# Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of Cavvy Energy Ltd. ("Cavvy", "we", "our" or the "Company") provides a review by management of the financial performance and position of the Company, as well as the trends and external factors which may impact the Company's prospects. This MD&A has been prepared as of August 11, 2026, and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and the accompanying notes for the three and six months ended June 30, 2026, (the "Interim Financial Statements") and the MD&A and audited consolidated financial statements and the accompanying notes for the year ended December 31, 2025 and 2024 (the "Consolidated Financial Statements") as well as Cavvy's Annual Information Form ("AIF"). The Interim Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") as issued by the International Accounting Standards Board ("IASB"). The Company's reporting currency is the Canadian dollar ("CAD"). All amounts are presented in CAD, unless otherwise stated.

When preparing the MD&A, the Company considers the materiality of information. Information is considered material if (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. The Company evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Condensate is a natural gas liquid as defined by National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*. Throughout this MD&A, natural gas liquids ("NGLs") comprise all NGLs as defined by NI 51-101 other than condensate, which is disclosed separately. Reference is made to crude oil and natural gas in common units called barrel of oil equivalent ("boe"). A boe is derived by converting six thousand cubic feet ("mcf") of natural gas to one barrel ("bbl") of crude oil (6 mcf:1 bbl). This conversion may be misleading, particularly if used in isolation, since the 6 mcf:1 bbl ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In comparing the value ratio using current crude oil prices relative to natural gas prices, the 6 mcf:1 bbl conversion ratio may be misleading as an indication of value.

This MD&A includes references to certain financial measures that are not defined under IFRS and are considered non-GAAP financial measures. Management believes these financial measures are important to the understanding of the Company's business activities. The measures Cavvy uses may not be comparable to similar measures presented by other companies and should not be considered an alternative to, or more meaningful than, measures determined in accordance with IFRS. Management uses these non-GAAP financial measures to evaluate the Company's operating performance, financial position and liquidity. The non-GAAP financial measures are reconciled to their closest GAAP measure. See Non-GAAP and Other Financial Measures section of the MD&A for definitions of these measures.

Cavvy trades on the TSX under the symbol CVVY. Continuous disclosure materials are available on our website. www.cavvyenergy.com, or on SEDAR, www.sedarplus.com.

## CAVVY'S OBJECTIVES AND STRATEGY

Cavvy is a Canadian energy company headquartered in Calgary, Alberta, and a significant upstream producer and midstream gathering and processing ("G&P") operator with core assets concentrated in western Alberta. Cavvy's business is focused on safely producing, processing and delivering treated natural gas, condensate, NGLs and sulphur to market.

Management is optimistic about investment opportunities within the Company's existing asset base and in the regions in which it operates. As Cavvy continues to mature its deep inventory of conventional drilling prospects, it is focused on diversifying revenue and improving cash flow by increasing third-party utilization of owned G&P infrastructure, which consists primarily of three major sour gas processing and fractionation facilities – the "Waterton Facility", the "Jumping Pound Facility" and the "Caroline Facility", and associated gathering systems. These assets are strategically located to provide local customers with competitive processing and egress to natural gas, condensate, NGL, and sulphur markets. 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:

- Sustaining a safe and regulatory compliant business.
- Expanding utilization of the Company's G&P assets by competitively attracting third-party volumes derived from existing production, local capacity consolidation, and new development drilling within the reach and capacity of its gathering systems.
- Proving the Company's resource upside by successfully investing in identified high impact drilling opportunities.
- Improving capital structure and financial flexibility by reducing leverage.
- Identifying and pursuing cashflow growth and revenue diversification opportunities.
- Instilling and driving a high-performance culture.

- Mitigating or eliminating carbon compliance cost through facility utilization and emissions reduction initiatives.
- Applying technology solutions to improve profitability.
- Seeking new markets for its products.
- Pursuing emerging opportunities aligned with implementing a “new ventures” strategy.

## QUARTERLY HIGHLIGHTS

The table below provides a summary of consolidated financial results for the current quarter and the previous seven quarters:

