table discloses the unlisted securities of the Company issued during the year ended December 31, 2025, including price per security, quantity issued and date of issuance.

TABLE 21: Stock Options

| Quantity | Exercise Price (\$) | Issuance Date | Expiry |
|-----------|---------------------|-----------------|-----------------|
| 1,320,750 | \$0.65 | August 29, 2025 | August 31, 2030 |

Market for Securities

The Common Shares of the Company are listed and traded on the TSX under the symbol "CVVY".

The following table sets forth the market price ranges and trading volumes of the Common Shares for the financial year ended December 31, 2025 and as at March 13, 2026.

TABLE 22: Price Range and Trading Volume

| | Price Range | | Shares Traded |
|--------------|-----------------|----------------|---------------|
| | High (\$/share) | Low (\$/share) | |
| 2025 | | | |
| January | 0.30 | 0.25 | 1,831,528 |
| February | 0.27 | 0.24 | 1,752,161 |
| March | 0.38 | 0.25 | 3,528,484 |
| April | 0.36 | 0.28 | 1,419,374 |
| May | 0.53 | 0.32 | 1,792,292 |
| June | 0.40 | 0.35 | 994,853 |
| July | 0.65 | 0.36 | 2,944,069 |
| August | 0.69 | 0.42 | 4,117,014 |
| September | 0.76 | 0.64 | 4,347,092 |
| October | 0.96 | 0.68 | 5,629,283 |
| November | 1.00 | 0.85 | 5,873,335 |
| December | 0.96 | 0.81 | 5,490,833 |
| 2026 | | | |
| January | 0.95 | 0.85 | 6,561,685 |
| February | 0.98 | 0.87 | 5,753,902 |
| March 1 - 13 | 1.33 | 0.96 | 17,568,290 |

Dividends and Dividend Policy

The Company is currently committed to retaining its earnings to finance future growth. As a result, the Company does not anticipate paying dividends in the foreseeable future. Any future decision to pay dividends will be at the discretion of the Board of Directors and will depend on the financial position of the Company, its results of operations and its capital requirements and such other factors as the Board of Directors considers relevant.

DIRECTORS AND EXECUTIVE OFFICERS

Directors of Cavvy

The following table presents the name and municipality of residence of the directors of the Company, their office held with the Company, the date on which they became directors and their principal occupations. Each director holds office until the next annual meeting of the shareholders of Cavvy or until his or her successor has been duly elected or appointed, unless they resign, or their office becomes vacant for any reason.

TABLE 23: Directors of the Company

| NAME, CITY, PROVINCE AND COUNTRY OF RESIDENCE AND AGE | POSITION WITHIN THE COMPANY | PRINCIPAL OCCUPATION | DIRECTOR SINCE |
|---|---|---|-------------------|
| Michael Backus ⁽¹⁾⁽⁸⁾ Calgary, Alberta, Canada Age:57 | Independent Director | CEO of Outwest Energy Inc. | May 8, 2025 |
| Harvey Doerr ⁽²⁾⁽⁸⁾ Calgary, Alberta, Canada Age: 67 | Independent Director | Corporate Director | May 8, 2025 |
| Doug Dreisinger ⁽³⁾ Calgary, Alberta, Canada Age: 65 | Independent Director | Business and Strategic Consultant, Corporate Director | May 26, 2022 |
| Andrew Judson ⁽⁴⁾⁽⁸⁾ Calgary, Alberta, Canada Age: 58 | Independent Director | Corporate Director and Senior Advisor for Fort Capital Advisors | October 24, 2017 |
| Patricia McLeod K.C. ⁽⁵⁾ Calgary, Alberta, Canada Age: 57 | Chair and Independent Director | Corporate Director | May 26, 2022 |
| Darcy Reding ⁽⁶⁾ Calgary, Alberta, Canada Age: 57 | President, CEO and Non-Independent Director | President, CEO and Non-Independent Director of Cavvy | September 1, 2023 |
| Kiren Singh ⁽⁷⁾⁽⁸⁾ Canmore, Alberta, Canada Age: 61 | Independent Director | Corporate Director and CEO, Haskalife™, | May 26, 2020 |

(1) Mr. Backus is a member of the Audit and Risk Committee and the Reserves & HSE Committee.

(2) Mr. Doerr is a member of the Audit and Risk Committee and the Governance & Human Resources Committee (“**Governance & HR Committee**”).

(3) Mr. Dreisinger is the Chair of the Governance & HR Committee and a member of the Reserves & HSE Committee.

(4) Mr. Judson is the Chair of the Reserves & HSE Committee a member of the Audit and Risk Committee.

(5) Ms. McLeod is the Chair of the Board and an ex officio member of the Audit and Risk Committee, the Reserves & HSE Committee, and the Governance & HR Committee.

(6) Mr. Reding is a non-independent director and does not serve on any committees.

(7) Ms. Singh is the Chair of the Audit and Risk Committee and a member of the Governance & HR Committee.

(8) Additional information about the members of the Audit and Risk Committee and their financial literacy is contained in the section entitled “Audit and Risk Committee Information” of this AIF.

Michael Backus – Director

Mr. Backus is the current CEO of Outwest Energy Inc., a new Western Canadian based energy company. He has over 25 years of experience in a variety of engineering, operational, finance and executive roles. Prior to founding Outwest, he was a member of the executive teams at Kiwetinohk Energy Corp and Painted Pony Energy where he was the COO, responsible for development and operations prior to the corporate sale of both companies. Most of his career was spent with Nexen Inc. (now CNOOC International) where he was most recently the VP of Operations for Canada and the UK North Sea businesses. Mr. Backus has held various positions during his career, including working both conventional and unconventional Canadian gas and power assets, oilsands, offshore North Sea, Middle East and West Africa. His career has spanned drilling and completions engineering, reservoir engineering and development, project management and planning, investor relations, corporate finance/treasury, operations, health, safety and environment, and executive leadership. Mr. Backus holds both a Bachelor of Commerce degree in Accounting and a Bachelor of Science degree in Mechanical Engineering, both from the University of Saskatchewan. He is a registered Professional Engineer in Alberta (P.Eng) and holds his Corporate Director designation (ICD.D). Mr. Backus has also held various industry association roles in both Canada and the UK. Aside from his industry career and director position with Cavvy, he currently holds director positions with two private companies.

Harvey Doerr – Director

Mr. Doerr has more than 29 years of full-time experience in the oil and gas industry, including broad exposure to domestic and international exploration and production, heavy oil and oilsands, offshore, refining, retail marketing, acquisitions and divestitures, strategic planning and government relations. He was previously Executive Vice President of Murphy Oil Corporation, a global oil exploration and production company, and was responsible for worldwide refining and marketing operations and strategic planning. Prior thereto, Mr. Doerr held various positions in the upstream oil and gas industry with Murphy Oil Corporation and affiliates, primarily in Canada. Since his retirement from Murphy Oil in 2009, Mr. Doerr has continued his career as a professional director, serving on the boards of directors of a number of public, private and not-for-profit corporations. Mr. Doerr earned a

Bachelor of Science in Mechanical Engineering from the University of Alberta (1981). Mr. Doerr is a Professional Engineer, has completed the Advanced Management Program at Harvard Business School and holds the ICD.D designation from the Institute of Corporate Directors.

Doug Dreisinger – Director

Mr. Dreisinger is a veteran energy and chemical industry leader with over 40 years of experience spanning global markets. During his 20-year tenure at Nexen (now CNOOC), he rose to President of Global Energy Marketing & Trading, while earlier roles at Praxair/Linde established his expertise in commercializing new industrial gas technologies. Mr. Dreisinger previously held directorship positions with the Alberta Petroleum Marketing Commission (2014-18) and Connacher Oil & Gas (2015-22), where he played a pivotal role in a successful restructuring. He is also experienced in sulphur markets and logistics, served on the board of directors of Sultran (Logistics) and Prism (Marketing). His advisory portfolio includes helping innovative companies like Atlas Materials commercialize zero-waste nickel processing and supporting Phenom Resources in developing vanadium sources for battery storage applications. He brings deep expertise in natural gas markets, power generation, and corporate restructuring. A chemical engineering graduate from Queens University, he now leverages his comprehensive experience in business development, risk management, and mergers and acquisitions to drive sustainable growth and innovation in the energy and mineral processing sectors.

Andrew Judson – Director

Mr. Judson is a director of Condor Energies Inc., a public Canadian company operating oil and gas developments in Kazakhstan and Uzbekistan, and of Field Safe Solutions, a private company providing SaaS safety solutions. Mr. Judson also serves as a Senior Advisor for Fort Capital Advisors, a partner owned investment bank. Mr. Judson served on the Board of Bonavista Energy Corporation, a private Canadian energy producer, from May 2022 until it was sold in December 2023. In November 2022, he joined the Board of Drift Resource Technologies Inc., a private Canadian oilsands development company. Previously Mr. Judson was a Managing Director of Camcor Partners Inc. Mr. Judson has more than 25 years of experience in Canadian energy capital markets and has advised some of the largest institutional investors in Canada, the U.S. and Europe on energy investments.

Patricia McLeod K.C. — Chair of the Board

Ms. McLeod, K.C. is an experienced corporate director and Board Chair, former senior legal executive, and Privacy and Compliance Officer. Ms. McLeod held Vice President and General Counsel roles in energy utilities and electricity retail, property development, insurance, and financial services companies. She has extensive corporate/commercial legal experience as well as advised on mergers and acquisitions, business development and joint ventures for large infrastructure projects. Ms. McLeod also serves as Board Chair of FutEra Power Corp., a privately held geothermal power production company and as a director of Flair Airlines. Ms. McLeod is a former Board Chair of the Calgary Co-operative Association, the Calgary Film Centre, Real Estate Council of Alberta, YWCA Calgary and cSPACE Projects. She holds an MBA (Queens University) and Bachelor of Laws and a Bachelor of Commerce (University of Alberta) and an ICD.D (University of Calgary/Institute of Corporate Directors). Ms. McLeod has been recognized for her contributions, receiving the Queen Elizabeth II Platinum Jubilee Medal and accolades from BMO Financial and Women Get on Board as a top Canadian director as well as named one of Canada's Top 100 Most Powerful Women by WXN in 2018 and 2019 and Legal Advisor of the Year by Women in Finance Canada in 2019.

Darcy Reding – President, CEO & Non-Independent Director

Mr. Reding is the President and CEO of Cavy Energy Ltd. He was appointed to the role in September 2023 after serving in the role of President & COO since March 2022 and prior thereto, in the role of COO since April 2021. Mr. Reding has 35 years technical, business development and leadership experience in public and private organizations in the energy industry. Prior to joining Cavy, Mr. Reding was Vice President, Operations and Geoscience at NAL Resources Management Ltd., a private exploration and production company with assets in western Canada, until its strategic combination with Whitecap Resources Inc. in January 2021. He also held positions with Norcen Energy, Northrock Resources, Samson Exploration and Enterra Energy. Mr. Reding obtained a Bachelor of Science in Chemical Engineering from the University of Calgary in 1990 and is a Professional Member of the Association of Professional Engineers and Geoscientists of Alberta (APEGA).

Kiren Singh — Director

Ms. Singh is a corporate director and corporate executive. Ms. Singh serves on the board of directors of Alberta Cancer Foundation (Audit and Venture Philanthropy Committee) and previously served on the boards of Computer Modelling Group (TSX: CMG) (Audit and Risk Committee), Travel Alberta (Chair Audit, Finance and Risk Committee); Dynamic Risk Assessment Systems (Chair, Audit and Risk Committee), and Agriculture Financial Services Corp. (Chair, Audit, Finance and Risk Committee). She holds a Master of Business Administration degree and a Bachelor of Commerce (Finance) degree (University of Calgary), as well as a Chartered Financial Analyst (CFA Institute), CRM (Global Risk Management Institute) and ICD.D (University of Toronto) designations. Ms. Singh is the founder and CEO of Haskalife™, a privately held functional food company based in Alberta, Canada.

Ms. Singh held senior executive roles including Chief Financial Officer, Vice President Risk Management and Treasurer during her 30-year international career in the energy sector where she led corporate and project financings and financial risk management programs representing privately held and publicly traded Canadian (Toronto Stock Exchange) and USA (New York Stock Exchange) corporations including Gibson Energy Inc., OPTI Canada Inc., Value Creation Inc., Exxon Mobil Corporation and Mobil Corporation in Calgary, AB, Fairfax, VA and Houston, TX.

Officers of Cavyv

The following table sets forth the name and municipality of residence of the executive officers of the Company effective December 31, 2025, the office they hold with the Company and their principal occupation during the last five years.

TABLE 24: Officers of the Company

| NAME, CITY, PROVINCE AND COUNTRY OF RESIDENCE AND AGE | OFFICE HELD WITH THE COMPANY | PRINCIPAL OCCUPATION DURING THE LAST 5 YEARS |
|--|------------------------------|---|
| Darcy Reding Calgary, Alberta, Canada Age: 57 | President & CEO | President & CEO since September 1, 2023. President & COO (March 28, 2021 to August 31, 2023). COO (April 2021 to March 27, 2022). Previously VP Operations and Geotechnical, of NAL Resources 2013 to Jan 2021. |
| Adam Gray Calgary, Alberta, Canada Age: 41 | Chief Financial Officer | CFO since March 28, 2022. Interim CFO (July 30, 2021) and VP and Controller (since January 2020). Previously various roles with Northwest Redwater Partnership 2011-2019 and PwC 2007-2011. |
| John Emery Calgary, Alberta, Canada Age: 64 | Chief Operating Officer | COO since January 1, 2024. Interim COO and VP Operations since September 2023), VP Operations (since November 2022), Operations Manager (since November 2021). Previously Senior PM, Equinox Engineering 2017-October 2021. |
| Paul Kunkel Calgary, Alberta, Canada Age: 56 | Chief Commercial Officer | CCO since September 1, 2023. President of Ascension Consulting Ltd. (Jan 2020 to Aug 2023). Previously VP, Finance of NAL Resources 2011 to Nov 2019. |

The Company's directors and officers beneficially owned, or controlled or directed, directly or indirectly, as a group, a total of 4,504,706 issued an outstanding Common Shares as at December 31, 2025, representing approximately 1.5% of the Company's issued and outstanding Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as disclosed below, to the knowledge of the Company, and according to the information that the directors and officers have provided to it, none of them is or has been, within the ten years preceding the date of this AIF, a director, chief executive officer or chief financial officer of a company that was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For the purposes of this paragraph, "order" refers to (i) a cease trade order, (ii) an order similar to a cease trade order, or (iii) an order that denied the relevant entity to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days.

Doug Dreisinger was a director of Connacher from June 3, 2015, to September 30, 2019. In May 2016 Connacher announced that, due to high debt and depressed oil prices, amongst other things, it had initiated proceedings at the Court of Queen's Bench of Alberta to seek creditor protection under the *Companies' Creditors Arrangement Act* ("CCAA"). On May 16, 2016, the TSX suspended trading of Connacher's common shares subject to an expedited review of Connacher's ability to meet the requirements for continued listing. Effective June 20, 2016, the common shares ceased to be listed on the TSX for failure to meet continued listing requirements. Connacher obtained a stay of proceedings, among other things, under the CCAA pursuant to an Initial Order dated May 17, 2016. Under the Initial Order, Ernst & Young Inc. were appointed Monitor of Connacher during the CCAA proceedings. The stay of proceedings was extended multiple times to assist Connacher in undertaking two sale and investment solicitation processes. On September 30, 2019, Connacher announced that the Amended and Restated Plan of Compromise and Arrangement ("**Plan**") dated July 16, 2019, was sanctioned by the Court of Queen's Bench of Alberta on July 16, 2019 in the proceedings under the CCAA. The Plan became effective September 30, 2019. All existing equity interests (including outstanding common shares) were cancelled for no consideration and the first lien lenders (First Lien Credit Agreement May 23, 2014) acquired all of Connacher's new share capital and Connacher also ceased to be a reporting issuer. Upon the successful completion of the Plan, Mr. Dreisinger resigned from the Board. In January 2020 Mr. Dreisinger joined the "new" privately held Connacher as a director.

Andrew Judson was a director of Crown LNG Holdings Limited (“**Crown LNG**”), a company incorporated under the laws of Jersey that was listed on the NASDAQ Capital Market. On July 13, 2025, NASDAQ issued a cease trade order against Crown LNG due to the company's failure to maintain the minimum bid price requirement for continued listing on the exchange. On December 18, 2025, Crown LNG resolved at an extraordinary general meeting that it could not, by reason of its liabilities, continue its business and that it was advisable to wind up the company. Accordingly, Crown LNG became subject to a creditors' winding up in accordance with Chapter 4 of Part 21 of the Companies (Jersey) Law 1991, as amended. Grant Thornton Advisors Limited were appointed as Joint Liquidators of the company for the purposes of such winding up.

To the knowledge of the Company, none of its directors, executive officers or any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- a) is, as at the date of this AIF, or has been within the 10 years before the date hereof, a director or executive officer of any entity (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer, or shareholder.

To the knowledge of the Company, none of its directors or executive officers, or any shareholder holding a sufficient number of securities to affect materially the control of the Company, has been subject to:

- a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Interest of Management and Others in Material Transactions

Except as disclosed in the 2025 Financial Statements, there is no material interest, direct or indirect, of any director, executive officer, shareholder who beneficially owns, directly or indirectly, more than 10% of the Company's outstanding Common Shares, or of any associates or affiliates of such persons, in any transaction within the three most recently completed fiscal years or during the current fiscal year which has materially affected or will materially affect the Company.

CONFLICTS OF INTEREST, AND INTERESTS OF EXPERTS

The fact that certain directors and officers of the Company are associated with other resource companies may lead to conflict-of-interest situations. If a director or officer is placed in a situation of conflict of interest, he or she shall abstain from taking part in discussions, decisions, and voting. There are currently no existing or potential material conflicts of interest between the Company or any of its subsidiaries and any director or officer.

Ernst & Young LLP (“**EY**”) are the external auditors who have prepared the independent auditors' report to shareholders of the Company regarding the 2025 Financial Statements. EY confirmed to the Company that they are independent from the Company within the meaning of the code of ethics of the Institute of Chartered Professional Accountants of Alberta.

Deloitte is the independent qualified reserves evaluator who prepared the Deloitte Reserves Report. None of the designated professionals of Deloitte have any registered or beneficial interests, direct or indirect, in any of the Company's or any of its associates' or affiliates' securities or other property that (i) were held at the time of preparation of the Deloitte Reserves Report, (ii) were received after the time of preparation of the Deloitte Reserves Report, or (iii) are expected to be received.