| | 2026 | | 2025 | | | | 2024 | |
|---|---|---|---|---|---|---|---|---|
| *($ 000s unless otherwise noted)* | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 |
| **Production** | | | | | | | | |
| Natural gas (mcf/d) | **102,711** | 118,284 | 111,834 | 115,467 | 126,198 | 105,338 | 111,787 | 115,196 |
| Condensate (bbl/d) | **1,937** | 2,302 | 2,065 | 2,258 | 2,507 | 2,454 | 2,149 | 2,191 |
| NGLs (bbl/d) | **2,442** | 2,639 | 2,299 | 2,454 | 2,524 | 2,574 | 1,788 | 1,726 |
| Sulphur (mt/d) | **984** | 1,089 | 989 | 1,120 | 1,128 | 1,076 | 968 | 1,444 |
| Total production (boe/d) [(1)] | **21,497** | 24,655 | 23,003 | 23,956 | 26,064 | 22,584 | 22,568 | 23,116 |
| Third-party volumes processed (mcf/d) [(2)] | **151,734** | 156,825 | 136,579 | 138,544 | 119,761 | 90,926 | 74,650 | 72,654 |
| **Financial** | | | | | | | | |
| **Natural gas price ($/mcf)** | | | | | | | | |
| Realized before hedging [(3)] | **1.52** | 1.99 | 2.41 | 0.66 | 1.73 | 2.24 | 1.55 | 0.77 |
| Realized after hedging [(3)] | **2.81** | 2.93 | 3.60 | 3.25 | 3.23 | 3.58 | 3.36 | 3.43 |
| Benchmark (AECO) | **1.60** | 2.01 | 2.25 | 0.62 | 1.72 | 2.14 | 1.46 | 0.68 |
| **Condensate price ($/bbl)** | | | | | | | | |
| Realized before hedging [(3)] | **129.71** | 92.04 | 76.62 | 82.65 | 84.60 | 95.15 | 94.87 | 92.13 |
| Realized after hedging [(3)] | **102.86** | 85.17 | 79.75 | 83.66 | 85.88 | 88.29 | 90.61 | 84.61 |
| Benchmark (C5 at Edmonton) | **132.05** | 97.94 | 79.61 | 86.58 | 87.71 | 100.24 | 98.85 | 97.10 |
| **Sulphur price ($/mt)** | | | | | | | | |
| Realized before Physical Contracts [(4)] | **877.14** | 599.69 | 304.85 | 196.11 | 168.45 | 111.46 | 49.00 | 40.64 |
| Realized after Physical Contracts [(4)] | **478.16** | 360.35 | 43.22 | 34.59 | 32.40 | 17.00 | 12.09 | 8.86 |
| Benchmark USD (Vancouver FOB) | **963.43** | 508.40 | 414.47 | 268.42 | 271.75 | 184.42 | 135.78 | 97.49 |
| Net income (loss) | **16,150** | 3,538 | (1,598) | (10,086) | 4,147 | 2,666 | (20,921) | 7,496 |
| Net income (loss) $ per share, basic and diluted | **0.05** | 0.01 | (0.01) | (0.03) | 0.01 | 0.01 | (0.08) | 0.04 |
| Net operating income [(5)] | **49,647** | 41,876 | 20,785 | 30,631 | 26,491 | 32,550 | 13,720 | 19,818 |
| Cashflow provided by (used in) operating activities | **72,194** | 45,412 | 7,776 | 4,466 | 1,599 | 22,612 | (592) | 2,260 |
| Funds flow from operations [(5)] | **41,867** | 32,168 | 13,518 | 12,898 | 14,502 | 21,707 | 3,341 | 8,234 |
| Operating netback ($/boe) [(5)] | **25.38** | 18.87 | 9.82 | 13.90 | 11.17 | 16.02 | 6.61 | 9.31 |
| Total assets | **560,421** | 537,868 | 539,136 | 536,274 | 553,216 | 571,470 | 612,423 | 615,040 |
| Adjusted working capital deficit [(5)] | **(46,289)** | (39,490) | (19,769) | (10,631) | (20,144) | (30,540) | (29,777) | (42,658) |
| Net debt [(5)] | **(127,626)** | (156,613) | (170,617) | (163,697) | (166,878) | (185,438) | (197,564) | (206,779) |
| Capital expenditures [(6)] | **3,787** | 6,302 | 10,404 | 4,022 | 2,391 | 6,538 | 5,800 | 10,002 |

(1) Total production excludes sulphur.
(2) Third-party volumes processed are raw natural gas volumes reported by activity month.
(3) After hedging positions may include any combination of physical and financial hedges used for pricing and risk management purposes. Refer to the “Risk Management” section of this MD&A for the composition of hedges. The realized natural gas price after hedges in the first quarter of 2025 is normalized to exclude the impact of a hedge monetization.
(4) Realized sulphur price is based on FOB Vancouver, hedge adjusted and net of customary deductions such as transportation, handling, marketing, and storage fees.
(5) Refer to the “Net Operating Income”, “Operating Netback”, “Capital Resources”, “Funds Flow from Operations”, “Working Capital and Capital Strategy”, and “Non-GAAP and Other Financial Measures” sections of this MD&A for the compositions and definitions of non-GAAP and other financial measures.
(6) Excludes reclamation and abandonment activities.

## SECOND QUARTER 2026 OPERATIONAL AND FINANCIAL HIGHLIGHTS

**Highlights for the second quarter of 2026 include:**

- Generated net operating income ("NOI") of $49.6 million and operating netback of $25.38/boe, up 87% and 127% respectively from the second quarter of 2025, resulting in Funds Flow from Operations ("FFO") of $41.9 million, up 189% from the second quarter of 2025.
- Produced 21,497 boe/d (80% natural gas) and 984 mt/d of sulphur during the quarter, down 18% and 13% respectively from the second quarter of 2025 due to the scheduled Waterton gas plant downtime in June.
- Increased third-party raw gas processing volumes to 151.7 MMcf/d, up 27% compared to the three months ended June 30, 2025, resulting in a 26% increase in third-party processing and marketing revenue.
- Repaid $39.2 million of Senior Facility debt during the quarter, surpassing the previous record quarterly repayment of $37.3 million made in the first quarter of 2026, reducing total principal outstanding to $86.8 million at June 30, 2026.

## OUTLOOK AND REVISED 2026 GUIDANCE

Key priorities for 2026 remain:

- Sustain a safe and regulatory compliant business.
- Capture additional opportunities to grow third-party gathering and processing business value.
- Minimize facility outages to maximize sales and processing revenue.
- Reduce long-term debt to improve financial flexibility and position the Company to refinance its 2027 debt maturities.
- Identify and high-grade both organic and acquisition opportunities to replenish Cavvy's resource base and increase development upside.

Revenue diversification is one of Cavvy's strengths and a key differentiator, allowing Cavvy to better withstand commodity price volatility. During the first quarter, the escalating Middle East conflict contributed to an increase in both sulphur and NGL prices, while AECO gas prices have simultaneously fallen sharply. Third-party processing volumes and revenue at the Caroline and Jumping Pound Facilities and third-party sulphur re-melting and processing at Shantz are increasingly important to Cavvy's business.

**The Company's Revised 2026 guidance is as follows:**

| | Revised 2026 Guidance | | Previous 2026 Guidance | |
|---|---|---|---|---|
| *($ 000s unless otherwise noted)* | Low | High | Low | High |
| Production (boe/d) (1) | **22,000** | **23,500** | 22,000 | 24,500 |
| Sulphur production (mt/d) | **1,000** | **1,100** | 1,000 | 1,150 |
| Net operating income (2)(3)(4) | **170,000** | **180,000** | 125,000 | 140,000 |
| Capital expenditures (5) | **52,000** | **57,000** | 35,000 | 40,000 |
| Total debt (at YE 2026) (6) | **75,000** | **85,000** | 110,000 | 125,000 |

(1) Revised production guidance assumes persistence of previously announced shut-ins in Northern AB, while production in Northeast BC is assumed to be on production through periods with supporting AECO pricing in 2026.
(2) Refer to the "Net Operating Income" section of the Company's MD&A for reference to non-GAAP measures.
(3) Assumes unhedged average 2026 AECO price of $1.80/GJ, average unhedged 2026 WTI price of US$79.54/bbl and average unhedged 2026 Vancouver FOB Sulphur price of USD $743/mt.
(4) Includes the impact of hedge contracts and the 2026 structured Sulphur Pricing Agreement.
(5) Excludes asset retirement and decommissioning expenditures.
(6) Assumes USD/CAD exchange rate of 0.7174.

### Net Operating Income

With record spot sulphur prices, strong hydrocarbon liquids prices and continued growth in the Company's third-party processing revenues, management is increasing 2026 NOI guidance by approximately $45 million to a range of $170 to $180 million. The revised guidance assumes an average unhedged 2026 Vancouver FOB sulphur price of USD $743/mt with USD $846/mt for the second half of the year, an average unhedged 2026 AECO price of $1.80/GJ, and an average unhedged 2026 WTI price of USD $79.54/bbl.

### Debt Repayment

Cavvy achieved $76.5 million of debt repayment during the first half of the year due to robust sulphur and liquids pricing. Cavvy is revising the total year-end 2026 debt guidance by approximately $40 million from a range of $110 to $125 million, down to a range of $75 to $85 million, as Cavvy repaid more debt in the first half than anticipated.

## Capital Expenditures

The 2026 capital program has been increased by approximately $17 million to a range of $52 to $57 million. The additional capital includes an additional $6.8 million to expand the low risk high return well and facility optimization program, $3.2 million of additional Caroline turnaround scope and cost, $2.8 million of capital maintenance at the Waterton Facility and net $4.2 million of other capital expenditures deemed beneficial to the Company's operating strategy.

Due to the current outlook for natural gas prices, Cavvy is not planning to resume development drilling in 2026. The Company will only develop its portfolio of high impact conventional Foothills drilling opportunities once natural gas prices sustainably recover and the Company has achieved its deleveraging target.

## Operations Update

Scheduled maintenance on the third-party sales gas pipeline required the Waterton Facility to be shut-in for 24 days beginning June 9, 2026. During this outage, Cavvy completed proactive maintenance which is expected to reduce the duration and defer the timing of the next planned maintenance turnaround at the Waterton Facility from 2028 to 2029. Waterton was restarted on July 1, 2026, but subsequently required an unplanned outage beginning on July 19, expected to last approximately four weeks, to repair a low-pressure vessel critical for sulphur recovery that developed a leak following re-start of the facility.

At the beginning of the third quarter, management accelerated the start date of the scheduled maintenance turnaround at the Caroline Facility from mid August 2026 to mid July 2026 to proactively address certain maintenance priorities an minimalize the risk of downtime or capacity reductions prior to the scheduled turnaround. The estimated duration of the outage remains unchanged at six weeks. The net capital cost of the turnaround is expected to be $18.2 million, approximately $3.2 million higher than previously forecast, reflecting an increase in project scope necessary to accommodate the growth of Cavvy's third-party processing business.

In June 2026, Cavvy extended the gas handling and processing agreement for a key customer at Caroline and Jumping Pound Facilities. The volumes under this agreement are now committed through June 2027 and are expected to contribute approximately $5 million to NOI on an annualized basis.

## Discretionary Production Shut-ins

Cavvy continually evaluates the economic performance of its producing assets to optimize cash flow during periods of sustained low commodity prices. Management has historically elected to temporarily shut in selected low-margin properties when breakeven commodity prices are not achieved, in order to preserve reserve value. Reactivating shut-in production can typically be completed within one to two weeks, and subsequent well performance is not expected to be negatively impacted.

Production in the non-core areas of Northern Alberta Foothills and Northeast BC do not produce significant components of NGLs or sulphur. As a result, economics for these areas are driven by AECO pricing; they are cycled on and off periodically based on breakeven AECO economics. In recent years these areas produce during the winter season and are cycled off during the shoulder and summer seasons.