AUDIT AND RISK COMMITTEE INFORMATION

Audit and Risk Committee Mandate

The Board has adopted a written mandate for the Audit and Risk Committee, which sets out the Audit and Risk Committee's responsibility for (among other things) reviewing the Company's consolidated financial statements and the Company's public disclosure documents containing financial information and reporting on such review to the Board, ensuring the Company's compliance with legal and regulatory requirements, overseeing qualifications, engagement, compensation, performance and independence of the Company's external auditors, and reviewing, evaluating and approving the internal control systems that are implemented and maintained by management. A copy of the Audit and Risk Committee Mandate is attached to this AIF as Appendix "D".

Composition of the Audit and Risk Committee and Relevant Education and Experience

The Audit and Risk Committee is comprised of Kiren Singh (who serves as the Chair), Michael Backus, Harvey Doerr, and Andrew Judson (each of whom is considered to be an independent member). All members are financially literate as defined in National Instrument 52-110 - *Audit Committees ("NI 52-110")*. According to NI 52-110, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements. In addition, Ms. Singh is an audit financial expert. An audit financial expert is any person who is a (i) chartered accountant, (ii) chartered professional accountant, (iii) current or former CFO of a public company or corporate controller of similar experience, (iv) current or former partner of an audit company, or (v) someone having similar meaningful audit experience.

Relevant Training and Experience

The training and experience of each member of the Audit and Risk Committee relevant to his or her responsibilities as members of the Audit and Risk Committee are as follows:

Michael Backus

Mr. Backus holds a Bachelor of Commerce degree majoring in accounting. He has more than 25 years of experience in the energy business with responsibility for profit and loss at both working and executive levels. Mr. Backus previously served as Corporate Treasurer for a large international public company where he played an active role in preparing quarterly and annual financial statements.

Harvey Doerr

Mr. Doerr has 29 years of experience in the energy industry, including 13 years as a senior executive. He completed the Advanced Management Program at Harvard Business School in 2004. Mr. Doerr also has 15 years of experience as a board member of various corporations and not-for-profit entities and has served on audit committees for several of those organizations in the past.

Andrew Judson

Mr. Judson holds an M.B.A. in Finance and has more than 30 years of experience in Canadian energy capital markets, including as an investment banker and private equity manager on both the buy and sell sides. His business experience includes the critical review of financial statements and information of companies engaged in the oil and gas industries. Mr. Judson has served on audit committees of several private exploration and production companies and other for-profit and not-for-profit organizations.

Kiren Singh

Ms. Singh is a financial executive and corporate director. She holds a B. Comm (Finance), MBA (Finance and Risk Management), Chartered Financial Analyst (CFA) and Certified Risk Manager (CRM) designations. Ms. Singh held executive roles including Chief Financial Officer, Vice President Risk Management and Treasurer during her 30-year international career in the energy sector where she led corporate and project financings and risk management programs representing privately held and publicly traded Canadian (TSX) and USA (New York Stock Exchange) corporations including Gibson Energy Inc., OPTI Canada Inc., Value Creation Inc., Exxon Mobil Corporation and Mobil Corporation in Calgary, AB, Fairfax, VA and Houston, TX. Ms. Singh also serves on the board of Alberta Cancer Foundation (Audit and Finance Committee); and previously served on the boards of Computer Modelling Group (TSX: CMG) (Audit and Risk Committee), Travel Alberta (served as Chair of the Audit, Finance and Risk Committee), Dynamic Risk Assessment Systems (Chair, Audit and Risk Committee), and Agriculture Financial Services Corp. (Chair, Audit, Finance and Risk Committee).

Pre-Approval Policies and Procedures for the Engagement of Non-Audit Services

The Audit and Risk Committee must pre-approve all non-audit services to be provided to the Company by its external auditors, EY. The Audit and Risk Committee may delegate such pre-approval authority, if and to the extent permitted by law.

External Auditor Fees

The following table summarizes the fees paid by the Company to its external auditors, EY, for external audit and other services during the years ended December 31, 2025, and December 31, 2024. The amounts disclosed include administrative charges.

TABLE 25: External Auditor Fees

| | 2025 | 2024 |
|-------------------------------|----------------|----------------|
| Audit fees ⁽¹⁾ | 362,000 | 389,000 |
| All other fees ⁽²⁾ | 15,000 | 44,735 |
| Total | 377,000 | 433,735 |

⁽¹⁾ Represents the aggregate fees billed for services related to the audit of the Company's annual financial statement and review of quarterly financial statements.

⁽²⁾ Represents audit related fees and software subscription fee and administrative levy.

LEGAL PROCEEDINGS AND REGULATORY ACTION

The Company was not a party to any material legal proceedings, and its assets were not the subject of material legal proceedings, during the year ended December 31, 2025. The Company is not aware that any such material legal proceeding is threatened.

There are no: (i) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority; (ii) other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements the Company entered into before a court relating to securities legislation or with a securities regulatory authority since the Company's inception.

INDUSTRY CONDITIONS

Companies operating in the Canadian oil and natural gas industry are subject to extensive regulation and control of operations (including with respect to land tenure, exploration, development, production, processing, and marketing) as a result of legislation enacted by various levels of government, as well as with respect to the pricing and taxation of oil and natural gas through legislation enacted by, and agreements among, the federal and provincial governments of Canada.

Cavvy currently holds interests in natural gas properties, along with related infrastructure, primarily in the Canadian provinces of Alberta and British Columbia. Cavvy's assets and operations are regulated by administrative agencies that derive their authority from legislation enacted by the applicable level of government. Regulated aspects of Cavvy's natural gas business include all manner of activities associated with the exploration for and production of natural gas and associated liquids, including, among other matters: (i) permits for the drilling of wells and construction of related infrastructure; (ii) technical drilling and well requirements; (iii) permitted locations and access to operation sites; (iv) operating standards regarding conservation of produced substances and avoidance of waste, such as restricting flaring and venting; (v) minimizing environmental impacts, including by reducing emissions; (vi) storage, injection, and disposal of substances associated with production operations; and (vii) the abandonment and reclamation of impacted sites. To conduct natural gas operations and remain in good standing with the applicable federal or provincial regulatory scheme, producers must comply with applicable legislation, regulations, orders, directives, and other directions (all of which are subject to governmental oversight, review, and revision, from time to time).

The discussion below outlines some of the principal aspects of the legislation, regulations, agreements, orders, directives, and a summary of other pertinent conditions that impact the crude oil and natural gas industry in western Canada. These matters do not affect Cavvy's operations in any manner that is materially different than the manner in which they affect other similarly sized industry participants with similar assets and operations.

Land Tenure

Provincial and federal governments grant rights to explore for and produce oil and natural gas over government owned mineral rights pursuant to leases, licenses, and permits for varying terms, and on conditions set in provincial legislation including requirements to perform specific work or make payments. In Alberta and British Columbia, the provincial governments own most of the mineral rights to the crude oil and natural gas located within their respective provincial borders. Provincial governments grant rights to explore for and produce crude oil and natural gas pursuant to leases, licences, and permits (collectively, the "leases") for varying terms, and on conditions set forth in provincial legislation, including requirements to perform specific work or make payments in lieu thereof. The provincial governments in western Canada conduct regular land sales where energy companies bid for the leases necessary to explore for and produce crude oil and natural gas owned by the respective provincial governments. These leases generally have fixed terms, but they can be continued beyond their initial terms if the necessary conditions are satisfied.

Continuing interests in petroleum and natural gas leases are earned by drilling wells. A lease can be extended indefinitely at the end of its initial term by drilling and producing a successful well, being part of a unit agreement or paying offset compensation. The tenure comes to an end when the holder can no longer prove its well can produce oil or gas.

Many jurisdictions in Canada have legislation in place for mineral rights reversion to the Crown of stratigraphic formations that cannot be shown to be productive at the end of their initial term. In some provinces, energy companies can continue lease terms for non-productive lands if certain criteria are met under the relevant legislation.

Effective May 1, 2025, the Alberta government announced all legacy agreements issued prior to January 1st, 2009, would be subject to Shallow Rights Reversion. Shallow rights reversion refers to the principle that unproven petroleum and natural gas rights above the top of the shallowest productive zone in an agreement will be severed from the agreement and returned to the Crown for Crown land sale. Companies that received a shallow rights notice would have 3 years from the date of the notice to prove the shallower zones productive by either drilling or re-completion an existing wellbore in the shallow zone or provide new technical mapping data.

Certain oil and natural gas mineral interests are privately owned and rights to explore and produce on such lands are granted by leases on the terms and conditions negotiated between the landowner and the lessee.

Cavvy is a leaseholder on several properties governed by the Indian Oil and Gas Commission (“IOGC”). The formal proclamation of the *Indian Oil and Gas Regulations*, SOR/2019-196 (“2019 Regulations”), the *Indian Oil and Gas Act* and its 2019 Regulations both became law August 1, 2019. The IOGA and the 2019 Regulations govern both surface and subsurface and leases establish the terms and conditions with which an IOGC leaseholder must comply.

Québec

On August 23, 2022, Bill 21: *Act ending exploration for petroleum and underground reservoirs and production of petroleum and brine* was enacted by the National Assembly of Quebec. This law effectively terminated all existing oil and gas exploration and production licenses in Quebec. Cavvy maintains custody over and abandonment obligations for the existing non-producing wells and is evaluating applying under the compensation program created by Bill 21. In 2022, Cavvy and other license holders filed a lawsuit against the Attorney General of Quebec claiming an indemnity and damages for the expropriation of their Quebec assets and challenging the validity of certain of the provisions of Bill 21 in relation to, among other things, the Canadian Charter of Rights and Freedoms and the Civil Code of Quebec.

Environmental Regulations

The oil and natural gas industry is currently subject to environmental regulations pursuant to a variety of provincial and federal legislation, all of which is subject to governmental review and revision from time to time. Such legislation provides for, among other things, restrictions and prohibitions on the spill, release or emission of various substances produced or used in association with certain oil and gas industry operations, such as sulphur dioxide and nitrous oxide. In addition, such legislation sets out the requirements with respect to oilfield waste handling and disposal, habitat protection and the satisfactory operation, maintenance, abandonment, and reclamation of well, facility, and pipeline sites. Compliance with such legislation can require significant expenditures and a breach of such requirements may result in the suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage, and the imposition of material fines and penalties. In addition to these specific, known requirements, future changes to environmental legislation may impose further requirements on operators and other companies in the oil and natural gas industry.

Cavvy conducts business in the following jurisdictions, each with its own environmental regulatory framework:

Federal

Canadian environmental regulation is the responsibility of both the federal and provincial governments. While provincial governments and their delegates are responsible for most environmental regulation, the federal government can regulate environmental matters where they impact matters of federal jurisdiction or when they arise from projects that are subject to federal jurisdiction, such as interprovincial transportation undertakings, including pipelines and railways, and activities carried out on federal lands. Where there is a direct conflict between federal and provincial environmental legislation in relation to the same matter, the federal law prevails.

The *Canadian Energy Regulator Act* (“CERA”) and the *Impact Assessment Act* (the “IAA”) provide a number of important elements to the regulation of federally regulated major projects and their associated environmental assessments. The CERA separates the Canadian Energy Regulator’s (“CER”) administrative and adjudicative functions. The CER has jurisdiction over matters such as the environmental and economic regulation of pipelines, transmission infrastructure, and certain offshore renewable energy

projects. In its adjudicative role, the CERA tasks the CER with reviewing applications for the development, construction, and operation of many of these projects, culminating in their eventual abandonment.

The IAA continues to rely on a designated project list as a trigger for federal impact assessments; however, following amendments enacted in 2024 in response to the Supreme Court of Canada’s decision relating to the Impact Assessment Act, the scope of federal assessments has been narrowed. Designated projects now require an impact assessment only where the project may cause adverse effects within federal jurisdiction or direct or incidental adverse effects.

Under the amended framework, assessments are administered by the IAA of Canada or, in the case of certain pipelines and energy projects regulated under CERA, by a joint review panel that may include members of the CER. The amended IAA refocuses federal review on adverse effects within federal jurisdiction, including impacts to fish and fish habitat, migratory birds, federal lands, Indigenous peoples and their rights recognized and affirmed under section 35 of the Constitution Act, 1982, and transboundary effects. While environmental, biophysical, social-economic, and climate-related considerations may still be examined, the public interest determination must now be founded in adverse federal effects and constitutional heads of power.

Once a review or assessment is commenced under either the CERA or IAA, there are limits on the amount of time the relevant regulatory authority will have to issue its report and recommendation. Designated projects will go through a planning phase to determine the scope of the impact assessment, which is intended to clarify the scope of adverse federal effects under consideration and improve coordination with provincial processes.

In May 2022, the Alberta Court of Appeal held that the IAA was unconstitutional in its entirety. On October 13, 2023, the Supreme Court of Canada released its decision holding that significant portions of the designated projects scheme exceeded federal jurisdiction, while upholding the constitutionality of the IAA as it applies to projects on federal lands or outside Canada.

In response to the Supreme Court of Canada’s decision, Parliament enacted amendments to the IAA. These amendments revise the purposes provisions, narrow the definition of “adverse effects within federal jurisdiction,” and adjust designation and decision-making criteria to align with constitutional limits. The interim guidance previously issued by the federal government has been superseded by these legislative amendments.

Accordingly, the federal impact assessment regime now operates under a constitutionally narrower framework focused on adverse effects within federal jurisdiction, with enhanced coordination mechanisms intended to reduce duplication between federal and provincial assessment.

Alberta

The Alberta Energy Regulator (“AER”) is the principal regulator responsible for all energy resource development in Alberta. It derives its authority from the *Responsible Energy Development Act*. The AER is responsible for ensuring the safe, efficient, orderly, and environmentally responsible development of hydrocarbon resources, including allocating and conserving water resources, managing public lands, and protecting the environment.

In Alberta, oil and gas operators typically operate under a layered environmental framework comprised of: (1) authorizations/approvals for activities and infrastructure; (2) operating rules; (3) incident reporting; and (4) closure and reclamation obligations that extend through end-of-life. Alberta’s foundational environmental statute is the Environmental Protection and Enhancement Act, which supports protection and use of the environmental and commonly underpins approvals for energy activities, release management, and site remediation conditions. AER directives and rules set operational requirements that function as environmental controls (e.g., flaring/venting requirements, conservation requirements, monitoring, and clean up requirements). In 2025, the AER issued a revised Directive 060 that removed the provincial solution gas flaring limit, while retaining the Directive 060 framework for managing flaring/incinerating/venting. For pipelines, Alberta’s environmental requirements are set through a combination of approvals and detailed technical/operational rules. In late 2025, the AER released revised pipeline rules that establish the current baseline requirements for pipeline lifecycle compliance – including design, construction, operation, maintenance, and abandonment – these requirements are designed to prevent releases and minimize environmental impacts.

The AER’s responsibilities exclude the functions of the Alberta Utilities Commission and the Land and Property Rights Tribunal, as well as the Alberta Ministry of Energy’s responsibility for mineral tenure.

The Government of Alberta relies on regional planning to accomplish its resource development goals. Its approach to natural resource management provides for engagement and consultation with stakeholders and the public and examines the cumulative impacts of development on the environment and communities. While the AER is the primary regulator for energy development, several other governmental departments and agencies may be involved in land use issues, including the Alberta Ministry of Environment and Protected Areas, the Alberta Ministry of Energy, the Aboriginal Consultation Office, and the Land Use Secretariat.

The Government of Alberta’s land-use policy sets out an approach to the management of public and private land use and natural resource development in a manner that is consistent with the long-term economic, environmental, and social goals of the province. It calls for the development of seven region-specific land-use plans in order to manage the combined impacts of existing and future land use within a specific region and the incorporation of a cumulative effects management approach into such plans. In November 2025, the Government of Alberta released the final Upper Smoky Sub-Regional Plan – a planning instrument aimed at implementing regional land use direction for the Upper Smoky regions. This plan was initiated to address woodland caribou range management and recovery obligations, reflecting commitments under the federal Species at Risks Act agreements and provincial priorities. The plan includes three zones: Nature First, Slow Go, and Go, with specific regulations for each zone. The Nature First zone is designated for minimal industrial development, while the Slow Go zone allows some development with restrictions. The Go zone is intended for all developments, including grazing and recreation. The plan also includes targets for restoring inactive wells and seismic lines in caribou habitat.

British Columbia

In British Columbia, the Energy Resources Act (the “**ERAA**”, formerly the *Oil and Gas Activities Act*) regulates conventional crude oil and natural gas producers, shale gas producers and other operators of crude oil and natural gas facilities in the province. Under the ERAA, the British Columbia Energy Regulator (“**BCER**”) has broad powers, particularly with respect to compliance, enforcement and the setting of technical safety and operational standards for crude oil and natural gas activities. The BCER operates under an integrated “single-window” regulatory model, administering most authorizations required for oil and gas activities, including permits for wells, facilities, and pipelines, and associated infrastructure.

The *Environmental Protection and Management Regulation* establishes the government’s environmental objectives and requires the BCER to consider these environmental objectives in deciding whether or not to authorize a particular activity. These objectives address matters such as water resources, riparian areas, wildlife habitat, old growth forests, and cultural and heritage resources, and proponents must demonstrate how environmental risks will be avoided, mitigated, or managed prior to authorization.

In addition, the *Petroleum and Natural Gas Act*, in conjunction with the ERAA, requires proponents to obtain various approvals before undertaking exploration or production work. Such approvals are given subject to environmental considerations and permits, licences and project approvals can be suspended or cancelled for failure to comply with this legislation or its regulations.

The *Environmental Assessment Act* serves as the principal legislative framework governing environmental assessment of designated projects in British Columbia. The legislation subjects proposed projects to an enhanced environmental review process that, among other things, emphasises early engagement and aims to enhance Indigenous engagement in the project approval process with an emphasis on consensus-building. Simultaneously with the enactment of the Environmental Assessment Act, the Government of British Columbia enacted the accompanying *Reviewable Projects Regulation*, which sets out the projects subject to the new regime. The “project list” captures industrial, mining, energy, water management, waste disposal, transportation, and other greenhouse gas (“**GHG**”) intensive projects. In conducting an environmental assessment, the British Columbia Environmental Assessment Office will consider the environmental, health, cultural, social, and economic effects of a proposed project.

Royalties

In addition to federal regulations, each province has legislation which governs royalties, production rates and other matters. The royalty regimes in Alberta and B.C. are a significant factor in the profitability of oil, NGLs, sulphur and natural gas production in Alberta and B.C. Royalties payable on production from private lands are determined by negotiation between the mineral owner and the lessee, although production from such lands is subject to certain provincial taxes and royalties. Royalties from production on Crown lands are determined by governmental regulation and are generally calculated as a percentage of the value of gross production. Royalty rates generally depend in part on prescribed reference prices, well productivity and depth, geographical location, field discovery date, method of recovery, and the type or quality of the petroleum produced. Other royalties and royalty-like interests are, from time to time, carved out of the working interest owner’s interest through non-public transactions. These are often referred to as overriding royalties, gross overriding royalties, net profits interests, or net carried interests. For oil and gas recovered from First Nation lands, royalties are determined by Indigenous Services Canada and must be paid into trust on behalf of the First Nation in accordance with the regulations.

Occasionally some Canadian provinces create incentive programs for exploration and development. Such programs often provide for royalty rate reductions, royalty holidays or royalty tax credits and are generally introduced when commodity prices are low to encourage exploration and development activity by improving earnings and cash flow within the industry.

The federal government has signaled it will phase out certain subsidies for the oil and gas industry, which include only allowing the use of the Canadian Exploration Expenses tax deduction in cases of successful exploration. The federal government has also implemented a more stringent review for pipelines and major energy projects and established a pan-Canadian legislative

framework for combating climate change. These policies can affect earnings of companies operating in the oil and natural gas industry. Cavity conducts business in the following provinces, each with its own royalty framework:

Alberta

On January 29, 2016, the Government of Alberta released and accepted the Royalty Review Advisory Panel's recommendations, which outlined the implementation of a Modernized Royalty Framework for Alberta (the "MRF"). The MRF took effect on January 1, 2017. Wells drilled prior to January 1, 2017 continue to be governed by the prior Alberta Royalty Framework (the "ARF") for a period of 10 years, until January 1, 2027. The MRF is structured in three phases: (i) Pre-Payout, (ii) Mid-Life, and (iii) Mature. During the Pre-Payout phase, a fixed five per cent royalty applies until the well reaches payout. Well payout occurs when the cumulative revenue from a well is equal to the Drilling and Completion Cost Allowance (determined by a formula that approximates drilling and completion costs for wells based on depth, length, and historical costs). The new royalty rate will be payable on gross revenue generated from all production streams (crude oil, natural gas, NGLs, and sulphur), eliminating the need to label a well as "oil" or "gas". Post-payout, the Mid-Life phase will apply a higher royalty rate than the Pre-Payout phase. In the Mature phase, once a well reaches the tail end of its cycle and production falls below a maturity threshold, the royalty rate will move to a sliding scale (based on volume and price) with a minimum gross royalty rate of five per cent. The downward adjustment of the royalty rate in the mature phase is intended to account for the higher per-unit fixed cost involved in operating an older well.

TABLE 26: Alberta Crown Royalty Regime

| Alberta Royalty Regimes Summary | | | | |
|---|------------------------------|---------------|-------------------------------|--------------------|
| Royalty Regime | Product | | Post-payout or Mid-life (MRF) | Mature Phase (MRF) |
| ARF – Royalty formulas based on price, production, depth and quality | Crude Oil | | 0% to 40% | |
| | Natural Gas | | 5% to 36% | |
| | Liquids – C3 & C4 | | Flat 30% | |
| | C5+ | | Flat 40% | |
| | Sulphur | | 16.66667% | |
| MRF – Royalty formulas based on price with a reduction for lower production during the mature phase | Crude Oil / Condensate / C5+ | Pre-payout 5% | 10% to 40% | Minimum 5% |
| | Natural Gas | | 5% to 36% | |
| | C3 / C4 | | 10% to 36% | |
| | Sulphur | | 16.66667% | |

British Columbia

On October 7, 2021, the Government of British Columbia launched a comprehensive review of its oil and gas royalty system. The new oil and gas royalty system (the "New Framework") was announced in May 2022 and will come into effect January 1, 2027. The New Framework increases the minimum royalty rate from three per cent to five per cent, and eliminates the Deep Well, Marginal Well, Ultra-marginal Well, Low Productivity Well Rate Reduction, and Clean Growth Infrastructure royalty programs (the "Old Royalty Programs"). New wells drilled under the New Framework will pay the flat royalty of five per cent until capital spent on drilling and completions is recovered, at which point they will move to a price-sensitive royalty rate between five per cent and 40 per cent, depending on the specific commodity being produced.

Wells drilled on or after September 1, 2022, are not eligible to qualify for the Old Royalty Programs and will pay a five per cent royalty rate for the equivalent of the first 12 months of production. Following this period, these wells will pay the prevailing price-sensitive royalty rates until September 1, 2024, when all wells will be transitioned to the New Framework. Wells drilled prior to September 1, 2022, will pay royalties based on the current framework until September 1, 2024, at which time those wells will be transitioned to the New Framework and will no longer be able to take advantage of the Old Royalty Programs.

The royalty payable on natural gas produced on Crown lands is determined by a sliding scale formula based on a reference price, which is the greater of the average net price obtained by the producer and a posted minimum price. For natural gas wells, the royalty rate depends on the date of acquisition of the tenure rights and the spud date of the well. The royalties payable on NGLs produced on Crown lands are levied at a flat rate of 20 per cent of the sales volume.

Pricing and Marketing

Natural Gas

The price of natural gas is determined by negotiations between buyers and sellers. In Canada there is a robust and liquid marketplace for natural gas. Natural gas prices depend, in part, on natural gas quality produced, the price of competing fuels

such as renewable energies, the distance to market, the ability to access pipeline transportation to markets, the length of contract term, seasonal weather conditions, the supply/demand balance for natural gas, and the economy in general.

Natural gas exported from Canada is subject to regulation by the CER. In general, exporters are free to negotiate prices and terms with counterparties, provided the export contracts meet certain other criteria prescribed by the CER and the Government of Canada. Natural gas exports for a term of two years or less require an Order from the CER and the exporter must report the volumes of natural gas that have been exported. Most natural gas is exported from Canada under such orders. For longer terms, the proponent requires an export license from the CER. As part of considering an export license request, the CER considers if Canada will have adequate supplies domestically if the license is granted.

Natural gas supply and demand determine the market price of natural gas. Sales from natural gas can occur at the wellhead, the outlet of a gas processing plant, on a gas transmission system such as the NOVA system known as Alberta Nova Inventory Transfer (the “NIT”), at a storage facility, at the inlet to a utility system, or at the point of receipt by the consumer. Accordingly, the price for natural gas is dependent upon such producer’s own arrangements (whether long or short-term contracts and the specific point of sale). As natural gas is also traded on electronic trading platforms such as the Natural Gas Exchange (“NGX”) which is owned by the Intercontinental Exchange, or on the New York Mercantile Exchange (“NYMEX”) in the United States, spot and future prices can also be influenced by supply and demand fundamentals on these platforms.

British Columbia is a smaller producing basin than Alberta and has a smaller industrial load than Alberta. Pricing for BC natural gas is like Alberta, with two major pricing points. The first is in Northern BC on the Spectra (Enbridge) pipeline system at a point known as Station 2. This point tends to trade at a discount to Alberta prices. The second location is at the BC U.S. border where gas is exported into Washington State. This point also carries a differential relationship with Alberta gas, but not to the same extent as at Station 2. BC natural gas is also traded on electronic trading platforms such as the NGX.

Natural Gas Liquids

In Canada, the price of NGLs such as ethane, butane, and propane sold in intra-provincial, interprovincial, and international trade is determined by negotiation between buyers and sellers across many markets in North America. Such price depends, in part, on the quality of the NGL, prices of competing chemical feed stock, distance to market, access to downstream transportation, length of contract term, the supply/demand balance and other contractual terms. There are also electronic exchanges for the sale of NGLs on the NYMEX. NGLs exported from Canada are subject to regulation by the CER and require an order from the CER. Exporters are free to negotiate prices and other terms with purchasers, provided the export contracts meet the criteria prescribed by the CER. Propane and butane may be exported under an order for a term of no more than one year, and ethane may be exported under an order for no more than two years. All exports of NGLs require an order of the CER.

Condensate

Condensate, a component also entrained in NGLs, is a low-density mixture of hydrocarbon liquids in the raw natural gas produced from many natural gas fields. It is also referenced as C5+, gas condensate, or natural gasoline. In Alberta, condensate is commonly blended with heavy oil to create less viscous oil required by pipelines for shipment, which is why condensate is referred to as a diluent for heavy oil. Condensate pricing in Alberta is typically priced as a differential to the NYMEX futures exchange WTI crude oil contract and can provide a very visible and liquid hedging instrument to use. Hedging is typically done with fixed priced sales, over the counter hedge contracts, or futures contracts.

Sulphur

Most Alberta sulphur production comes from the production of oil and natural gas. Most sulphur produced in Alberta is exported, mainly to the U.S. or Asia. In general, the sulphur markets worldwide are considered relatively illiquid, with poor price discovery. Typically, contracts are on a one-off basis between counterparties. Currently there are no financial instruments which allow a sulphur producer to hedge prices, however physical fixed-price or collared contracts provide partial price certainty during the contract period, typically not exceeding one or two years. Cavy sells to marketing counterparties who market and transport sulphur to buyers within continental North America and globally.

Transportation Constraints and Market Access

Natural Gas and Liquefied Natural Gas

Natural gas prices in western Canada have been volatile in recent years due to increasing North American supply, limited access to markets, and limited storage capacity. Required repairs or upgrades to existing pipeline systems in and out of western Canada have also led to reduced capacity and apportionment of access, the effects of which have been exacerbated by storage limitations. Companies that secure firm access to infrastructure to transport their natural gas production out of western Canada may be able to access more markets and obtain better pricing. Companies without firm access may be forced to accept spot pricing in western Canada for their natural gas, which due to limited egress are generally lower than the prices received in other North American

regions. While the start-up of LNG Canada in 2025 coupled with several additional proposed facilities in Canada offer additional market opportunities, regulatory and legal uncertainty, social and political opposition, and changing market conditions continue to add uncertainty to the final development of these much-needed projects.

International Trade

Canada is party to several international trade agreements with other countries around the world that generally provide for, among other things, preferential access to various international markets for certain Canadian export products. Examples of such trade agreements include the Comprehensive Economic and Trade Agreement (“**CETA**”), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and, most prominently, the United States Mexico Canada Agreement (the “**USMCA**”). Because the United States remains Canada's primary trading partner and the largest international market for the export of crude oil, natural gas, and NGLs from Canada, the trading relationship between Canada and the United States could impact western Canada's oil and natural gas industry, including Cavvy's business.

In March 2025, the United States imposed tariffs on Canadian imports, including a 10% tariff on energy products, but shortly thereafter, exempted products qualifying as originating goods under the USMCA. As a result, Canadian oil and gas products that comply with the USMCA rules of origin remain exempt from U.S. tariffs. There can be no assurance that this treatment will continue. These tariffs and any future tariffs or trade barriers could have a negative impact on the Canadian economy and the competitiveness of Canadian exporters, including Cavvy. The USMCA is subject to a mandatory joint review by the parties in 2026 which will determine whether the agreement will be extended for an additional 16-year term or will expire in 2036. The outcome of this review is uncertain and could result in modifications to the terms of trade between Canada and the United States, or in the potential expiration or replacement of the USMCA. Cavvy cannot predict the future actions of the United States government or the outcome of any trade disputes that may arise between Canada and the United States or other countries under the USMCA or other trade agreements. Any changes in the terms of trade or the imposition of tariffs or other trade restrictions could adversely affect Cavvy's business and financial condition.

Canada is also party to the CETA, which provides for duty-free, quota-free market access for Canadian crude oil and natural gas products to the European Union. Following the United Kingdom's departure from the European Union on January 31, 2020, the United Kingdom and Canada entered into the Canada-United Kingdom Trade Continuity Agreement (“**CUKCTCA**”), which replicates CETA on a bilateral basis to maintain the status quo of the Canada-United Kingdom trade relationship.

While it is uncertain what effect CETA, CUKCTCA or any other trade agreements will have on the crude oil and natural gas industry in Canada, infrastructure constraints have historically limited the ability of Canadian crude oil and natural gas producers to benefit from such trade agreements. However, the recent addition of liquefied natural gas export facilities on Canada's west coast may improve access to international markets for natural gas producers over time.

Liability Management Rating Programs

The provinces of Alberta and British Columbia have each implemented similar liability management programs in respect to upstream crude oil and natural gas wells, facilities, and pipelines. These programs are designed to assess a licensee's ability to address its suspension, abandonment, remediation, and reclamation liabilities.

Alberta

Alberta's liability management framework has continued to evolve as the AER advances a more risk-based, financially informed oversight model. The AER's Liability Management Framework (“**AB LM Framework**”) initiated in 2021, has now largely replaced the former Liability Management Rating Program (“**AB LMR Program**”). The AB LM Framework reflects a structural shift from a static asset to liability ratio to a dynamic assessment of a licensee's overall capacity to meet regulatory obligations across the full asset life cycle.

At the core of the AB LM Framework are several key programs. The Licensee Capability Assessment (“**AB LCA**”) replaces the previous Licensee Liability Rating (“**LLR**”) Program for most assets, evaluating a company's financial health, liability exposure, asset life cycle, operational management, and compliance record. The Licensee Management Program ensures continuous oversight of licensees throughout a project's life cycle, allowing the AER to intervene when risks arise. Meanwhile, the Inventory Reduction Program introduces mandatory spending targets for abandonment and reclamation activities, assigning specific quotas based on a company's financial standing and inactive liability levels.

In early 2025, in a package of directive updates, the AER explicitly confirmed that the AB LMR Program is no longer used, and the legacy AB LMR Program-era directives/programs were rescinded (including Directive 006 (LLR), Directive 024 (Large Facility Liability), and Directive 075 (Oilfield Waste Liability)), with related “deem asset/deemed liability” language being removed. Another key change is how liability is estimated and operationalized. The AER's Oil and Gas Liability Management overview explained that, starting in 2024, liability estimation shifted toward using closure costs submitted by industry to better reflect

actual regional closure costs. This direction was reflected in the evolution of Directive 011 (Estimated Liability) – which (in August 2025) consolidates updates requirements for how estimated liability is calculated, how it is used in AER decisions, and how it is made available, and also pulls in related requirements that previously sat elsewhere (including when an SSLA is required, the Conditional Adjustment of Reclamation liability program, and the orphan fund levy linkages). In 2025, Directive 001, which sets the requirements for completing and submitting SSLAs to improve consistency and accuracy across the liability programs. Directive 068 (Security Deposits) was updated, consolidating direction on how the AER calculates, collects, and uses security deposits across the OGCR and newer regimes (e.g. geothermal/brine host rules), and is part of the broader move to align security collection with the Liability Management Framework life-cycle approach rather than AB LMR Program triggers. In late 2025, the AER also revised Directive 088 / Manual 023 to operationalize AB LM Framework components further (including updates to AB LCA parameter weightings for non-producer groups and additional business-status information) signalling ongoing fine tuning of the holistic assessment model as implementation matures.

Complementing the AB LM Framework is the Orphan Fund, an industry funded program established under Alberta's *Oil and Gas Conservation Act*, to address oil and gas sites where there is no longer a legally or financially viable licensee responsible for fulfilling abandonment and reclamation obligations. Administration of the fund is carried out by the Orphan Well Association, a non-profit organization that undertakes the suspension, abandonment, remediation, and reclamation of orphaned wells, facilities and pipelines across the province. An asset is designated as an "orphan" when the licensee is insolvent, bankrupt, or otherwise defunct, and there is no remaining working interest participant or successor capable of assuming liability. The Orphan Fund is financed primarily through an annual levy imposed by the AER. From a policy perspective, the Orphan Fund serves several critical objectives. It protects landowners by ensuring that abandoned sites are eventually reclaimed; it protects the environment by preventing unmanaged contamination or infrastructure deterioration; and it protects taxpayers by maintaining an industry funded cleanup mechanism. In 2025, the AER increased the Orphan Fund Levy to \$144.45 million.

The Supreme Court of Canada's decision in *Orphan Well Association v Grant Thornton* (also known as the "Redwater" decision), provides the backdrop for Alberta's approach to liability management. As a result of the Redwater decision, receivers and trustees can no longer avoid the AER's legislated authority to impose abandonment orders against licensees or to require a licensee to pay a security deposit before approving a licence transfer when any such licensee is subject to formal insolvency proceedings. This means that insolvent estates can no longer disclaim assets that have reached the end of their productive lives (and therefore represent a net liability) in order to deal primarily with the remaining productive and valuable assets without first satisfying any abandonment and reclamation obligations associated with the insolvent estate's assets. In April 2020, the Government of Alberta passed the *Liabilities Management Statutes Amendment Act*, which places the burden of a defunct licensee's abandonment and reclamation obligations first on the defunct licensee's working interest partners, and second, the AER may order the Orphan Fund to assume care and custody and accelerate the clean-up of wells or sites which do not have a responsible owner. These changes came into force in June 2020.

British Columbia

British Columbia's liability management approach is now built around an integrated set of life-cycle closure tools designed to ensure permit holders remain accountable for abandonment, remediation, and reclamation while they are still financially viable, and to reduce exposure to the Orphan Site Reclamation Fund ("OSRF"). Central to this approach is the Permittee Capability Assessment ("PCA") program (implemented April 2022), which BCER uses to identify permit holders with elevated financial risk and to determine whether closure work must be accelerated and/or security collected. Under the PCA, BCER evaluates "risk" by combining a permit holder's level of financial risk with the magnitude of liability in its portfolio; where BCER identifies heightened risk, it can require corrective action, typically through security deposits and/or liability reduction (closure) work, and may engage with the permit holder to develop a corrective action plan before issuing requirements. The PCA was refined in 2023 to increase corrective action expectations for moderate/high financial risk while maintaining the \$10 million annual limit on corrective action requirements.

The PCA operates alongside the Dormancy and Shutdown Regulation ("DSR"), which establishes legally enforceable timelines that drive decommissioning, assessment, and restoration work for dormant assets, supported by annual planning and reporting. The DSR framework was expanded so that closure timelines for pipelines and certain facilities took effect on January 1, 2024, with the first annual work plan submissions for those asset classes due in early 2024—meaning dormant pipelines/facilities are now firmly within the regulated closure-timelines architecture that complements BCER's liability programs.

In parallel, British Columbia maintains an industry-funded "backstop" program for insolvent/defunct operators through the OSRF, which BCER describes as a levy on industry permit holders used to pay the cost of restoring orphan sites. In 2025, the BCER increased the OSRF levy to industry wide \$24 million year.