Shut-in production in Central Alberta ("CAB"), representing approximately 7,200 boe/d or 22% of the Company's production capability, was shut-in during the third quarter of 2024. Production from CAB does not flow to a Cavvy owned and operated gas processing facility and is tied to high cost, non-operated, non-owned gas processing facilities where Cavvy is fully exposed to operating and maintenance turnaround costs on a 'flow-through' basis. These properties are classified as proved developed non-producing ("PDNP") within the total proved ("TP") reserve category in the Company's December 31, 2025 reserve report.

Current shut-in productions is as follows:

| | Production (boe/d) |
|---|---:|
| CAB | 7,200 |
| Northern Alberta Foothills | 1,000 |
| Northeast BC | 800 |
| **Current Voluntarily Shut-in Production** | **9,000** |

## FUNDS FLOW FROM OPERATIONS

The following table summarizes the Company's FFO for the three and six months ended June 30, 2026, and 2025:

| | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| *($ 000s)* | **2026** | **2025** | **2026** | **2025** |
| Cash provided by operating activities | **72,194** | 1,599 | **117,606** | 24,211 |
| Settlement of decommissioning obligations | **1,084** | 269 | **7,884** | 537 |
| Changes in non-cash working capital | **(31,411)** | 12,634 | **(51,455)** | 11,461 |
| **Funds Flow from Operations** | **41,867** | 14,502 | **74,035** | 36,209 |

(1) Refer to "Non-GAAP and Other Financial Measures" section of this MD&A for the definition of FFO.

## NET OPERATING INCOME

The following table summarizes the Company's NOI for the three and six months ended June 30, 2026, and 2025:

| | Three months ended June 30 | | | Six months ended June 30 | | |
|---|---|---|---|---|---|---|
| *($ 000s)* | **2026** | **2025** | **% Change** | **2026** | **2025** | **% Change** |
| Revenue before hedging (1) | **99,835** | 49,060 | 103 | **206,360** | 101,727 | 103 |
| (Loss) gain on hedging (1) (2) | **(6,405)** | 17,487 | (137) | **(21,224)** | 39,230 | (154) |
| Revenue after hedging (1) | **93,430** | 66,547 | 40 | **185,136** | 140,957 | 31 |
| Processing, marketing and other revenue (3) | **12,268** | 9,748 | 26 | **24,683** | 16,002 | 54 |
| Revenue | **105,698** | 76,295 | 39 | **209,819** | 156,959 | 34 |
| Royalties | **(8,186)** | (4,477) | 83 | **(17,886)** | (3,944) | 353 |
| Operating | **(43,655)** | (40,409) | 8 | **(91,471)** | (84,395) | 8 |
| Transportation | **(4,210)** | (4,918) | (14) | **(8,939)** | (9,582) | (7) |
| **Net Operating Income** (4) | **49,647** | 26,491 | 87 | **91,523** | 59,038 | 55 |

(1) Hedges include any combination of physical and financial hedges used for pricing and risk management purposes. Refer to the "Risk Management" section of this MD&A for the composition of hedges.
(2) The six month period ended June 30, 2025 includes the early monetization of certain AECO natural gas contracts for proceeds of $10.2 million net of transaction costs.
(3) Other revenue includes road use income and contract operating income.
(4) Refer to "Non-GAAP and Other Financial Measures" section of this MD&A for the definition of NOI.

## OPERATING NETBACK PER BOE

The following table summarizes the Company's operating netback for the three and six months ended June 30, 2026, and 2025:

| | Three months ended June 30 | | | Six months ended June 30 | | |
|---|---|---|---|---|---|---|
| *($ per boe)* | **2026** | **2025** | **% Change** | **2026** | **2025** | **% Change** |
| Natural gas | **7.27** | 8.38 | (13) | **8.48** | 9.35 | (9) |
| Condensate | **11.68** | 8.14 | 43 | **10.04** | 9.15 | 10 |
| NGLs | **3.20** | 2.76 | 16 | **3.30** | 3.47 | (5) |
| Sulphur | **40.15** | 1.40 | NM | **32.89** | 1.13 | NM |
| (Loss) gain on hedging (1) | **(14.54)** | (7.38) | 97 | **(10.36)** | (8.91) | 16 |
| Revenue after hedging (1) | **47.76** | 28.06 | 70 | **44.35** | 32.01 | 39 |
| Processing, marketing and other revenue (2) | **6.27** | 4.11 | 53 | **5.91** | 3.63 | 63 |
| Revenue | **54.03** | 32.17 | 68 | **50.26** | 35.64 | 41 |
| Royalties | **(4.18)** | (1.89) | 121 | **(4.28)** | (0.90) | 376 |
| Operating | **(22.32)** | (17.04) | 31 | **(21.91)** | (19.16) | 14 |
| Transportation | **(2.15)** | (2.07) | 4 | **(2.14)** | (2.18) | (2) |
| **Operating netback ($/boe)** (3) | **25.38** | 11.17 | 127 | **21.93** | 13.40 | 64 |

(1) Hedges include any combination of physical and financial hedges used for pricing and risk management purposes. Refer to the "Risk Management" section of this MD&A for the composition of hedges.
(2) Refer to the "Risk Management" section of this MD&A for the composition of hedges.
(3) Other revenue includes road use income and contract operating income.
(4) Refer to "Non-GAAP and Other Financial Measures" section of this MD&A for the definition of operating netback.