Climate Change Regulations

Climate change regulation at each of the international, federal, and provincial levels has the potential to significantly affect the future of the oil and natural gas industry in Canada. These impacts are uncertain, and it is not possible to predict what future

policies, laws, and regulations will entail. Any new laws and regulations (or additional requirements to existing laws and regulations) could have a material impact on Cavy's operations and cash flow.

Federal

Canada has been a signatory to the United Nations Framework Convention on Climate Change (the "UNFCCC") since 1992. Since its inception, the UNFCCC has instigated numerous policies with respect to climate governance. On April 22, 2016, 197 countries signed the Paris Agreement, committing to prevent global temperatures from rising more than 2° Celsius above pre-industrial levels and to pursue efforts to limit this rise to no more than 1.5° Celsius. To date, 194 of the 198 current parties to the UNFCCC have ratified the Paris Agreement. Canada ratified the Paris Agreement on October 5, 2016, and pledged to cut its emissions by 30% from 2005 levels by 2030.

Additionally, on December 9, 2016, the federal government announced the Pan-Canadian Framework on Clean Growth and Climate Change and on April 1, 2019, implemented a Canada-wide GHG pricing scheme through the *Greenhouse Gas Pollution Pricing Act* (the "GGPPA"). It requires each province to adopt a GHG cap and trade system or a carbon tax regime which will result in emission reductions equivalent to the federal scheme. In 2018, the federal government imposed a price on GHG of \$20 per tonne on any province or territory which failed to implement its own system and as of April 1, 2020, the federal GHG price was increased to \$30 per tonne. Thereafter this amount increased annually, reaching \$80 per tonne in 2024 and is currently expected to increase by \$15 per tonne per year thereafter until it reaches \$170 per tonne in 2030. Those provinces or territories without an equivalent industrial output-based pricing system ("OBPS") or cap and trade system (Manitoba, PEI, Yukon and Nunavut) fall within the federal OBPS backstop. Facilities over 50,000 tonnes of GHG emissions per year or opted-in facilities in these provinces and territories are regulated by the federal OBPS. On April 1, 2025 the federal carbon tax was reduced to \$0 per tonne, except for industrial facilities in the federal OBPS.

During the course of the 2021 United Nations Climate Change Conference in Glasgow, Scotland, Canada's former Prime Minister Justin Trudeau made several pledges aimed at reducing Canada's GHG emissions and environmental impact, including: (i) reducing methane emissions in the crude oil and natural gas sector to 75 percent of 2012 levels by 2030; (ii) ceasing export of thermal coal by 2030; (iii) imposing a cap on emissions from the crude oil and natural gas sector; (iv) halting direct public funding to the global fossil fuel sector by the end of 2022; and (v) committing that all new vehicles sold in the country will be zero-emission on or before 2040.

In line with the former Prime Minister's pledge to impose a cap on emissions from the crude oil and natural gas sector, the federal government published a discussion paper on July 18, 2022, that outlines two potential regulatory options for such a cap. Those proposed options are either to: (i) implement a new cap-and-trade system that would set a limit on emissions from the sector; or (ii) modify the existing pollution pricing benchmark (as discussed below) to limit emissions from the sector.

In December 2023 the federal government released a *Regulatory Framework for an Oil and Gas Sector Greenhouse Gas Emissions Cap* (the "**Federal Emissions Cap Framework**"). The Federal Emissions Cap Framework proposes regulations intended to cap 2030 emissions from the Canadian oil and gas sector at 35 to 38 percent below 2019 levels, while providing compliance flexibilities to emit up to a level of 20 to 23 percent below 2019 levels. The Federal Emissions Cap Framework contemplates the implementation of a national emissions cap-and-trade system through regulations to be made under the CEPA. The regulations, if implemented, will establish reporting and verification requirements and a legal upper limit on GHG emissions.

In a cap-and-trade system, the regulator issues a quantity of emission allowances that set the emissions cap. Regulated entities are prohibited from emitting GHGs without remitting one emission allowance or other eligible compliance unit for each tonne of GHG emissions. Emission allowances and some other types of compliance units can be bought and sold in an emissions trading market. It is proposed that compliance units include domestic offset credits or the making of contributions to a decarbonization fund for a limited portion of GHG emissions.

The regulations, if enacted, will identify the regulated parties, establish the terms and conditions for registering in the system and for the issue, use and trading, of emission allowances, set out the criteria for the creation and use of eligible compliance units and the information that must be quantified, verified, and reported by companies that are required to be registered in the system.

On November 27, 2025 the federal and Alberta provincial governments entered a memorandum of understanding ("**Canada-Alberta MOU**") to increase oil and gas production and electricity generation while reducing emissions. In the Canada-Alberta MOU, the federal government committed to not implement the Federal Emissions Cap Framework.

On January 1, 2020, the federal *Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds (Upstream Oil and Gas Sector)* (the "**Federal Methane Regulations**") came into force. The Federal Methane Regulations require methane emissions from the oil and natural gas industry be reduced by introducing new control measures, such as the reduction of unintentional leaks and intentional venting of methane, as well as ensuring that oil and natural gas operations use low-emission equipment and processes. The Federal Methane Regulations were updated in December 2025 with

more stringent methane venting requirements. However, the Canada-Alberta MOU commits to a methane equivalency agreement by April 1, 2026 to achieve 75% methane reduction by 2035 from 2014 emissions levels.

On June 8, 2022 the *Canadian Greenhouse Gas Offset Credit System Regulations* were published in the Canada Gazette. The regulations establish a regulatory framework to allow certain kinds of projects to generate and sell offset credits for use in the federal OBPS through *Canada's Greenhouse Gas Offset Credit System*. The system enables project proponents to generate federal offset credits through projects that reduce GHG emissions under a published federal GHG offset protocol. Offset credits can then be sold to those seeking to meet limits imposed under the federal OBPS or those seeking to meet voluntary targets.

On June 20, 2022, the *Clean Fuel Regulations* came into force, establishing Canada's Clean Fuel Standard. The Clean Fuel Standard will replace the former *Renewable Fuels Regulation* and aims to discourage the use of fossil fuels by increasing the price of those fuels when compared to lower-carbon alternatives. Clean Fuel Standard imposes obligations on primary suppliers of transportation fuels in Canada and requires fuels to contain a minimum percentage of renewable fuel content and meet emissions caps calculated over the life cycle of the fuel. The *Clean Fuel Regulations* also establish a market for compliance credits. Compliance credits can be generated by primary suppliers, among others, through carbon capture and storage, producing or importing low emissions fuel, or through end-use fuel switching (for example, operating an electric vehicle charging network).

The Government of Canada is also in the midst of developing a carbon capture utilization and storage (“CCUS”) strategy. CCUS is a technology that captures carbon dioxide from facilities, including industrial or power applications, or directly from the atmosphere. The captured carbon dioxide is then compressed and transported for permanent storage in underground geological formations or used to make new products such as concrete.

Alberta

Alberta enacted the *Climate Change and Emissions Management Act* on December 4, 2003. The TIER Regulation came into force January 1, 2020. The TIER Regulation applies to facilities that emitted 100,000 tonnes or more of GHGs per year in 2016 or a subsequent year. Facilities emitting less than 100,000 tonnes of GHGs per year can voluntarily opt into the TIER Regulation (opt-in facilities). Conventional oil and gas facilities emitting less than 100,000 tonnes of GHGs per year can be aggregated into a single TIER regulated facility (aggregate facility). Under the TIER Regulation, a facility is required to reduce the GHG emission intensity of stationary fuel combustion emissions in 2020 by 10% relative to the facility's historical baseline. The reduction requirement increased by 1% each year to the end of 2022 and then by 2% each year thereafter. If the facility does not meet these emission reduction requirements, it must pay \$80 per tonne in 2024 or, subject to limits, use emission performance credits generated by facilities which have exceeded their emission reduction targets or offset credits generated by facilities not required to reduce their GHG emissions by the TIER Regulation. Payment into the TIER fund for 2024 was set at \$80 per tonne and \$95 per tonne for 2025. In May 2025 the TIER fund price was frozen at \$95 per tonne for subsequent years. The Canada-Alberta MOU states that an effective carbon price of \$130 per tonne is required through a combination of pricing and stringency. The details and timing to achieve this price will be agreed by April 1, 2026. The federal government has agreed Alberta's system will result in emission reductions equivalent to the federal scheme for large emitters.

On June 4, 2019, the *Carbon Tax Repeal Act* repealed the Alberta carbon tax, which had been in effect since January 1, 2017. The federal government subsequently imposed the federal carbon tax on Alberta on January 1, 2020, as it had done in Ontario, New Brunswick, Manitoba, and Saskatchewan. On April 1, 2025, the federal carbon tax was reduced to \$0 per tonne, except for facilities in the federal OBPS. In Alberta, the federal carbon tax is applicable to all sources of emissions covered by the federal carbon tax legislation, except for those facilities where the TIER Regulation applies or where facilities have been voluntarily opted-in to the TIER Regulation. On September 16, 2025 it was announced that opt-in facilities and aggregate facilities within TIER could opt out or partially opt out of the TIER Regulation for 2025 and 2026.

On December 14, 2022, Alberta's Minister of Energy released an Order in Council making several key amendments to TIER, including expanding the scope of “large emitters” to include a facility that imports more than 10,000 tonnes of hydrogen in 2023 or a subsequent year. They also lowered the minimum emissions threshold for opt-in facilities in an emissions-intensive trade-exposed sector from 10,000 CO₂e to 2,000 CO₂e tonnes.

The Government of Alberta aims to lower annual methane emissions by 45% by 2025. The Government of Alberta enacted the *Methane Emission Reduction Regulation* on January 1, 2020, and in November 2020, the Government of Canada and the Government of Alberta announced an equivalency agreement regarding the reduction of methane emissions such that the Federal Methane Regulations will not apply in Alberta. New and more stringent federal methane regulations were enacted in December 2025, however the Canada-Alberta MOU committed to agreeing to a methane equivalency agreement by April 1, 2026 to achieve 75% methane reduction by 2035 from 2014 emissions levels.

British Columbia

British Columbia enacted a revenue-neutral carbon tax that took effect July 1, 2008. The tax is consumption-based and applied at the time of retail sale or consumption of virtually all fossil fuels purchased or used in British Columbia. The current tax level is \$40 per tonne of GHG emissions equivalent.

In May 2018, the Government of British Columbia updated its Climate Leadership Plan (the “**Climate Plan**”) with a goal to reduce net annual GHG emissions by up to 40% from 2007 levels by 2030, 60% by 2040 and 80% by 2050. The Climate Plan includes various measures across the economy that are designed to incentivize the growth of the renewable energy sector, the use of low GHG emitting technologies, and the improvement of energy efficiency. Further, the Climate Plan sets out a strategy to reduce methane emissions in the upstream natural gas sector, beginning with a target of a 45% reduction in fugitive and vented emissions by 2025 relative to 2014 levels. On January 1, 2020, the B.C. Commission brought into force regulations that will require mandatory methane leak detection and repair and equipment performance standards.

In October 2021, the Government of British Columbia announced a more ambitious climate change plan called the CleanBC Roadmap to 2030 (the “**CleanBC Roadmap**”), aimed at helping British Columbia achieve its 2030 emission reduction targets established under the CleanBC plan. The CleanBC Roadmap includes plans for, among other things, laws requiring 90 percent of new passenger vehicles sold in the province to be zero-emission by 2030, all new buildings to be zero-carbon beginning in 2030, the electrification of public transit and ferries, and for increased support for clean hydrogen and negative emissions technology. Further, the CleanBC Roadmap plans to increase carbon taxation in the province to meet or exceed the federal GGPPA benchmark.

In January 2020, the BCER implemented a series of amendments to the British Columbia Regulation Drilling and Production that will require facility and well permit holders to, among other things, reduce natural gas leaks and curb monthly natural gas emissions from their equipment and operations. In November 2020, the Government of Canada and the Government of British Columbia announced that they had finalized an equivalency agreement regarding the reduction of methane emissions such that the Federal Methane Regulations will not apply in British Columbia.

In 2024 BC implemented an OBPS for facilities that emit greater than 10,000 tonnes of GHG per year.

Accountability and Transparency

ESTMA

The federal *Extractive Sector Transparency Measures Act* (the “**ESTMA**”) imposes mandatory reporting requirements on certain entities engaged in the commercial development of oil, gas, or minerals, which includes exploration, extraction and holding permits to explore or extract. All companies subject to ESTMA are required to report payments over \$100,000 made to any level of a Canadian or foreign government, including royalty payments, taxes (other than consumption taxes and personal income taxes), fees, production entitlements, bonuses, dividends (other than ordinary dividends paid to shareholders) and infrastructure improvement payments. These categories are distinct; regardless of the aggregate payment amount, one or more individual categories must reach the \$100,000 threshold for reporting to be required.

Any persons or entities found in violation of the ESTMA (which includes making a false report, failing to make the report public, or failing to maintain records for the prescribed period) can be fined up to \$250,000 for each day that the offence continues. There is a further fine of up to \$250,000 for any person or entity who has structured payments in order to avoid the obligation to report such payments under the ESTMA. Officers or directors who authorized or acquiesced in the commission of an offence can be subject to personal liability, regardless of whether the entity for which they acted has been prosecuted or convicted. The ESTMA contains a due diligence defense whereby no person will be found guilty of an offence under the ESTMA if the person can establish that he or she exercised due diligence to avoid committing the offence. Additionally, there is a five-year limitation period (from the time when the subject matter of the proceeding arises) within which proceedings must be brought for offences under the ESTMA.

Modern Slavery Act

The *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada), Canada’s “Modern Slavery Act”, came into force on January 1, 2024. It mandates reporting from government institutions and certain private entities if those entities are listed on the stock exchange in Canada or do business in Canada and its meets at least two of the three following thresholds: (i) \$20 million in assets, (ii) \$40 million in revenue, or (iii) 250 employees. These entities must report on their efforts to prevent forced labour and child labour in their supply chains. Reports must include details on the entity’s structure, policies, risk assessment, remediation measures, employee training, and effectiveness assessments. Reporting entities who meet the specific thresholds, are required to submit reports annually by May 31. Reports must be approved by the entity’s governing body and publicly disclosed, including posting on the entity’s website and provision to shareholders for certain corporations.

RISK FACTORS

In carrying out its business and operations, Cavvy deals with a number of risks. The following information is a summary only of certain risk factors relating to the Company and should be read in conjunction with the detailed information appearing elsewhere in this AIF. Generally, Cavvy's risks fall into two principal categories: (i) operational risks, including legal, regulatory and strategic risks; and (ii) financial risks. These categories are outlined below along with summaries of the specific risk factors within each general category. In some instances, risks may fall into both categories. In such cases Cavvy classified risks based on the primary category in terms of how they affect Cavvy. Each section of the below table of risk factors is arranged in order of perceived risk.

Readers should carefully consider the risk factors set out below and consider all other information contained in this AIF and in the Company's other public filings before making an investment decision. This summary does not provide an exhaustive list of all risks to Cavvy. Further, many of the risks are beyond Cavvy's control and, in spite of Cavvy's active management of its risk exposure, there is no guarantee that risk management activities will successfully mitigate such exposure. Refer also to Cavvy's 2025 MD&A and 2025 Financial Statements, which are incorporated by reference into this AIF and are available on SEDAR+ at www.sedarplus.ca, for additional disclosure on risks.

TABLE 27: Risk Factors

| Operational Risks |
|---|
| Adverse Economic Conditions |
| Operational Matters and Hazards |
| Development and Production |
| Reliance on Other Assets, Facilities and Third-Party Services |
| Co-Ownership of Assets |
| Facilities Throughput and Utilization |
| Health and Safety |
| Regulatory Permits, Licenses and Approvals |
| Information Technology Systems, Cyber-Security and Technological Change |
| Skilled Workforce |
| Labour Relations |
| Political Uncertainty and Geo-Political Risk |
| Project Execution |
| Climate Change |
| Carbon Pricing |
| Environmental Regulations |
| Reputation |
| Competition |
| Conflicts of Interest |
| Indigenous Land and Rights Claims |
| Breach of Confidentiality |
| Financial Risks |
| Prices, Volatility and Marketing of Production |
| Capital Market Access and Liquidity |
| Cost Management |
| Hedging Activities |
| Decommissioning, Abandonment and Reclamation Costs |
| Reserve Estimates |
| Variations in Foreign Exchange and Interest Rates |
| Royalty Regimes |
| Third Party Credit Risk |
| Litigation |
| Common Share Market Price and Volatility |
| Insurance Coverage |
| Dilution |
| Common Share Liquidity |
| Internal Controls |

Risks Related to Cavvy's Business and Industry

Adverse Economic Conditions

Adverse general economic, business, and industry conditions could have a material adverse effect on Cavvy's operational results and cash flow.

The demand for energy, including oil and liquids and natural gas, is generally linked to broad-based economic activities. If there was a slowdown in economic growth, an economic downturn or recession, or other adverse economic or political development in the U.S., Europe, or Asia, there could be a significant adverse effect on global financial markets and commodity prices. In addition, hostilities in the Middle East, Ukraine, Taiwan, the occurrence or threat of terrorist attacks in the U.S. or other countries and contagious diseases could adversely affect the global economy and may adversely affect Cavvy by: (i) reducing global economic activity thereby resulting in lower demand for oil and liquids and natural gas; and (ii) impairing its supply chain, for example, by limiting the manufacturing of materials or the supply of goods and services used in Cavvy's operations. These and other factors disclosed elsewhere in this AIF that affect the supply and demand for oil, natural gas and NGLs, and Cavvy's business and industry, could ultimately have an adverse impact on Cavvy's financial condition, financial performance, and cash flows.

Operational Matters and Hazards

Operational incidents may occur during the normal course which could have a material adverse effect to Cavvy's financial condition.

Cavvy's operations are subject to hazards common to the natural gas production and processing industry (sweet and sour). The operation of Cavvy's assets involves many risks, including: the breakdown or failure of equipment, information systems or processes; the performance of equipment at levels below those originally intended (whether due to declining throughput, misuse, unexpected degradation or design, construction or manufacturing defects); failure to maintain an adequate inventory of supplies or spare parts; the compromise of information and control systems; operator error; labour disputes; disputes with owners of interconnected facilities and carriers; releases of harmful substances into the environment; spills associated with the loading and unloading of harmful substances onto rail cars and trucks; delay of or restriction of operations due to climate change policies, initiatives and costs; and catastrophic events, including, but not limited to, those related to climate change and extreme weather events, such as natural disasters, fires, explosions, derailments, fractures, well blowouts, acts of terrorists and saboteurs, widespread epidemics and pandemic outbreaks, and other similar events, many of which are beyond the control of Cavvy. Many of these risks are more specifically discussed as other risks within this AIF.

The occurrence or continuance of any of these events could increase the cost of operating Cavvy's upstream fields and/or facilities and/or reduce its processing or throughput capacity, or result in damages, claims or fines, environmental damages, personal injury, or loss of life, all of which could adversely affect Cavvy's operations, reputation, and financial performance. The integration of Cavvy's business and operations may also give rise to risks, as the impact of an operational upset or business interruption in one part of its business may create implications for other parts of Cavvy's operation or business.

Cavvy carries casualty and business interruption insurance with amounts of coverage customary for similar business operations to help defray the costs associated with the foregoing risks should they materialize; however, such insurance coverages may not be sufficient to compensate for all business or casualty losses or damages and/or may not be available. See "Risk Factors – Insurance Coverage" in this AIF.

Development and Production

Cavvy's future performance may be affected by the financial, operational, environmental, and safety risks associated with the exploration, development, and production of oil natural gas and NGLs.

Producing natural gas and NGLs reserves are generally characterized by declining production rates that vary depending upon reservoir characteristics and other factors. Cavvy intends to dedicate capital investment in the future to further develop its core producing properties. The future success of the exploration work will depend on Cavvy's ability to discover or acquire natural gas reserves that are economically recoverable. Cavvy has identified prospective drilling locations which are expected to contribute to Cavvy's future production. Cavvy's ability to drill and develop these locations depends on a number of uncertainties, including, but not limited to, the availability of capital, delays or inability to obtain governmental approvals or consents, equipment and personnel, natural gas, NGLs and sulphur prices, inclement weather, capital and operating costs, drilling results and production rate recovery, gathering system and transportation constraints, the net price received for commodities produced and regulatory changes. As a result of these uncertainties, there can be no assurance that the numerous potential drilling locations Cavvy has identified will ever be drilled or that Cavvy will be able to produce natural gas, NGLs and sulphur from these or any other potential drilling locations.

Cavvy will find or acquire reserves only if it conducts successful exploration or development activities, concludes joint ventures and/or acquires properties containing proven reserves. There can be no assurance that the development projects and exploration activities that may be implemented in the future will result in reserves or that Cavvy will succeed in drilling productive wells at low exploration costs. If prevailing oil and natural gas prices were to increase significantly, Cavvy's exploration costs to find or acquire reserves would be expected to increase. Drilling conventional wells within the Canadian foothills involves a high degree of risk of a dry hole or of a well that is not sufficiently productive to provide a return on the capital expended to drill the well.

Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on Cavvy's business, financial condition, results of operations and prospects.

As is standard industry practice, Cavvy is not fully insured against all risks, nor are all risks insurable. Although Cavvy maintains liability insurance in an amount that it considers consistent with industry practice, liabilities associated with certain risks could exceed policy limits or not be covered. In either event Cavvy could incur significant costs. See "*Risk Factors – Insurance Coverage*" below.

Reliance on Other Assets, Facilities and Third-Party Services

Lack of capacity on, and/or regulatory constraints and uncertainty regarding, gathering, and processing facilities, pipeline systems, and railway lines may have a negative impact on Cavvy's ability to produce and sell its oil and liquids and natural gas.

The marketability of Cavvy's oil, NGLs and natural gas production depends in part upon the availability, proximity and capacity of pipeline, trucking, and rail systems, as well as processing and storage facilities, some of which are owned by third parties. As a result, Cavvy will have limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect Cavvy's financial performance. Cavvy's return on assets operated by others depends upon several factors that may be outside of Cavvy's control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

Cavvy delivers its products through gathering, processing, pipeline, and storage systems, some of which it does not own. The amount of oil, natural gas and NGLs that Cavvy can produce and sell is subject to the accessibility, availability, proximity, and capacity of these gathering, processing, pipeline, and storage systems. The lack of availability of capacity in any of the gathering, processing, pipeline, and storage systems, and in particular the processing facilities, could result in Cavvy's inability to realize the full economic potential of its production or in a reduction of the price offered for Cavvy's production. Although pipeline expansions are ongoing, the lack of firm pipeline capacity continues to affect the oil and natural gas industry in Western Canada and limit the ability to produce and to market NGL, oil and natural gas production. In addition, the pro-rationing of capacity on inter-provincial pipeline systems may affect the ability to export oil and natural gas. Unexpected shutdowns or curtailment of capacity of pipelines for maintenance or integrity work and actions taken by regulators could also affect Cavvy's production, operations, and financial results. Any significant change in market factors or other conditions affecting these infrastructure systems and facilities, as well as any delays in constructing new infrastructure systems and facilities could harm Cavvy's business and, in turn, Cavvy's financial condition, results of operations and cash flows.

A portion of Cavvy's production is processed through facilities owned by third parties and over which Cavvy does not have control. From time to time these facilities may discontinue or decrease operations either because of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of operations could materially adversely affect Cavvy's ability to process its production and to deliver the same for sale.

Co-Ownership of Assets

Some of Cavvy's assets are jointly owned with third parties. Certain decisions relating to these assets require the approval of a simple majority of the owners, while other decisions requiring a higher percentage or even unanimous approval of the owners. It may not be possible for Cavvy to obtain the required levels of approval from co-owners of facilities for future proposals for capital expenditures, which may adversely affect Cavvy's ability to expand or improve its existing facilities. In addition, agreements for joint ownership often contain restrictions on transferring an interest, including consent requirements and rights of first refusal. Such provisions may restrict Cavvy's ability to transfer its interests in assets or to acquire a joint venture owner's interest in assets or restrict Cavvy's ability to maximize the value of a sale of its interest.

In addition, companies, including companies that may operate some of the assets in which Cavvy has an interest, may be in financial difficulty, which could impact their ability to fund and pursue capital expenditures, carry out their operations in a safe and effective manner and satisfy regulatory requirements, including abandonment and reclamation obligations. If companies that operate some of the assets in which Cavvy has an interest fail to satisfy regulatory requirements with respect to operational and abandonment and reclamation obligations, Cavvy may be required to satisfy such obligations and to seek recourse from such

companies. To the extent that any of such companies go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in such assets being shut-in, Cavvy potentially becoming subject to additional liabilities relating to such assets and Cavvy having difficulty collecting revenue due from such operators. Any of these factors could materially adversely affect Cavvy's financial and operational results.

Facilities Throughput and Utilization

When gas processing facilities operate near or below technical turndown capacity, the risk of operational efficiency reductions increases, such as utilization of more fuel gas, electricity or chemicals than would otherwise be required on a per-unit of throughput basis. Some of Cavvy's sour gas processing facilities are not processing gas volumes at or near their processing capacity. This may be due to a multitude of factors, including: declines in Cavvy's production; decisions by third party producers to delay or shut in production; actual production delivered by customers to Cavvy facilities not aligning with production profiles; operational issues or constraints in certain functional units within the facilities; operating conditions; changes in gas or NGL composition; low commodity prices; use of competitors' facilities; infrastructure or service bottlenecks and logistical issues; inventory or market constraints for particular commodities; and other reasons. There may also be times when Cavvy's facilities experience capacity constraints due to increasing throughput. In certain circumstances, the increased throughput may contribute to operating conditions that are not in line with the operational design of the facility.

If Cavvy cannot increase throughput of its facilities by either development of reserves or attraction of third-party gas volumes, capital expenditures may be required to reduce the designed throughput capacity, or to shut in a facility.

Health and Safety

The ownership and operation of Cavvy's assets are subject to hazards of developing, producing, processing, transporting, storing, and marketing hydrocarbons, including, without limitation, blowouts, fires, explosions, gaseous leaks, releases and migration of harmful substances, hydrocarbon spills, corrosion, and acts of vandalism and terrorism. Any of these hazards can interrupt operations, impact Cavvy's reputation, cause loss of life or personal injury, result in loss of or damage to equipment, property, information technology systems, related data and control systems, and cause environmental damage that may include polluting water, land or air. Further, such ownership and operations carry the potential for liability related to worker health and safety, including, without limitation, the risk of any or all of government-imposed orders to remedy unsafe conditions, potential penalties for contravention of health and safety laws, licenses, permits and other approvals, and potential civil liability.

Regulatory Permits, Licenses and Approvals

Failure to obtain applicable regulatory approvals or satisfy regulatory conditions on a timely basis could result in delays, abandonment, or restructuring of projects and increased costs.

Cavvy's business requires permits and licenses from government authorities. There can be no assurance that Cavvy will obtain all the permits and licenses required to continue operations or that it will obtain them on acceptable terms or conditions. In addition, if Cavvy commences commercial operation of property, it must obtain and comply with all the necessary permits and licenses. There can be no assurance that Cavvy will be able to obtain or comply with the requirements of such permits and licenses.

Liability management programs enacted by regulators in the western provinces may prevent or interfere with Cavvy's ability to acquire properties or require a substantial cash deposit with the regulator. Alberta and British Columbia have developed liability management programs designed to prevent taxpayers from incurring costs associated with suspension, abandonment, remediation and reclamation of wells, facilities, and pipelines if a licensee or permit holder is unable to satisfy its regulatory obligations. Changes to liability management programs in Alberta and BC, may result in significant increases to Cavvy's compliance obligations, including the requirement for Cavvy to post or increase cash security and the Alberta or BC liability management programs may prevent or interfere with Cavvy's ability to acquire or dispose of assets, as both the vendor and the purchaser of oil and natural gas assets must be in compliance with the liability management programs (both before and after the transfer of the assets) for the applicable regulatory agency to allow for the transfer of such assets. See "*Industry Conditions – Liability Management Rating Programs*" in this AIF.

Provincial governments may also enact legislation that affects or limits mineral rights. Effective May 1, 2025, the Alberta government announced that all legacy agreements issued prior to January 1, 2009, would be subject to Shallow Rights Reversion. Under this program, unproven petroleum and natural gas rights above the top of the shallowest productive zone in an agreement will be severed from the agreement and returned to the Crown for Crown land sale. Companies that receive a shallow rights notice have three years from the date of the notice to prove the shallower zones productive by either drilling or re-completing an existing wellbore in the shallow zone, or by providing new technical mapping data. Cavvy holds legacy agreements that may be subject to these requirements. If Cavvy is unable to prove productivity of the shallower zones within the required timeframe, or if similar programs are introduced in other jurisdictions, Cavvy may lose a material portion of its mineral rights, which could adversely affect its reserves, production potential, and results of operations. See "*Industry Conditions – Land Tenure*" in this AIF.

Information Technology Systems, Cyber Security and Technological Change

A breach of Cavvy's cyber-security and loss of, or unauthorized access to, electronic data may adversely impact Cavvy's operations and financial position.

Cavvy relies heavily on information technology, such as computer hardware and software systems, in order to properly operate its business. In the event Cavvy is unable to regularly deploy software and hardware, effectively upgrade systems and network infrastructure, and take other steps to maintain or improve the efficiency and efficacy of systems, the operation of such systems could be interrupted or result in the loss, corruption, or release of data, compromise confidential customer or employee information, result in the disruption of business, theft or extortion of funds, regulatory infractions, loss of competitive advantage and reputational damage.

In addition, information systems could be damaged or interrupted by natural disasters, force majeure events, telecommunications failures, power loss, acts of war or terrorism, computer viruses, malicious code, physical or electronic security breaches, intentional or inadvertent user misuse or error, or similar events or disruptions. Any of these or other events could cause interruptions, delays, loss of critical and/or sensitive data or similar effects, which could have a material adverse impact on the protection of intellectual property, and confidential and proprietary information, and on Cavvy's business, financial condition, results of operations and cash flows.

Cyber security breaches are rapidly evolving and becoming increasingly sophisticated. Notable cyber security threats include unauthorized access to information technology systems due to hacking, viruses, cyber phishing attacks and other causes that can result in service disruptions, system failures and unauthorized access to confidential business information. A successful cyber attack could adversely affect Cavvy's reputation, results of operations, financial condition and liquidity, and could result in litigation against Cavvy or the imposition of penalties. To date, Cavvy has not experienced any material losses relating to cyber attacks or other information security breaches. However, there can be no assurance that Cavvy will not incur such losses in the future. Although Cavvy maintains a risk management program, which includes an insurance component that may provide coverage for the operational impacts from an attack to, or breach of, Cavvy's information technology and infrastructure, including process control systems, and stand-alone cyber insurance, not all cyber risks are insurable. As a result, Cavvy's existing insurance may not provide adequate coverage for losses stemming from a cyber attack to, or breach of, its information technology and infrastructure.

Cavvy also relies on many third-party service providers with respect to its information technology security and storage of information and data. While Cavvy attempts to conduct appropriate due diligence on these third-party service providers, there is no guarantee that there will not be a breach of security impacting such third parties, or inadequate service levels from such third parties, which could result in risks to Cavvy's systems and data integrity.

Technological Developments and Artificial Intelligence

The oil and natural gas industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. In such an environment, Cavvy may not be able to, among other things, clearly define and prioritize technology requirements and infrastructure design, effectively implement new technologies or do so on a timely basis and at a reasonable cost, or effectively operate and maintain existing technology infrastructure. Failure to do so could materially adversely affect Cavvy's strategic execution, operations and ability to compete.

Cavvy may evaluate and deploy advanced technologies, including automation and artificial intelligence, to support operations, decision-making and business processes, which presents certain risks, challenges and unintended consequences that could impact Cavvy's business and operations. The use of such technologies may present risks related to data quality, model accuracy, bias, transparency, governance and other unintended outcomes. Many artificial intelligence tools are developed or provided by third parties, which may limit Cavvy's ability to fully control their design, operation or ongoing performance. Any ability to maintain, upgrade or adapt technology systems, or appropriately govern, validate or oversee the use of technology-embedded tools, could adversely affect Keyera's operations, financial condition, results of operations and cash flows.

Skilled Workforce

An inability to recruit and retain a skilled workforce and key personnel may negatively impact Cavvy.

The operations and management of Cavvy require the recruitment and retention of a skilled workforce, including engineers, technical personnel, and other professionals. The loss of key members of such workforce, or a substantial portion of the workforce, could result in the failure to implement Cavvy's business plans which could have a material adverse effect on Cavvy's business, financial condition, results of operations, and prospects. Competition for qualified personnel in the oil and natural gas industry is intense, and the available pool of personnel experienced in operations and development of sour gas infrastructure and reserves is decreasing. There can be no assurance that Cavvy will be able to continue to attract and retain all personnel necessary for the development and operation of its business.

Contributions of the existing management team to the immediate and near-term operations of Cavvy are likely to be of crucial importance. In addition, certain of Cavvy's current employees have significant institutional knowledge that must be transferred to other employees prior to their departure. If Cavvy is unable to: (i) retain current employees; (ii) successfully complete effective knowledge transfers; and/or (iii) recruit new employees with the requisite knowledge and experience, Cavvy could be negatively impacted. In addition, Cavvy could experience significantly increased costs to retain and recruit these professionals.

Labour Relations

Failure to negotiate collective bargaining arrangements or breakdown in Cavvy's union relationships could result in labour disruptions.

Cavvy currently has unionized employees at its three sour gas processing facilities. Unionized labour disruptions at these facilities could restrict the ability of these facilities to operate and therefore adversely affect Cavvy's financial results. Although Cavvy strives to maintain a good relationship with its unions and unionized employees and to date has never experienced a strike or work stoppage at its unionized facilities, such an event could occur in the future, and any such occurrence could adversely affect Cavvy's business operations or financial results.

Political Uncertainty and Geo-Political Risk

Cavvy's business may be adversely affected by political and legal developments in Canada and elsewhere.

The marketability and price of oil and natural gas that may be acquired or discovered by Cavvy is and will continue to be affected by political events throughout the world that cause disruptions in the supply of natural gas and oil. Ongoing and future conflicts, including the Russia-Ukraine war, the Israel-Hamas conflict, Houthi attacks on shipping in the Red Sea, and tensions in other regions, have had, and may continue to have, a significant impact on global energy supply chains, commodity prices and market volatility. Any escalation of existing conflicts, or the emergence of new geopolitical tensions, could result in price fluctuations and therefore result in a reduction (or increase) of Cavvy's net production revenue.

In addition, Cavvy's oil and natural gas properties, wells and facilities could be subject to a terrorist attack. There can be no assurance that such activities will not target projects in which Cavvy holds an interest. If any of Cavvy's properties, wells or facilities are the subject of a terrorist attack, it could have a material adverse effect on Cavvy. Cavvy does not have insurance to protect against the risk from terrorism.

Other government and political factors that could adversely affect Cavvy's financial results include increases in taxes or government royalty rates (including retroactive claims), changes in trade policies and agreements, the adoption of regulations mandating efficiency standards, or the use of alternative fuels. Concerns over GHG emissions, water usage and environmental impacts of oil and gas development continue to figure in political, media, investor and activist commentary, and many governments are providing tax advantages and other subsidies to support alternative energy sources or are mandating the use of specific fuels or technologies. These factors may directly or indirectly reduce the profitability of Cavvy's current projects, the viability of future projects, or the demand and pricing for Cavvy's products.

There is uncertainty regarding U.S. trade policy and support for existing treaty and trade relationships, including with Canada. Implementation by the U.S. government of new legislative or regulatory policies could impose additional costs on Cavvy, decrease U.S. demand for Cavvy's products, or otherwise negatively impact Cavvy, which could have a material adverse effect on Cavvy's business, financial condition and operations. See "*Industry Conditions – International Trade*" in this AIF for further discussion of tariff-related risks.

Project Execution

The success of Cavvy's maintenance or capital projects may be negatively impacted by factors outside of its control resulting in operational delays and cost overruns.

Cavvy manages a variety of small and large projects in the conduct of its business. Project delays may impact expected revenues from operations. Significant project cost over-runs and/or schedule delays could make a project uneconomic. Cavvy's ability to execute projects and market oil and natural gas will depend upon numerous factors beyond Cavvy's control, including:

- availability of processing capacity;
- availability and proximity of pipeline capacity;
- availability of storage capacity;
- supply of and demand for oil and natural gas;
- availability of alternative fuel sources;
- availability of the required project financing;
- currency and interest rate fluctuations;

- effects of inclement weather;
- availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;
- changes in regulations;
- availability and productivity of skilled labour; and
- regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, Cavvy could be unable to execute projects on time, on budget, or at all, and may not be able to effectively market the oil and natural gas that it produces.

Climate Change

Climate change concerns could result in increased operating costs and reduced demand for Cavvy's products while the potential physical effects of climate change could disrupt Cavvy's production and cause it to incur significant costs in preparing for or responding to those effects.