## NET OPERATING INCOME SENSITIVITY ANALYSIS

The following table summarizes the Company's NOI sensitivity for the three and six months ended June 30, 2026:

| | Three months ended June 30 | | | | Six months ended June 30 | | | |
|---|---|---|---|---|---|---|---|---|
| | 2026 | % Change | $ Impact | % Impact | 2026 | % Change | $ Impact | % Impact |
| **Business Environment** [1] | | | | | | | | |
| CAD/USD average exchange rate [2] | 1.38 | 10 | 3,278 | 7 | 1.38 | 10 | 5,949 | 6 |
| Sulphur price (USD/mt) [3] | 963.43 | 10 | 2,541 | 5 | 737.17 | 10 | 4,425 | 5 |
| WTI price (USD/bbl) [4] | 93.05 | 10 | 1,065 | 2 | 72.40 | 10 | 2,119 | 2 |
| AECO price ($/mcf) [5] | 1.58 | 10 | 399 | 1 | 1.69 | 10 | 1,064 | 1 |
| **Operational** [1] | | | | | | | | |
| Operating expense ($/boe) | (22.32) | 10 | 4,366 | 9 | (21.91) | 10 | 9,147 | 10 |
| Sulphur production (mt/d) | 984 | 10 | 3,882 | 8 | 1,036 | 10 | 6,999 | 8 |
| NGLs & condensate production (bbl/d) | 4,377 | 10 | 2,632 | 5 | 4,657 | 10 | 4,051 | 4 |
| Royalty burden (% of sales revenue) | 9% | 1 | 877 | 2 | 10% | 1 | 1,715 | 2 |
| Natural gas (mcf/d) | 102,711 | 10 | 125 | - | 110,459 | 10 | 839 | 1 |

(1) Calculations are performed independently, includes the impact of commodity hedges that were in place during the period and are based on operating results for the three and six months ended June 30, 2026. Actual results may differ when multiple variables change simultaneously, and the estimated NOI impacts are only applicable within a limited range of assumptions with royalty burden held constant.
(2) Includes the impact of foreign exchange on NGL and Condensate prices assuming a correlation to USD WTI.
(3) Includes the impact of foreign exchange on sulphur prices.
(4) Includes the impact of WTI price on NGL (C3, C4) and condensate (C5) prices assuming a correlation to USD WTI.
(5) Includes the impact of AECO price on NGL (C2) price assuming a correlation to AECO.

## PRODUCTION

The following table summarizes the Company's production by commodity for the three and six months ended June 30, 2026, and 2025:

| | Three months ended June 30 | | | Six months ended June 30 | | |
|---|---|---|---|---|---|---|
| *(boe/d)* | 2026 | 2025 | % Change | 2026 | 2025 | % Change |
| Natural gas (mcf/d) | **102,711** | 126,198 | (19) | **110,459** | 115,825 | (5) |
| Condensate (bbl/d) | **1,937** | 2,507 | (23) | **2,117** | 2,480 | (15) |
| NGLs (bbl/d) | **2,442** | 2,524 | (3) | **2,540** | 2,549 | - |
| Sulphur (mt/d) | **984** | 1,128 | (13) | **1,036** | 1,102 | (6) |
| **Total production (boe/d)** [1] | **21,497** | 26,064 | (18) | **23,067** | 24,334 | (5) |
| Natural gas production (%) | **80** | 81 | (1) | **80** | 79 | 1 |
| Liquids production (%) | **20** | 19 | 5 | **20** | 21 | (5) |

(1) Total production boe/d excludes sulphur.

### Production by Area

The following table summarizes the Company's production by core area for the three and six months ended June 30, 2026, and 2025:

| | Three months ended June 30 | | | Six months ended June 30 | | |
|---|---|---|---|---|---|---|
| *(boe/d)* | 2026 | 2025 | % Change | 2026 | 2025 | % Change |
| Waterton | **6,136** | 8,963 | (32) | **7,105** | 8,704 | (18) |
| Jumping Pound | **6,985** | 7,564 | (8) | **7,050** | 6,048 | 17 |
| Caroline | **4,835** | 4,848 | - | **4,957** | 5,091 | (3) |
| CAB | **1,420** | 1,078 | 32 | **1,518** | 1,106 | 37 |
| Northern Alberta Foothills | **2,108** | 3,121 | (32) | **2,084** | 3,038 | (31) |
| Northeast BC | **13** | 490 | (97) | **353** | 347 | 2 |
| **Total production (boe/d)** | **21,497** | 26,064 | (18) | **23,067** | 24,334 | (5) |

Total production remained relatively stable in the six month period but declined over the three month period. Items that impacted the three month ended production include:

- Waterton field and facility were shut in for 24 days in June 2026 due to planned maintenance by TC Energy on the Nova Gas Transmission Line.
- Jumping Pound production was impacted by unplanned field compressor maintenance work in the second quarter of 2026.
- CAB production reflects certain non-operated volumes which were restarted by the operator during the third and fourth quarter of 2025.
- Northern Alberta Foothills sour production remains shut-in since the second quarter of 2025, reflecting continued economic considerations.
- Northeast BC wells were offline longer in the current quarter than they were in the comparative due to lower gas prices.

## BENCHMARK PRICES

The following table summarizes benchmark commodity pricing for the three and six months ended June 30, 2026, and 2025:

| | Three months ended June 30 | | | | Six months ended June 30 | | |
|---|---|---|---|---|---|---|---|
| | 2026 | 2025 | % Change | Q1 2026 | 2026 | 2025 | % Change |
| **Natural Gas** | | | | | | | |
| AECO ($/mcf) | **1.60** | 1.72 | (7) | 2.01 | **1.80** | 1.93 | (7) |
| Henry Hub (USD/MMbtu) | **2.93** | 3.14 | (7) | 4.93 | **3.93** | 3.69 | 7 |
| Chicago Citygate (USD/MMbtu) | **2.48** | 2.85 | (13) | 5.32 | **3.89** | 3.43 | 13 |
| Basis Differential AECO-NYMEX Premium (Discount) (USD/MMbtu) | **(1.78)** | (1.91) | (7) | (3.46) | **(2.62)** | (2.32) | 13 |
| **Condensate** | | | | | | | |
| C5 at Edmonton ($/bbl) | **132.05** | 87.71 | 51 | 97.94 | **115.00** | 94.03 | 22 |
| West Texas Intermediate ("WTI") crude oil (USD/bbl) | **93.05** | 64.04 | 45 | 72.40 | **82.78** | 67.78 | 22 |
| **Sulphur** | | | | | | | |
| Vancouver FOB Sulphur (USD/mt) | **963.43** | 271.75 | 255 | 508.40 | **737.17** | 228.33 | 223 |
| **Foreign Exchange** | | | | | | | |
| CAD/USD average exchange rate | **1.3864** | 1.3840 | - | 1.37 | **1.3776** | 1.4094 | 2 |

### Natural Gas

100% of Cavvy's natural gas production is priced at AECO. AECO pricing is generally correlated with the Henry Hub and Chicago markets and adjusted for an AECO basis differential related to the transportation of Canadian gas into the US gas transportation system combined with regional supply-demand fundamentals. The decrease in AECO pricing during the second quarter of 2026 relative to the comparable periods reflects softer seasonal demand, a decrease in exports to the US Pacific Northwest due to higher storage levels in the US western region and continued strong Western Canada Sedimentary Basin production levels which contributed to excess regional supply and downward pressure on AECO pricing.

### Condensate

The primary hub for Cavvy's condensate production is the Edmonton market for use as diluent to reduce the viscosity of heavy oil for transportation through pipelines. Condensate pricing is highly correlated with the WTI crude oil price. During the three months ending June 30, 2026, C5 and WTI strengthened significantly reflecting heightened geopolitical risk and concerns regarding global oil supply security. Crude oil markets experienced substantial volatility throughout the quarter as conflict in the Middle East and disruptions affecting the Strait of Hormuz created uncertainty regarding the movement of global crude volumes.

### Sulphur

There are various markets for Cavvy's sulphur production including North American fertilizer manufacturers and mining entities, as well as international markets accessed through Vancouver or Tampa Bay sulphur export terminals. Worldwide sulphur markets are comparatively illiquid, with poor price discovery. Typically, contracts are on a one-off basis between counterparties. Currently there are no financial instruments or futures markets which allow a sulphur producer to financially hedge prices, however physical fixed-price or collared contracts can provide price certainty during the contract period, typically not exceeding one year. Spot price benchmarks are based on price assessments from actual spot physical sales at the pricing point or implied from a remote pricing point by deducting applicable transportation and handling costs from larger trading hubs such as Asia and parts of Europe.

Global sulphur markets remained exceptionally strong during the second quarter of 2026, with benchmark prices continuing to rise from the elevated levels observed in the first quarter. Market fundamentals were supported by tight global supply conditions, robust demand from phosphate fertilizer producers, and ongoing consumption growth from the mining and metals sectors. Geopolitical disruptions affecting key Middle Eastern export routes, coupled with increased freight and insurance costs, constrained the availability of seaborne sulphur.

## REALIZED PRICES

The following table summarizes the Company's realized pricing for the three and six months ended June 30, 2026, and 2025:

| | Three months ended June 30 | | | | Six months ended June 30 | | |
|---|---|---|---|---|---|---|---|
| | 2026 | 2025 | % Change | Q1 2026 | 2026 | 2025 | % Change |
| **Realized Natural Gas Price** | | | | | | | |
| Before hedging ($/mcf) (1) | **1.52** | 1.73 | (12) | 1.99 | **1.77** | 1.96 | (10) |
| After hedging ($/mcf) (1) (2) | **2.81** | 3.23 | (13) | 2.93 | **2.87** | 3.87 | (26) |
| **Realized Condensate Price** | | | | | | | |
| Before hedging ($/bbl) (1) | **129.71** | 84.60 | 53 | 92.04 | **109.53** | 89.79 | 22 |
| After hedging ($/bbl) (1) | **102.86** | 85.88 | 20 | 85.17 | **93.46** | 87.06 | 7 |
| **NGLs ($/bbl)** | **28.21** | 28.49 | (1) | 31.60 | **29.96** | 33.11 | (10) |
| **Realized Sulphur Price (1) (3)** | | | | | | | |
| Before Physical Contracts ($/mt) (1) | **877.14** | 168.45 | 421 | 599.69 | **732.16** | 138.82 | 427 |
| After Physical Contracts ($/mt) (1) | **478.16** | 32.40 | NM | 360.35 | **416.59** | 24.92 | NM |

(1) Hedges may include any combination of physical and financial hedges used for pricing and risk management purposes. Refer to the "Risk Management" section of this MD&A for the composition of hedges.
(2) The realized price of natural gas after hedges for March 31, 2025 is normalized for the hedge monetization in that period.
(3) The realized price of sulphur is net of deductions including transportation, processing and marketing.