Climate change may pose varied and far-ranging risks to the business and operations of Cavvy, both known and unknown, that may adversely affect Cavvy's business, financial condition, results of operations, prospects, reputation and share price. Cavvy's exploration and production facilities and other operations and activities emit GHGs which requires Cavvy to comply with GHG emissions legislation at the provincial or federal level. Climate change policy is evolving at regional, national, and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place. As a signatory to the UNFCCC and a signatory to the Paris Agreement, which was ratified in Canada on October 3, 2016, Canada pledged to cut its GHG emissions by 30 percent from 2005 levels by 2030. Several of Cavvy's large facilities in Alberta are subject to GHG emission reduction requirements and some of Cavvy's other operations may ultimately be subject to future regional, provincial and/or federal climate change regulations to manage GHG emissions. In addition, concerns about climate change have resulted in a number of environmental activists and members of the public opposing the continued exploitation and development of fossil fuels.

In addition, there has been public discussion that climate change may be associated with extreme weather conditions and increased volatility in seasonal temperatures. Extreme weather could interfere with Cavvy's production and increase Cavvy's costs.

Physical Risks

Chronic Climate Change Risks: Climate change has been linked to long-term shifts in climate patterns, including sustained higher temperatures. As the level of activity in the Canadian oil and natural gas industry is influenced by seasonal weather patterns, long-term shifts in climate patterns pose the risk of exacerbating operational delays and other risks posed by seasonal weather patterns. In addition, long-term shifts in weather patterns such as water scarcity, increased frequency of storm and fire and prolonged heat waves may, among other things, require Cavvy to incur greater expenditures (time and capital) to deal with the challenges posed by such changes to its premises, operations, supply chain, transport needs, and employee safety. Specifically, in the event of water shortages or sourcing issues, Cavvy may not be able to, or will incur greater costs to, carry out hydraulic fracturing operations.

Acute Climate Change Risk: Climate change has been linked to extreme weather conditions. Extreme hot and cold weather, heavy snowfall, heavy rainfall, drought, and wildfires may restrict Cavvy's ability to access its properties, cause operational difficulties including damage to machinery and facilities. Extreme weather also increases the risk of personnel injury as a result of dangerous working conditions. Certain of Cavvy's assets are located in locations that are proximate to forests and rivers and a wildfire and flood may lead to significant downtime and/or damage to such assets. Moreover, extreme weather conditions may lead to disruptions in Cavvy's ability to transport produced oil and natural gas as well as goods and services in its supply chain. Extreme weather could increase Cavvy's costs to mitigate the effects of climate change on Cavvy's operations or impact the availability of equipment or raw materials. However, at this time, Cavvy is unable to determine the extent to which climate change may lead to increased storm or weather hazards or other impacts affecting its operations.

Transition Risks

Foreign and domestic governments continue to evaluate and implement policy, legislation, and regulations focused on restricting emissions commonly referred to as GHG emissions and promoting adaptation to climate change and the transition to a low-carbon economy. It is not possible to predict what measures foreign and domestic governments may implement in this regard, nor is it possible to predict the requirements that such measures may impose or when such measures may be implemented. However, international multilateral agreements, the obligations adopted thereunder and legal challenges concerning the adequacy of climate-related policy brought against foreign and domestic governments may accelerate the implementation of these measures. Given the evolving nature of climate change policy and the control of GHG emissions and resulting requirements,

it is expected that current and future climate change regulations will have the effect of increasing Cavvy's operating expense, and, in the long term, potentially reducing the demand for oil and natural gas, resulting in a decrease in Cavvy's cash flows and a reduction in the value of its assets.

Claims have been made against certain energy companies alleging that GHG emissions from oil and natural gas operations constitute a public nuisance under certain laws or that such energy companies provided misleading disclosure to the public and investors of current or future risks associated with climate change. As a result, individuals, government authorities, or other organizations may make claims against oil and natural gas companies, including Cavvy, for alleged personal injury, property damage, or other potential liabilities. While Cavvy is not a party to any such litigation or proceedings, it could be named in actions making similar allegations. An unfavorable ruling in any such case could adversely affect the demand for and price of securities issued by Cavvy, impact its operations, and have an adverse impact on its financial condition.

Given the perceived elevated long-term risks associated with policy development, regulatory changes, public and private legal challenges, or other market developments related to climate change, there have also been efforts in recent years affecting the investment community, including investment advisors, sovereign wealth funds, public pension funds, universities and other institutional investors, promoting direct engagement and dialogue with companies in their portfolios on climate change action (including exercising their voting rights on matters relating to climate change) and increased capital allocation to investments in low-carbon assets and businesses while decreasing the carbon intensity of their portfolios through, among other measures, divestments of companies with high exposure to GHG-intensive operations and products. Certain stakeholders have also pressured commercial and investment banks and insurance providers to reduce or stop financing and providing insurance coverage to oil and natural gas and related infrastructure businesses and projects. The impact of such efforts requires Cavvy's management to dedicate considerable time and resources to these climate change-related concerns, may adversely affect Cavvy's operations, the demand for and price of Cavvy's Common Shares and may negatively impact Cavvy's cost of capital and access to the capital markets.

Cavvy is committed to transparent and comprehensive reporting of its sustainability performance and considers existing standards such as the Global Reporting Initiative Sustainability Reporting Standards, the Sustainability Accounting Standards Board's documentation, and recommendations issued by the Task Force for Climate Related Financial Disclosures. On October 18, 2021, the Canadian Securities Administrators published for comment Proposed National Instrument 51-107 – *Disclosure of Climate Related Matters*, which was intended to introduce climate-related disclosure requirements for reporting issuers in Canada with limited exceptions. On April 23, 2025, the Canadian Securities Administrators announced that it has paused its efforts to develop a new mandatory climate-related disclosure rule. It is unclear what steps the Canadian Securities Administrators (or other regulatory bodies) will take with respect to mandated climate-related disclosure and, if Cavvy is not able to meet future sustainability reporting requirements of regulators or current and future expectations of investors, insurance providers, or other stakeholders, its business and ability to attract and retain skilled employees, obtain regulatory permits, licenses, registrations, approvals, and authorizations from various governmental authorities, and raise capital may be adversely affected.

Carbon Pricing

Changing regulations governing carbon pricing and climate change, or uncertainty regarding potential future changes, could negatively impact Cavvy's operations or financial condition.

Cavvy's operations are subject to various federal and provincial regulations governing greenhouse gas emissions and carbon pricing, including Canada's federal carbon pricing scheme under the *Greenhouse Gas Pollution Pricing Act* and Alberta's TIER Regulation. Cavvy's Waterton, Jumping Pound, and Caroline facilities are currently subject to the TIER Regulation, and Cavvy anticipates compliance costs of up to \$10 million in 2025.

Climate change laws and policies continue to evolve at regional, national, and international levels, and the scope and timing of future measures remain uncertain. New or amended laws imposing stricter emissions limits, additional reporting or permitting obligations, or higher carbon prices could require Cavvy to incur increased compliance costs, purchase additional emission or offset credits, or face delays or restrictions in permitting new or modified emission sources. Such regulations could also increase the cost of consuming oil, natural gas liquids, and natural gas, thereby reducing demand for Cavvy's products. The direct or indirect costs of compliance with current or future climate-related regulations may have a material adverse effect on Cavvy's business, financial condition, results of operations, and prospects.

Environmental Regulations

Compliance with environmental regulations requires the dedication of a portion of Cavvy's financial and operational resources, which may impact Cavvy's financial condition.

Oil and natural gas operations inherently involve risks that could cause damage to the environment or to the properties of Cavvy or owned by third parties which could lead to potential liability toward third parties and regulators. The industry is subject to

extensive local, provincial, and federal environmental laws providing restrictions and prohibitions on the emissions or release of certain substances produced in various activities within this industry. In addition, the legislation requires that well, pipeline and facility sites and roads and other infrastructure be abandoned and reclaimed to the satisfaction of government authorities at the end of the license validity period.

Compliance with environmental legislation can require significant expenditures and failure to comply with these laws and regulations may result in the assessment of fines and penalties, orders to remediate property contamination, the suspension or revocation of permits and the issuance of injunctions that could limit or prohibit its operations, all of which could have a material impact on Cavvy. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require Cavvy to incur costs to remedy such discharge. Changes in environmental laws and regulations may be enacted which could impose higher environmental standards which may increase the cost of Cavvy's operations and have a material adverse effect on its business, financial condition, results of operations and cash flows. No assurance can be given that future environmental laws and regulations will not adversely impact Cavvy's ability to develop or operate its properties.

Cavvy believes that it is reasonably likely the trend towards stricter standards in environmental legislation will continue and Cavvy anticipates making increased expenditures of both a capital and an expense nature as a result of increasingly stringent environmental laws, and such legislation may have a material adverse effect on its business, financial condition, results of operations and cash flows. See "*Industry Conditions – Environmental Regulation*" in this AIF.

Reputation

Cavvy relies on its reputation to continue its operations and to attract and retain employees and capital.

Cavvy's business, operations or financial condition may be negatively impacted as a result of any negative public opinion towards Cavvy or as a result of any negative sentiment toward, or in respect of Cavvy's reputation with stakeholders, special interest groups, political leadership, the media, First Nations, or other entities. Public opinion may be influenced by certain media and special interest groups' negative portrayal of the industry in which Cavvy operates as well as their opposition to certain oil and natural gas projects. Potential impacts of negative public opinion or reputational issues may include delays or interruptions in operations, legal or regulatory actions or challenges, blockades, increased regulatory oversight, reduced support for, delays in, challenges to, or the revocation of regulatory approvals, permits and/or licenses and increased costs and/or cost overruns. Cavvy's reputation and public opinion could also be impacted by the actions and activities of other companies operating in the oil and natural gas industry, particularly other producers, over which Cavvy has no control. In particular, Cavvy's reputation could be impacted by negative publicity related to environmental damage, loss of life, injury or damage to property caused by Cavvy's operations, due to opposition from special interest groups opposed to oil and natural gas development, or as a result of public views on Cavvy's role in the transition to a low-carbon economy. In addition, if Cavvy develops a reputation of having an unsafe work site it may impact the ability of Cavvy to attract and retain the necessary skilled employees and consultants to operate its business. Opposition from special interest groups opposed to oil and natural gas development and the possibility of climate related litigation against governments and fossil fuel companies may impact Cavvy's reputation.

Reputational risk cannot be managed in isolation from other forms of risk: credit, market, operational, insurance, regulatory and legal risks, among others, must all be managed effectively to safeguard Cavvy's reputation. Damage to Cavvy's reputation could result in negative investor sentiment towards Cavvy, which may result in limiting Cavvy's access to capital, increasing the cost of capital, and decreasing the price and liquidity of Cavvy's securities.

Competition

Cavvy competes with other natural gas production companies and certain midstream companies, some of which have greater financial and operational resources or other competitive advantages.

The oil and natural gas industry is competitive in all of its phases. Cavvy competes with numerous other entities in the exploration, development, production, processing, and marketing of oil, natural gas and NGLs. Cavvy's competitors include oil and natural gas companies that have substantially greater financial resources, staff, and facilities than those of Cavvy and as such, Cavvy may be at a competitive disadvantage in the identification, acquisition and development of assets that complement Cavvy's operations. Some of these companies not only explore for, develop, and produce oil, natural gas and NGLs, but also carry on more integrated gas processing operations and significant marketing of third-party oil, natural gas and NGLs, which are not a significant component of Cavvy's business. As a result of these complementary activities, some of these competitors may have greater and more diverse competitive resources to draw on than Cavvy and less volatility in their earnings. Cavvy's ability to increase its reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil, natural gas and NGLs include price, process, and reliability of delivery and storage. To a lesser extent, Cavvy also faces competition from companies that supply alternative sources of energy, such as wind or solar power. Other factors that could

affect competition in the marketplace include additional discoveries of hydrocarbon reserves by Cavvy's competitors, the cost of production, and political and economic factors and other factors outside of Cavvy's control.

Conflicts of Interest

A director or officer of Cavvy may become subject to conflicts of interest.

Certain directors of Cavvy serve on the boards of other corporations engaged in natural resource exploration and development operations. Such ties could give rise to conflicts of interest. In making any decisions involving Cavvy, these directors will satisfy their duties and obligations to deal fairly and in good faith with Cavvy and the other entities. In addition, these directors will disclose their interest and refrain from voting on any matter that could give rise to a conflict of interest.

Indigenous Land and Rights Claims

Opposition by Indigenous groups to the conduct of Cavvy's operations, development, or exploratory activities may negatively impact Cavvy.

Opposition by Indigenous groups to the conduct of the Company's operations, development, or exploratory activities in any of the jurisdictions in which Cavvy conducts business may negatively impact it in terms of public perception, diversion of management's time and resources, legal and other advisory expenses, and could adversely impact Cavvy's progress and ability to explore and develop properties. Some Indigenous groups have established or asserted Indigenous treaty, title, and rights to portions of Canada. No certainty exists that any lands currently unaffected by claims brought by Indigenous groups will remain unaffected by future claims.

The Canadian federal and provincial governments have a duty to consult with Indigenous people when contemplating actions that may adversely affect the asserted or proven Indigenous or treaty rights and, in certain circumstances, accommodate their concerns. The scope of the duty to consult by federal and provincial governments varies with the circumstances and is often the subject of ongoing litigation. The fulfillment of the duty to consult Indigenous people and any associated accommodations may adversely affect Cavvy's ability to, or increase the timeline to, obtain or renew, permits, leases, licenses, and other approvals, or to meet the terms and conditions of those approvals.

In addition, the federal government has introduced legislation to implement the United Nations Declaration on the Rights of Indigenous Peoples ("UNDRIP"). Other Canadian jurisdictions, including British Columbia, have also introduced, or passed similar legislation, or begun considering the principles and objectives of UNDRIP, or may do so in the future. The means and timelines associated with UNDRIP's implementation by government is uncertain; additional processes may be created, or legislation amended or introduced associated with project development and operations, further increasing uncertainty with respect to project regulatory approval timelines and requirements.

Breach of Confidentiality

An unintended release of confidential information about Cavvy may harm Cavvy's business prospects or financial condition.

While discussing potential business relationships or other transactions with third parties, Cavvy may disclose confidential information relating to the business, operations, or affairs of Cavvy. Although confidentiality agreements are signed by third parties prior to the disclosure of any confidential information, a breach could put Cavvy at competitive risk and may cause considerable damage to its business. The harm to Cavvy's business from a breach of confidentiality cannot presently be quantified but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, Cavvy will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Financial Risks

Prices, Volatility and Marketing of Production

The prices of natural gas, condensate, NGLs and sulphur are volatile, outside of Cavvy's control and affect Cavvy's financial condition, financial performance, cash flows, and future rate of growth.

Cavvy's operating results, financial position and prospects are highly dependent on the prices obtained for its production. There have been significant fluctuations in commodity prices in recent years and months. These prices are based on international supply and demand as well as several other factors which are beyond Cavvy's control such as:

- domestic and global supply of and demand for oil and natural gas, as impacted by economic factors that affect gross domestic product growth rates of countries around the world, including impacts from international trade, pandemics, and related concerns.
- market expectations with respect to future supply of oil and natural gas demand and price changes.
- global oil and natural gas inventory levels.
- volatility and trading patterns in the commodity-futures markets.
- the proximity, capacity, cost, and availability of pipelines, LNG export facilities and other transportation infrastructure.
- the capacity of refiners and other industrial customers to utilize available supplies of oil and liquids.
- weather conditions affecting supply and demand.
- overall domestic and global political and economic conditions.
- actions of the Organization of Petroleum Exporting Countries, its members and other state-controlled oil companies relating to oil price and production controls.
- fluctuations in the value of the US dollar.
- the price and quantity of oil and liquids and LNG imports to and exports from the US and other countries.
- the development of new hydrocarbon exploration, production, and transportation methods of technological advancements in existing methods, including hydraulic fracturing.
- capital investments by oil and natural gas companies relating to the exploration, development, and production of hydrocarbons.
- policies affecting energy consumption and energy supply.
- domestic and foreign governmental regulations, including environmental regulations, climate change regulations and taxation.
- shareholder activism or activities by non-governmental organizations to limit certain sources of capital for the energy sector or restrict the exploration, development, and production of oil and natural gas; and
- the effect of energy conservation efforts and the price, availability, and acceptance of alternative energies, including renewable energy.

Cavvy makes price assumptions that are used for planning purposes, and a significant portion of its cash outflows, including operating costs and transportation commitments, are largely fixed in nature. Accordingly, if commodity prices are below the expectations on which these commitments were based, Cavvy's financial results are likely to be adversely and disproportionately affected because these cash outflows are not variable in the short term and cannot be quickly reduced to respond to unanticipated decreases in commodity prices. Cavvy's risk management arrangements will not fully mitigate the effects of price volatility. Significant or extended price declines could also materially and adversely affect the amount of oil and natural gas that Cavvy can economically produce, require Cavvy to make significant downward adjustments to its reserve estimates, or result in deferral or cancellation of potential growth projects. A reduction in production could also result in a shortfall in expected cash flows and require Cavvy to have difficulty servicing its debt obligations, borrow additional funds or access capital markets to cover any such shortfall, if possible.

Certain wells or other projects may become uneconomic as a result of a decline in natural gas, oil or sulphur prices, leading to a reduction in the future volume of Cavvy's oil and gas production. Cavvy might also elect not to produce from certain wells at lower prices. All these factors could result in a material decrease in Cavvy's future net production revenue, causing a reduction in its oil and gas acquisition and development activities.

Capital Market Access and Liquidity

Cavvy's ability to fund current and future operations and growth projects is dependent on its ability to generate cash flow and raise capital. Cavvy may not be able to obtain access to additional capital required to support or grow its operations.

Cavvy may require additional financing to support and or to grow its operations. Sources of additional funds available to Cavvy through financing activities include, among other options, the issuance of additional shares, debt, a partnership agreement, or a sale of an interest in an oil or natural gas property. Additional debt financing may further increase Cavvy's debt levels above industry standards and equity issuances may be dilutive to existing shareholders. Depending on future development and exploration plans, Cavvy may require additional equity and/or debt financing that may not be available or available on favourable terms. The level of Cavvy's indebtedness that may occur from time to time could impair Cavvy's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise. Financing by way of a partnership or sale of an interest may reduce the interest held by Cavvy in the properties in respect of which the financing is obtained. There can be no assurance that such financing will be available to Cavvy. Furthermore, even if such financing is successfully secured, there can be no assurance it will be obtained on terms favourable to Cavvy or provide Cavvy with sufficient funds to fund its growth and meet its objectives.

To the extent that external sources of capital become limited or unavailable or available on onerous terms, Cavvy's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition, and results of operations may be materially and adversely affected as a result.

If cash flow from operations is lower than expected or capital costs for projects exceed current estimates, or if Cavvy experiences major unplanned facility outages or incurs major unanticipated expenses related to the maintenance of its assets, Cavvy may be required to seek additional capital to maintain its capital structure.

Debt Facilities

Cavvy relies on debt financing for its business activities, including capital and operating expenditures. Cavvy's credit facilities and subordinated notes have defined terms and there are no assurances that Cavvy will be able to refinance any or all of the borrowings at their maturity, or to refinance such borrowings on commercially reasonable terms. In addition, there are no assurances that Cavvy will be able to comply at all times with the covenants applicable under its current borrowings. Any failure of Cavvy to secure refinancing, to obtain new financing or to comply with applicable covenants under its borrowings could have a material adverse effect on Cavvy's financial results.

Cavvy believes its existing credit facilities will be sufficient for its immediate requirements and expects that it will be able to refinance its long-term debt (which includes term debt, revolving facility and subordinated loans) on commercially reasonable terms. However, industry and global market conditions mean Cavvy, along with other oil and gas companies, may have restricted access to capital and increased borrowing costs. Cavvy's ability to raise debt is dependent upon, among other factors, the overall state of the debt and capital markets and capital provider appetite for investments in the energy industry. The ability to make scheduled payments on or to refinance debt obligations depends on the financial condition and operating performance of Cavvy, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond its control. As a result, Cavvy may be unable to maintain a level of cash flow from operations sufficient to permit it to pay the principal and interest on its indebtedness. There can be no assurance that Cavvy's cash flow will be adequate for future financial obligations or that additional funds will be able to be obtained.

Cost Management

Operating and maintenance costs associated with Cavvy's operations represent significant components of the total cash outflows of the business. These costs may vary considerably from current and forecast values and rates. In general, as facilities age, costs associated with operating and maintaining such facilities may increase over time. In addition, operating and capital costs may increase as a result of a number of factors beyond Cavvy's control, including general economic, business and market conditions, trade protectionism and tariffs, and supply, demand and/or inflation in respect of required goods and/or services. Fluctuations in the prices of electricity can cause significant fluctuations in operating costs. Maintenance capital requirements and maintenance expenses may vary from year to year depending on such factors as the scheduling of maintenance turnarounds and operating conditions. Growth in capital expenditures may also vary depending upon available opportunities and financing.

General and administrative costs may also vary considerably from current and forecast values as a result of fluctuations in employment markets and the demand for trades which affect compensation that must be paid to attract and retain employees and contractors. As well, the cost of Cavvy's long term incentive plan can vary considerably due to the fact that the value of the payments required to satisfy the grants primarily depend on the market price of the Common Shares.

If significant increases in operating, maintenance, capital or general and administrative costs are incurred, this may negatively impact Cavvy's financial results. Cavvy may also experience unanticipated increases or fluctuations in input costs, such as the costs of electricity. If Cavvy uses physical and financial contracts to hedge its input costs, it may forego the benefits that may otherwise be experienced if input costs were to decrease and it is subject to credit risks associated with the counterparties with whom it contracts.

Hedging Activities

Risk management activities expose Cavvy to the risk of financial loss and counterparty risk.

In order to mitigate the effects of commodity price fluctuations, Cavvy is or may become party to both physical and financial agreements to receive fixed prices on its natural gas, NGL, condensate and sulphur production to offset risk of revenue losses if commodity prices decline. However, if commodity prices increase beyond the levels set in such agreements, Cavvy will not benefit from such increases. On the other hand, failure to protect against a decline in commodity prices exposes Cavvy to reduced liquidity when prices decline. A sustained lower commodity price environment would result in lower realized prices for unprotected volumes and reduce the prices at which Cavvy would enter into derivative contracts on future volumes.

Similarly, from time-to-time Cavvy may enter into agreements to hedge the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar and the

exposure to United States dollar denominated credit facilities, however, if the Canadian dollar declines in value compared to the United States dollar, Cavvy may not benefit from its fluctuating exchange rate. Cavvy may also enter into agreements to hedge interest rates. While a portion of the Company's debt bears interest at a fixed rate, the majority of Cavvy's long term debt is exposed to variable interest rates, in particular Secured Overnight Financing Rate ("SOFR").

Decommissioning, Abandonment and Reclamation Costs

Cavvy is responsible for compliance with all applicable laws and regulations regarding the decommissioning, abandonment and reclamation of its wells, pipelines and facilities at the end of their economic life, the costs of which may be substantial. It is not possible to predict these costs with certainty since they are a function of regulatory requirements at the time of decommissioning, abandonment and reclamation and the actual costs may exceed current estimates which are the basis of the asset retirement obligation shown in Cavvy's consolidated financial statements. A detailed discussion of the assumptions and basis for calculating the fair value of the decommissioning costs are included in Cavvy's consolidated financial statements.

Cavvy may be required by applicable laws or regulations to post financial security, or increase the amount of security currently posted, with regulators or establish and fund one or more decommissioning, abandonment and reclamation reserve funds to provide for payment of future decommissioning, abandonment and reclamation costs. The posting of security or the creation and maintenance of these reserves could decrease cash flow available in the future. Further, even if such reserve funds were established, they may not be sufficient to satisfy the future decommissioning, abandonment and reclamation costs and Cavvy will be responsible for the payment of the balance of such costs.

Reserve Estimates

Cavvy's estimated reserves are based on numerous factors and assumptions which may prove incorrect.

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and NGL reserves and cash flows to be derived therefrom, including many factors beyond Cavvy's control. The information concerning reserves and associated cash flow set forth in this AIF represents estimates only. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary from actual results. For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom prepared by different engineers, or by the same engineers at different times, may vary. Cavvy's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material. Further, the evaluations are based, in part, on the assumed success of the exploitation activities intended to be undertaken in future years. The reserves and estimated cash flows to be derived therefrom contained in such evaluations will be reduced to the extent that such exploitation activities do not achieve the level of success assumed in the evaluation.

In accordance with applicable securities laws, Deloitte has used forecast price and cost estimates in calculating reserve quantities. Actual future net cash flows will be affected by other factors such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation, royalties and taxation and the impact of inflation on costs. Actual production and cash flows derived therefrom will vary from the estimates contained in the Deloitte Reserves Report, and such variations could be material. The Deloitte Reserves Report is based in part on the assumed success of activities Cavvy intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom contained in the Deloitte Reserves Report will be reduced to the extent that such activities do not achieve the level of success assumed in the Deloitte Reserves Report.

The Deloitte Reserves Report is effective as of a specific effective date and has not been updated and thus does not reflect changes in Cavvy's reserves since that date.

Variations in Foreign Exchange and Interest Rates

Variations in foreign exchange rates and interest rates could adversely affect Cavvy's financial condition.

World oil and gas prices are quoted in U.S. dollars and the price received by Canadian producers is therefore affected by the Canadian/U.S. dollar exchange rate, which will fluctuate over time. In recent years, the Canadian dollar has seen material fluctuations in value against the U.S. dollar. Any material increases in the value of the Canadian dollar may negatively impacted Cavvy's operating entities production revenues. Any increase in the future Canadian/U.S. exchange rates could accordingly impact the future value of Cavvy's reserves as determined by independent evaluators.

Cavvy holds U.S. dollar-denominated long term debt facilities, which are also impacted by fluctuations in the Canadian/U.S. dollar exchange rate. Any material decrease in the value of the Canadian dollar may negatively impact Cavvy's interest and financing costs and required loan principal payment amounts. The exposure to U.S. dollar-denominated debt is a partial natural hedge against exposure arising from U.S. dollar denominated commodity prices.

The value of currencies, among other items, will also have an impact on the respective currency's underlying risk-free rate an entity would have to pay for borrowings that have an interest component. This would then have a credit spread component added to it that would then constitute the all-in borrowing rate a company would have to pay. Volatility in the market could impact the interest rate and correspondingly, the profitability of Cavvy.

To the extent that Cavvy engages in risk management activities related to foreign exchange and interest rates, there is a credit risk associated with counterparties with which Cavvy may contract.

Royalty Regimes

Changes to royalty regimes may negatively impact Cavvy's cash flows.

The royalty program implemented by each province is a significant factor in the profitability of oil and natural gas production. Royalties payable on output are determined by government regulation; they are typically calculated as a percentage of the gross value of output and, depend in part on prescribed benchmark prices, well productivity, geographical location, field discovery date and the type or quality of the resource produced.

There can be no assurance that the federal or provincial governments will not adopt new or modify the royalty regimes which could have an impact on the economics of Cavvy's projects. An increase in royalties would reduce Cavvy's earnings and could make future capital investments, or Cavvy's operations, less economic. See "*Industry Conditions*" in this AIF.

Third Party Credit Risk

Cavvy is exposed to credit risk of third-party customers, counterparties to derivative risk management contracts, joint venture partners and purchasers of assets.

Cavvy is, or may be exposed to, third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. If these entities fail to meet their contractual obligations to Cavvy, these failures could have a material adverse effect on Cavvy and its cash flow from operations. In addition, poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's ability to obtain regulator licenses and their willingness to participate in Cavvy's ongoing capital program, potentially delaying the program and the results of such program until Cavvy finds a suitable alternative partner.

Common Share Market Price and Volatility

A number of factors could influence the volatility in the trading price of the Common Shares, including changes in the economy or in the financial markets, industry related developments, increased public pressure for institutional investors to divest from fossil fuel companies, the impact of changes in Cavvy's daily operations, and the impacts of climate change on Cavvy's operations and demand for its products. Each of these factors could lead to increased volatility in the market price of the Common Shares. In addition, variations in Cavvy's earnings estimates, production estimates or other financial or operating metrics by securities analysts and the market prices of the securities of Cavvy's competitors may also lead to fluctuations in the trading price of the Common Shares.

There is no assurance that the business of Cavvy will be operated successfully, or that the business will generate sufficient income to allow investors to recoup all or any portion of their investment. There is no assurance that an investment in the Common Shares will earn a specified rate of return or any return over the life of the investment.

Litigation

Cavvy may be involved in litigation in the course of its normal operations, and the outcome of the litigation may adversely affect Cavvy and its reputation.

In the normal course of Cavvy's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings, and legal actions. Potential litigation may develop in relation to personal injuries (including resulting from exposure to hazardous substances), property damage, property taxes, land and access rights, environmental issues, including claims relating to contamination or natural resource damages, and contract disputes. The outcome with respect to outstanding, pending, or future proceedings cannot be predicted with certainty and may be determined

adversely to Cavvy and could have a material adverse effect on Cavvy's assets, liabilities, business, financial condition, and results of operations. Even if Cavvy prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from business operations, which could have an adverse effect on Cavvy's financial condition.

Insurance Coverage

Not all risks of conducting oil and natural gas activities are insurable and insurance may become unavailable or only available on reduced amounts of coverage, the occurrence of which would increase Cavvy's overall risk exposure.

Cavvy maintains insurance coverage as part of its risk management program. However, such insurance may not provide comprehensive coverage in all circumstances, nor are all such risks insurable. Cavvy's operations are subject to all of the hazards and operating risks associated with drilling for, production and transportation of oil, NGLs and natural gas, including the risk of fire, explosions, blowouts, surface cratering, uncontrollable flows of natural gas, oil and formation water, facility, pipe or pipeline corrosion, damage or failures, abnormally pressured formations, natural disasters, casing collapses and environmental hazards such as oil spills, produced water spills, gas leaks, ruptures, discharges of toxic gases or accidents while Cavvy's products are being processed, stored or transported by pipeline or trucked. In addition, Cavvy's operations are subject to risks associated with the production, transportation, and processing of sour gas. Special equipment and operating procedures are deployed by the industry for the production, transportation, and processing of sour gas in accordance with applicable regulatory requirements. The occurrence of any of these events could result in substantial losses to Cavvy due to injury or loss of life, severe damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation and penalties, suspension of operations, repairs to resume operations and adverse reputational consequences and loss of goodwill.

The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits maintained by Cavvy or a claim at a time when Cavvy is not able to obtain liability insurance could have a material adverse effect on Cavvy's financial condition, results of operations or cash flow. Cavvy may not be able to secure additional insurance or bonding that might be required by governmental regulations. This may cause Cavvy to restrict its operations, which might severely impact its financial position. Cavvy may also be liable for environmental damage caused by previous owners of properties purchased by Cavvy or by working interest partners in jointly owned properties, which liabilities may not be covered by insurance.

Dilution

Cavvy may make future acquisitions, enter into financings, convert existing debt securities or complete other transactions involving the issuance of securities of Cavvy which may be dilutive. Common Shares, including rights, warrants, special warrants, subscription receipts and other securities to purchase, to convert into or to exchange into Common Shares, may be created, issued, sold, and delivered on such terms and conditions and at such times as the Board of Directors may determine. In addition, Cavvy may issue additional Common Shares from time to time pursuant to Cavvy's stock option plan. The issuance of these Common Shares would result in dilution for holders of Common Shares.

Common Share Liquidity

The Common Shares are listed on the TSX under the symbol "CVVY". However, there is no assurance that an active and liquid market for the Common Shares will be maintained or that the Common Shares will trade at prices that reflect their underlying value. The trading volume and price of the Common Shares may fluctuate significantly and may be affected by numerous factors beyond Cavvy's control, such as market conditions, investor sentiment, regulatory developments, and general economic, climate, and political conditions. In addition, the TSX may impose trading halts, suspensions, or de-listings on the Common Shares if Cavvy fails to meet the TSX's continued listing requirements or for other reasons. Any of these events could adversely affect the ability of holders of Common Shares to sell their Common Shares or the prices at which they can sell them.

Internal Controls

Effective internal controls are necessary for Cavvy to provide reliable financial reports, manage its risk exposure and help prevent fraud. Although Cavvy undertakes several procedures to help ensure the reliability of its financial reports, including those imposed by Canadian securities laws, Cavvy cannot be certain that such measures will ensure that it will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could impact Cavvy's results of operations or cause it to fail to meet its reporting obligations. If Cavvy or its independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in Cavvy and its consolidated financial statements and negatively impact the trading price of the Common Shares.

Based on their inherent limitations, disclosure controls and procedures and internal controls over financial reporting may not prevent or detect misstatements, and even those controls determined to be effective can only provide reasonable assurance with respect to financial statement preparation and presentation. Failure to adequately prevent, detect, and correct misstatements could have a material adverse effect on Cavvy's business, financial condition, results of operations and cash flows.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Ernst & Young LLP, Calgary, Alberta, are the auditors of the Company.

Odyssey Trust Company is the transfer agent and registrar for the Common Shares of the Company, having offices at Suite 702 – 67 Yonge St, Toronto, Ontario M5E 1J8.

MATERIAL CONTRACTS

Other than as set out below, and except for contracts entered into in the ordinary course of business, the Company has not entered into any material contracts within the most recently completed financial year, or before the most recently completed financial year which are still in effect.

1. The USD \$120 million senior secured notes purchase agreement, USD \$30 million subordinated notes purchase agreement, warrant agreement, intercreditor, and collateral agency agreement entered into between the Company and various lenders on June 13, 2023. See *"Three Year History of the Business"* in this AIF.
2. The Investor Rights Agreement and Registration Rights Agreement entered into between the Company and AIMCo on October 8, 2024, in connection with the closing of the backstopped Shareholder Rights Offering. See *"Three Year History of the Business"* in this AIF.

ADDITIONAL INFORMATION

Additional information about the Company is available on SEDAR+ at www.sedarplus.ca or on Cavvy's website at www.cavvyenergy.com. Additional financial information is provided in the 2025 Financial Statements and 2025 MD&A, which are available on SEDAR+ at www.sedarplus.ca. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's management information circular in respect of the annual meeting of shareholders to be held on May 8, 2026, which will be available on SEDAR+ in due course.

Appendices

APPENDIX A: NI 51-101 Form F2 REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATOR

To the Board of Directors of Cavvy Energy Ltd. (the “Company”):

1. We have evaluated the Company’s reserves data as at December 31, 2025. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2025, estimated using forecast prices and costs.
2. The reserves data are the responsibility of the Company’s management. Our responsibility is to express an opinion on the reserves data based on our evaluation.
3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the “COGE Handbook”) maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).
4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.
5. The following table shows the net present value of future net revenue (before deduction of income taxes) attributed to prove plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10%, included in the reserves data of the Company evaluated for the year ended December 31, 2025, and identifies the respective portions thereof that we have evaluated and reported on to the Company’s management/Board of Directors:

| Independent qualified reserves evaluator or auditor | Effective date of evaluation report | Location of reserves (country or foreign geographic area) | Net present value of future net revenue (before income taxes; 10% discount rate) | | | |
|---|-------------------------------------|---|--|----------------|---------------|------------|
| | | | Audited \$MM | Evaluated \$MM | Reviewed \$MM | Total \$MM |
| Deloitte LLP | December 31, 2025 | Canada | - | 1,505.9 | - | 1,505.9 |

6. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.
7. We have no responsibility to update our reports referred to in paragraph 5 for events and circumstances occurring after the effective date of our reports.
8. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Deloitte LLP
700, 850 – 2nd Street SW
Calgary, Alberta
T2P 0R8

Original signed by: “Lesley Mitchell”
Lesley Mitchell, P. Eng.

Execution date: February 17, 2026

APPENDIX B: FORM 51-101 F3 REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

Management of Cavvy Energy Ltd. (the “Company”) is responsible for the preparation and disclosure of information with respect to the Company’s oil and gas activities in accordance with the securities regulatory requirements. This information includes reserves data as at December 31, 2025.

An independent qualified reserve evaluator has evaluated and reviewed the Company’s reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The Reserves and Health, Safety and Environment Committee of the board of directors of the Company has:

- a) reviewed the Company’s procedures for providing information to the independent qualified reserves evaluator;
- b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and
- c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Reserves and Health, Safety and Environment Committee of the board of directors has reviewed the Company’s procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has, on the recommendation of the Reserves and Health, Safety and Environment Committee, approved:

- a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;
- b) the filing of the Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data; and
- c) the content and filing of this report.

Because the reserves data are based on judgments regarding future events, actual results will vary, and the variations may be material.

March 18, 2026

(signed) “Darcy Reding”

Darcy Reding,
Chief Executive Officer

(signed) “John Emery”

John Emery
Chief Operating Officer

(signed) “Andrew Judson”

Andrew Judson
Director

(signed) “Michael Backus”

Michael Backus
Director

APPENDIX C: DEFINITIONS USED FOR RESERVE CATEGORIES

The following definitions form the basis of the classification of reserves and values presented in the Deloitte Reserves Report. They have been prepared by the Standing Committee on Reserves Definitions of the Petroleum Society of the CIM incorporated in the COGE Handbook and specified by NI 51-101.