The following table outlines volumes sold at spot price versus volumes sold under hedge contracts for the three and six months ended June 30, 2026, and 2025:

| | Three months ended June 30 | | | | Six months ended June 30 | | | |
|---|---|---|---|---|---|---|---|---|
| | 2026 | | 2025 | | 2026 | | 2025 | |
| *(% of product volume)* | % spot | % hedge | % spot | % hedge | % spot | % hedge | % spot | % hedge |
| Natural gas | **21** | **79** | 13 | 87 | **26** | **74** | 5 | 95 |
| Condensate | **30** | **70** | 35 | 65 | **31** | **69** | 32 | 68 |
| NGLs | **100** | **-** | 100 | - | **100** | **-** | 100 | - |
| **Total hydrocarbon production** | **37** | **63** | 23 | 77 | **38** | **62** | 18 | 82 |
| Sulphur | **33** | **67** | 13 | 87 | **34** | **66** | 14 | 86 |

### Marketing arrangements

Cavvy transacts with various counterparties under several short and long-term agreements to facilitate market access for its products. As a result, the custody transfer point for all products is at or near the relevant Cavvy facility gate.

The Company's hydrocarbon and sulphur sales are subject to various marketing agreements, as follows:

| Commodity | Agreement Type | Pricing mechanism | Duration | Custody Transfer Point |
|---|---|---|---|---|
| Natural gas | Sales (1) | AECO NIT (2) | 5a or 7a index | NOVA inlet |
| NGLs | Marketing | Market less marketing fees | Term, expires Q1 2027 | Facility gate |
| Condensate | Marketing | Market less marketing fees | Annual, expires Q3 | Facility gate |
| Sulphur | Sales (3) | FOB Vancouver less transportation, handling costs, and marketing fees (2) | Term, expires Q4 2028 (4) | Facility gate |

(1) Natural gas sold to various counterparties.
(2) Other than volumes sold under fixed price physical sales contracts. Refer to "Risk Management" section.
(3) Substantially all sulphur production is sold under this agreement.
(4) Buyer holds an option to renew this agreement for one additional year upon their achievement of certain performance criteria.

## RISK MANAGEMENT

The Company's risk management program is governed by its hedge policy. Cavvy's hedge policy is designed to manage risks associated with price volatility in natural gas, condensate, NGLs, sulphur, power, and fluctuations in both interest and foreign exchange rates. Risk management contracts are not meant to be speculative and are considered within the broader framework of financial stability and flexibility. Management continuously reviews the need or requirement to utilize risk management contracts. As at June 30, 2026, future production is hedged in accordance with the thresholds of the Senior Facility agreements.

Cavvy executes its risk management program through the use of financial and physical hedge contracts to mitigate commodity price exposure. Cavvy classifies its hedges into three accounting categories, each with distinct accounting treatment, as described below. Under IFRS, only financial hedges are measured at fair value.

| Hedge Category | Accounting Category | Definition | Instrument Type | Measurement Basis | Financial Statement Line Item |
|---|---|---|---|---|---|
| Financial Hedges | **Financial Contracts** | Derivative contracts measured at fair value | Swaps or collars | Fair Value | Realized<br>Unrealized |
| | **Designated Hedge Contracts** | Subset of Financial Contracts designated for hedge accounting | Designated swaps or collars | Fair Value | Realized<br>Unrealized – OCI(1) |
| **Physical Hedges** | **Physical Contracts** | Delivery based contracts recognized in revenue or expense | Fixed-price commodity sales, sulphur swap, collar and power purchases | Accrual | Revenue<br>Operating expense |

(1) OCI refers to Other Comprehensive Income

Realized gains on AECO hedges in the first quarter of 2025 include the monetization of certain in-the-money AECO natural gas financial contracts for proceeds of $10.2 million net of transaction costs. Cavvy classifies AECO natural gas swaps and WTI crude oil collars and swaps as hedges and applies hedge accounting accordingly. There was no hedge ineffectiveness identified as of June 30, 2026.

On July 31, 2026, the Company entered into fixed price sulphur pricing agreement with a third-party, under which Cavvy will receive USD $525/mt on 200,000 mt (548 mt/d) of sulphur, before transportation and handling for a twelve month period commencing January 1, 2027.

The following realized gains or losses were generated from hedges for the three and six months ended June 30, 2026, and 2025:

| | Three months ended June 30 | | | Six months ended June 30 | | |
|---|---|---|---|---|---|---|
| *($ 000s)* | 2026 | 2025 | % Change | 2026 | 2025 | % Change |
| Loss on physical power contracts | **(4,835)** | (4,422) | 9 | **(9,727)** | (9,001) | 8 |
| Loss on physical sulphur contracts | **(35,727)** | (12,141) | 194 | **(59,185)** | (19,918) | 197 |
| Gain on physical natural gas contracts | **1,544** | 777 | 99 | **2,286** | 1,405 | 63 |
| Loss on Physical Hedges | **(39,018)** | (15,786) | 147 | **(66,626)** | (27,514) | 142 |
| Gain on financial natural gas contracts (1) | **10,463** | 16,385 | (36) | **19,783** | 38,626 | (49) |
| (Loss) gain on financial crude oil contracts | **(4,727)** | 291 | NM | **(6,150)** | (1,224) | 402 |
| Gain on foreign exchange contracts | **-** | 34 | (100) | **-** | 423 | (100) |
| Gain on Financial Hedges | **5,736** | 16,710 | (66) | **13,633** | 37,825 | (64) |
| **Total realized (loss) gain on hedges** | **(33,282)** | 924 | NM | **(52,993)** | 10,311 | NM |

(1) Realized gain on AECO hedges in the first quarter of 2025 includes the monetization of certain in-the-money AECO natural gas financial contracts for proceeds of $10.2 million net of transaction costs.