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recovered from known accumulations, from a given date forward, based on:

- analysis of drilling, geological, geophysical, and engineering data.
- the use of established technology.
- specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed; and
- a remaining reserve life of 50 years.

Reserve Classifications

Reserves are classified according to the degree of certainty associated with the estimates.

Proved Reserves: Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

Probable Reserves: Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Possible Reserves: Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves. Possible reserves have not been considered in this AIF.

Reserve Categories

Other criteria that must also be met for categorization of reserves are provided in Section 1.3 of the COGE Handbook. Each of the reserve categories (proved, probable, and possible) may be divided into developed or undeveloped categories.

Developed Reserves: Developed reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

Developed Producing Reserves: Developed producing reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

Developed Non-Producing Reserves: Developed non-producing reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.

Undeveloped Reserves: Undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserve classification (proved, probable, possible) to which they are assigned.

In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities, and completion intervals in the pool and their respective development and production status.

Levels of Certainty for Reported Reserves

The qualitative certainty levels contained in these definitions are applicable to individual reserves entities, which refers to the lowest level at which reserves estimates are made, and to reported reserves, which refers to the highest-level sum of individual entity estimates for which reserve estimates are made.

Reported total reserves estimated by deterministic or probabilistic methods, whether comprised of a single reserves entity or an aggregate estimate for multiple entities, should target the following levels of certainty under a specific set of economic conditions:

- There is a 90% probability that at least the estimated proved reserves will be recovered.
- There is a 50% probability that at least the sum of the estimated proved reserves plus probable reserves will be recovered.
- There is a 10% probability that at least the sum of the estimated proved reserves plus probable reserves plus possible reserves will be recovered.

A quantitative measure of the probability associated with a reserves estimate is generated only when a probabilistic estimate is conducted. The majority of reserves estimates will be performed using deterministic methods that do not provide a quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in Section 1.3.8.3 of the COGE Handbook. Whether deterministic or probabilistic methods are used, evaluators are expressing their professional judgement as to what are reasonable estimates.

Other Definitions

Gross Reserves: The Company's working interest share of the remaining reserves or resources before deduction of any royalties.

Net Reserves: The gross remaining reserves or resources of the properties in which the Company has an interest, less all Crown, freehold, and overriding royalties and interests owned by others.

Net Production Revenue: Income derived from the sale of net reserves of oil, pipeline gas, and gas by-products, less all capital and operating costs.

Fair Market Value: The price at which a purchaser seeking an economic and commercial return on investment would be willing to buy, and a vendor would be willing to sell, where neither is under compulsion to buy or sell and both are competent and have reasonable knowledge of the facts.

Barrels of Oil Equivalent (BOE) Reserves: The sum of the oil reserves, plus the gas reserves divided by a factor of 6, plus the natural gas liquid reserves, all expressed in barrels or thousands of barrels. Equivalent reserves can also be expressed in thousands of cubic feet of gas equivalent (McfGE) using a conversion ratio of 1 bbl:6 Mcf.

Oil (or Crude Oil): A mixture consisting mainly of pentanes and heavier hydrocarbons that exists in the liquid phase in reservoirs and remains liquid at atmospheric pressure and temperature. Crude oil may contain small amounts of sulphur and other nonhydrocarbons but does not include liquids obtained from the processing of natural gas.

Gas (or Natural Gas): A mixture of lighter hydrocarbons that exist either in the gaseous phase or in solution in crude oil in reservoirs but are gaseous at atmospheric conditions. Natural gas may contain sulphur or other nonhydrocarbon compounds.

Non-Associated Gas: An accumulation of natural gas in a reservoir where there is no crude oil.

Associated Gas: The gas cap overlying a crude oil accumulation in a reservoir.

Natural Gas By-Products: Those components that can be removed from natural gas including, but not limited to, ethane, propane, butanes, pentanes plus, condensate, and small quantities of non-hydrocarbons.

Products Types

A sub-classification of the principal product types of petroleum, crude oil, gas and by products, into specific groupings based on the properties of the hydrocarbon and the properties of the accumulation and reservoir rock from which it is found. Regulatory agencies may define in legislation the production types they require to be used for reporting purposes in their jurisdiction. The Canadian Securities Association (CSA) defines the Product Types for reporting purposes in NI 51-101, with the following Product Types referenced in this AIF:

Crude Oil

- Light Crude Oil: Crude oil with a relative density greater than 31.1 degrees API gravity.

- Medium Crude Oil: Crude oil with a relative density greater than 22.3 degrees API gravity and less than or equal to 31.1 degrees API gravity.

Natural Gas

- Conventional Natural Gas: Natural gas that has been generated elsewhere and has migrated as a result of hydrodynamic forces and is trapped in discrete accumulations by seals that may be formed by localized structural, depositional or erosional geological features.

By-Products

- Natural Gas Liquids: Those hydrocarbon components that can be recovered from natural gas as a liquid including, but not, limited to, ethane, propane, butanes, pentanes plus and condensates.

APPENDIX D: AUDIT AND RISK COMMITTEE MANDATE

Adopted by the Board of Directors on November 6, 2025

1 PURPOSE

The Audit and Risk Committee (the “**Committee**”) assists the board of directors (the “**Board**”) of Cavvy Energy Ltd. (the “**Corporation**”) in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, budgetary, auditing, risk, financial reporting, internal control and legal compliance functions, including the specific duties and responsibilities described below and shall comply with all applicable laws, regulations, rules and listing standards (the “**Applicable Laws**”).

2 COMPOSITION, QUALIFICATION AND APPOINTMENT

- 2.1 The Committee consists of such number of directors as the Board may, from time to time, by resolution determine, in no event to be less than three (3). Every Committee member must be a director of the Corporation.¹
- 2.2 Every Committee member must meet the independence test and other membership requirements (including, subject to the exemptions provided therein, the financial literacy requirements pursuant to National Instrument 52-110 – *Audit Committees*) under Applicable Laws, as determined by the Board.²
- 2.3 Committee members are appointed by the Board promptly after each annual shareholders’ meeting.
- 2.4 Any member of the Committee may be removed and replaced at any time by the Board and also automatically cease to be a member of the Committee as soon as such member ceases to be a director. If and whenever a vacancy exists, the remaining members may exercise all the powers of the Committee as long as a quorum remains in office.
- 2.5 Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board on the recommendation of the Committee and will be filled by the Board if the membership of the Committee falls below three (3) directors.
- 2.6 The Chair of the Board (the “**Board Chair**”) shall sit as an *ex-officio*, non-voting member of the Committee.

3 DUTIES AND RESPONSIBILITIES

The Committee shall perform the functions customarily performed by audit committees and any other functions assigned by the Board. In furtherance of its purpose and in addition to such responsibilities as may be required by Applicable Laws, the Committee assumes the following duties and responsibilities:

3.1 Accounting Policies, Financial Reporting and Control

- (a) Review changes proposed by management to the Corporation’s accounting policies to ensure completeness and acceptability with the accounting standards adopted by the Corporation as part of the approval of the financial statements.
- (b) Discuss with management and the external auditor the acceptability, appropriateness (within the range of acceptable options and alternatives), degree of aggressiveness/conservatism and quality of underlying accounting policies, disclosures and key estimates and judgments.
- (c) Review and assess the Corporation’s internal controls over financial reporting, including attestations by the external auditors of the Corporation’s internal controls over financial reporting.
- (d) Discuss with management and the external auditor the clarity and completeness of the Corporation’s financial and non-financial disclosures.

3.2 External Auditor

- (a) Recommend to the Board the external auditor to be appointed by the shareholders of the Corporation for the purpose of preparing the external auditor’s report, as well as the external auditor’s compensation for doing so.³
- (b) Review and approve in advance the proposed audit scope, focus areas, timing and key decisions (including materiality and reliance on internal audit) underlying the audit plan and the appropriateness and reasonableness of the proposed audit fees.

¹ Section 3.1(1) and (2) of NI 52-110.

² Section 3.1(3) and (4) of NI 52-110.

³ Section 2.3(2) of NI 52-110.

- (c) Establish effective communication processes with management, the Board and the external auditor so that it can objectively monitor the quality and effectiveness of the external auditor's relationship with management and the Committee.
- (d) Receive and review regular reports from the external auditor on the progress against the approved audit plan, important findings, audit issues, recommendations for improvements and the auditors' final report.
- (e) Periodically meet with the external auditor without management present.
- (f) Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the Corporation's present and former external auditors.⁴
- (g) Pre-approve all audit and non-audit services (or delegate such pre-approval if and to the extent permitted by Applicable Laws) to be provided to the Corporation or its subsidiaries by the Corporation's external auditor where such pre-approval is required by Applicable Laws.⁵ Consider whether the auditor's provision of permissible non-audit services is compatible with the auditor's independence.

3.3 Oversight of the Corporation's Risk Management

- (a) Review, monitor, and, where appropriate, provide recommendations to the Board on the governance of the Corporation's major strategic, business, operational, and financial risk exposures and the guidelines, policies and practices regarding risk assessment and risk management including the following:
 - (i) review the Corporation's Enterprise Risk Management Program, including processes for identifying, assessing and managing risks.
 - (ii) understand the Corporation's major strategic business, financial and operational risk exposures and the steps the Corporation has taken to monitor and control such exposures.
 - (iii) review the Corporation's major security risks and security trends, including cybersecurity risks that may impact the Corporation's operations and business.
 - (iv) review the Corporation's insurance coverage.
 - (v) understand the Corporation's business continuity plans, including work stoppage and disaster recovery plans.
- (b) Review, monitor, report and, where appropriate, provide recommendations to the Board on the Corporation's compliance with internal policies and practices regarding risk assessment and risk management and the Corporation's progress in remedying any material deficiencies thereto.
- (c) Review and recommend to the Board for financial approval all individual contracts for the supply of property or services that contemplate payment by the Corporation exceeding \$5,000,000 in aggregate over the term of the contract.

3.4 Environmental, Social and Governance

- (a) At least annually ensure the Committee and its members remain educated on the latest rules, regulations, industry trends and best practices regarding ESG and climate-related issues specific to the scope of the Committee and how management is collecting and reporting relevant data.

3.5 Ethical and Legal Compliance

- (a) Review, on a quarterly basis the Corporation's compliance with respect to (i) the legal and regulatory matters which may have a material effect on the Corporation and/or its financial statements, including with respect to pending or threatened material litigations, and (ii) compliance with certain Corporate Policies listed in 3.6(a) of this mandate, as well as the Corporation's progress in remedying any material deficiencies that could have a significant impact on the Corporation.

3.6 Corporate Policies

- (a) At least annually review and if appropriate recommend to the Board changes to the Corporation's principal Audit and Risk corporate policies, which include but may not be limited to:
 - (i) Delegation of Authority
 - (ii) Hedging

⁴ Section 2.3(8) of NI 52-110.

⁵ Section 2.3(4) of NI 52-110.

- (iii) Investment
 - (iv) Credit
 - (v) Disclosure
- (b) As appropriate, investigate situations brought to the attention of the Committee through the Whistleblower Policy regarding accounting, internal controls, or auditing matters, including allegations with respect to fraud or accounting misconduct.⁶

3.7 Public Disclosure

- (a) Review and discuss with management and the external auditor and, where appropriate, provide recommendations to the Board on the following, prior to their public disclosure:
- (i) the Corporation's annual and interim financial statements and associated MD&A (including the discussion of critical accounting estimates included therein), annual information form, prospectus-type documents, earnings press releases (including financial outlook, future-oriented financial information and other forward-looking information, and any pro-forma or non-IFRS information included therein); and
 - (ii) to the extent not previously reviewed by the Committee, all financial statements included in any prospectus, business acquisition report or offering memoranda and/or other financial reporting requiring approval by the Board.⁷
- (b) To the extent deemed appropriate, review:
- (i) any financial information of the Corporation required to be filed by the Corporation with applicable securities regulators or stock exchanges and
 - (ii) press releases of the Corporation containing material financial information, earnings guidance, forward-looking statements, material change reports, information about operations or any other material information.
- (c) Take steps to satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assess the adequacy of those procedures.⁸

3.8 Other Responsibilities

- (a) Review and monitor the Corporation's quarterly performance against the annual budget.
- (b) Perform such other functions as may, from time to time, be assigned to the Committee by the Board.

4 PROCEDURAL MATTERS

4.1 Committee Chair

The Board appoints one (1) Committee member to act as its chair (the "**Committee Chair**"), provided that if the Board does not so designate a Committee Chair, the Committee, by a majority vote, may designate a Committee Chair. The Committee Chair may be removed at any time at the discretion of the Board. The incumbent Committee Chair continues in office until (i) a successor is appointed, (ii) he or she is removed by the Board, or (iii) he or she ceases to be a director of the Corporation. If the Committee Chair is absent from a meeting, the Committee will, by majority vote, select another Committee member to preside at that meeting.

The Committee Chair has the following responsibilities and duties:

- (a) Effectively lead the Committee in discharging all duties set out in this Mandate.
- (b) Chair meetings of the Committee.
- (c) Review and provide comments on the agenda for each meeting of the Committee prepared by management and instructs management to ensure that the properly prepared agenda and other meeting materials are circulated to the Committee with sufficient time for review prior to each Committee meeting.
- (d) Ensure that all matters requiring the Committee's review or approval are properly tabled and presented for consideration at Committee meetings and that Committee members are free to express their viewpoints.

⁶ Section 2.3 of NI 52-110.

⁷ Section 2.3(5).

⁸ Section 2.3(6).

- (e) Ensure the Committee meets as frequently as necessary to carry out its duties effectively and ensures that there is sufficient time during Committee meetings to fully discuss all business properly put before the Committee.
- (f) In consultation with management, review the Committee's annual work plan.
- (g) Report to the Board on the matters reviewed by, and on any decisions or recommendations of, the Committee at the next meeting of the Board following any meeting of the Committee.
- (h) Ensure that the Committee works as a cohesive group, including by maintaining effective communication and working relationships between members of the Committee, the Board, management, auditors and advisors.
- (i) Ensure that the resources available to the Committee (in particular, timely and relevant information) are adequate to support its work.
- (j) If requested by the Governance and Human Resources Committee, meet with all Committee members and seeks their feedback on Committee performance and other matters.
- (k) Carry out any other or special assignments or any functions as may be requested by the Board.

4.2 Meetings

- (a) Meetings of the Committee may be called at the request of any member of the Committee, the CFO or the external auditor or otherwise as required by law. Any such request will set out in reasonable detail the business proposed to be conducted at the meeting so requested. The Committee shall fix its own procedure at meetings and for the calling of meetings. The Committee meets at least each quarter and otherwise as necessary.
- (b) The CFO shall have direct access to the Committee and receive notice of and attend and be heard at all meetings of the Committee.
- (c) The CEO and the Board Chair shall receive notice of and have the right to attend and be heard at all meetings of the Committee, except in each case such part of the meeting, if any, which is a private session not involving all or some of these officers as determined by the Committee.
- (d) The external auditor of the Corporation is given notice of every Committee meeting and, at the expense of the Corporation, is entitled to attend and be heard thereat, except such part of the meeting, if any, which is a private session not involving the external auditor. If requested by a Committee member, the external auditor attends every Committee meeting held during such external auditor's term of office.
- (e) Unless otherwise determined, from time to time, by resolution of the Board, a majority of the Committee constitutes a quorum. No business may be transacted by the Committee except by resolution in writing signed by all the Committee members (whether in writing or electronically) or at a Committee meeting at which a quorum of the Committee is present in person or by means of such telephonic, electronic or other communication facilities that permits all participants to communicate adequately with each other during the meeting. At Committee meetings, Committee actions shall require approval of a majority of the votes cast by Committee members, except where only two (2) members are present, in which case any question shall be decided unanimously.
- (f) The Committee meets *in-camera*, in the absence of management with the external auditor, at each regularly scheduled meeting.
- (g) The Committee meets *in-camera*, in the absence of management and the external auditor, at each regularly scheduled meeting.
- (h) The Corporation Secretary will be the secretary of all meetings. If the Corporation Secretary is not in attendance at any meeting, the Committee appoints a secretary to the Committee who need not be a director or officer of the Corporation. Minutes of Committee meetings will be recorded and maintained by the Committee's secretary and will be presented to the Committee Chair for review and approval.
- (i) The Committee may invite such officers, directors and employees of the Corporation as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee. It is expected that responsible management shall be reporting on particulars at each Committee meeting.

4.3 Reporting to the Board

- (a) The Committee will report to the Board in a timely manner with respect to each of its meetings held. This report may take the form of circulating copies of the minutes of each meeting held.

5 DELEGATION

The Committee has the authority to delegate to subcommittees, provided however that the Committee shall not delegate any power or authority required by Applicable Laws to be exercised by the Committee as a whole.

6 INDEPENDENT ADVISORS AND RESOURCES

- (a) The Committee may communicate directly with the Corporation's external auditors and the Corporation's officers, employees or external parties and request Corporation information and documentation from these persons.⁹
- (b) The Committee may, in its sole discretion, engage independent outside counsel and such other advisors as it deems necessary to fulfil its duties and responsibilities under this Mandate. The Committee may set the compensation and oversee the work of any outside counsel and other advisors to be paid by the Corporation.¹⁰

7 LIMITATION ON THE DUTIES OF THE MEMBERS OF THE COMMITTEE

Nothing in this Mandate is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard required by law.

8 EVALUATION OF COMMITTEE AND MANDATE REVIEW

On an annual basis, the Committee shall review and evaluate its performance. In conducting this review, the Committee shall address such matters that the Committee considers relevant to its performance and evaluate whether this Mandate appropriately addresses the matters that are or should be within its scope. The review and evaluation shall be conducted in such a manner as the Committee deems appropriate. Among other things, the Committee shall evaluate and assess the financial literacy of its members. The Committee Chair shall deliver to the Governance and Human Resources Committee Chair a report, which may be oral, setting forth the results of its review and evaluation, including any recommended changes to this Mandate and any recommended changes to the Corporation's or the Board's policies or procedures, as it deems necessary or appropriate.¹¹

This Mandate is not intended to give rise to civil liability on the part of the Corporation or its directors or officers to shareholders, other security holders, customers, suppliers, competitors, employees or other persons or to any other liability whatsoever on their part.

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⁹ Section 4.1 of NI 52-110.

¹⁰ Section 4.1 of NI 52-110.

¹¹ Section 3.18 of NP 58-201