The following fixed price Physical Contracts were in place at June 30, 2026:

| Type of contract | Average Quantity | Time Period | Average Contract Price |
|---|---|---|---|
| Fixed Price - Natural Gas Sales | 5,000 GJ/d | Jul 2026 – Oct 2026 | CAD $3.31/GJ |
| Fixed Price - Sulphur Sales | 1/3 of Sulphur Sales | Jul 2026 – Dec 2026 | US $225/mt |
| Collar - Sulphur Sales | 1/3 of Sulphur Sales | Jul 2026 – Dec 2026 | US $205.00 - $250.00/mt |
| Fixed Price - Power Purchases | 55 MW | Jul 2026 – Dec 2026 | CAD $71.80/MWh |
| Fixed Price - Power Purchases | 45 MW | Jan 2027 – Dec 2027 | CAD $63.33/MWh |
| Fixed Price - Power Purchases | 15 MW | Jan 2028 – Dec 2028 | CAD $60.60/MWh |

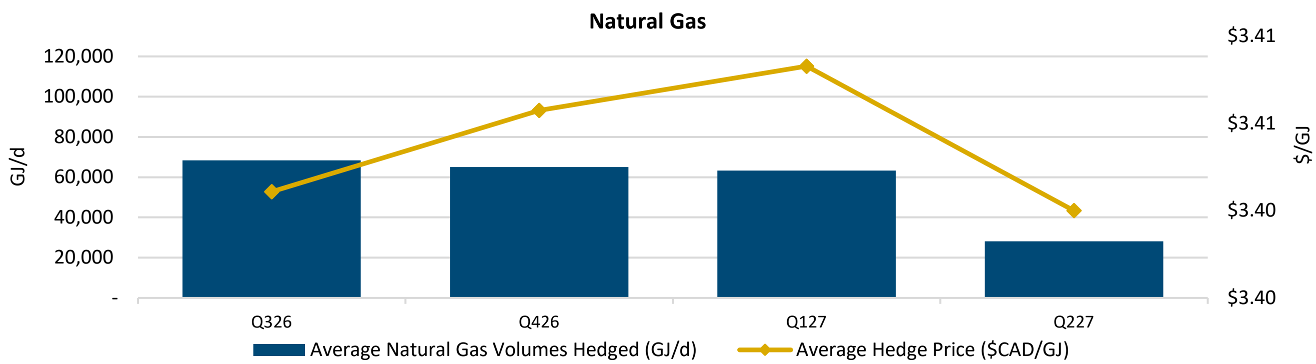
The following Designated Hedge Contracts were in place at June 30, 2026:

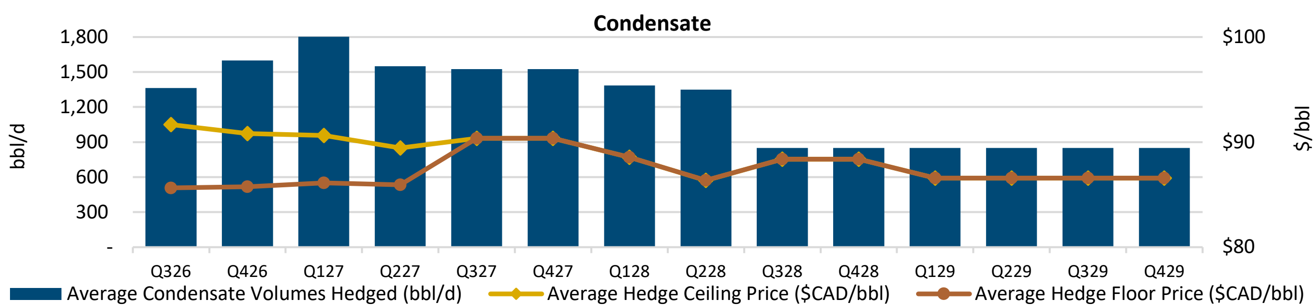
| Type of contract | Average Quantity | Time Period | Average Contract Price |
|---|---|---|---|
| AECO Natural Gas Swap | 63,340 GJ/d | Jul 2026 - Mar 2027 | CAD $3.41/GJ |
| AECO Natural Gas Swap | 42,000 GJ/d | Apr 2027 - May 2027 | CAD $3.40/GJ |
| WTI Crude Oil Collar | 757 bbl/d | Jul 2026 - Dec 2026 | CAD $80.00 - $90.75/bbl |
| WTI Crude Oil Collar | 761 bbl/d | Jan 2027 - May 2027 | CAD $80.00 - $90.75/bbl |
| WTI Crude Oil Swap | 725 bbl/d | Jul 2026 - Dec 2026 | CAD $ 91.84/bbl |
| WTI Crude Oil Swap | 1288 bbl/d | Jan 2027 - Dec 2027 | CAD $90.27/bbl |
| WTI Crude Oil Swap | 1109 bbl/d | Jan 2028 - Dec 2028 | CAD $87.92/bbl |
| WTI Crude Oil Swap | 850 bbl/d | Jan 2029 - Dec 2029 | CAD $86.59/bbl |

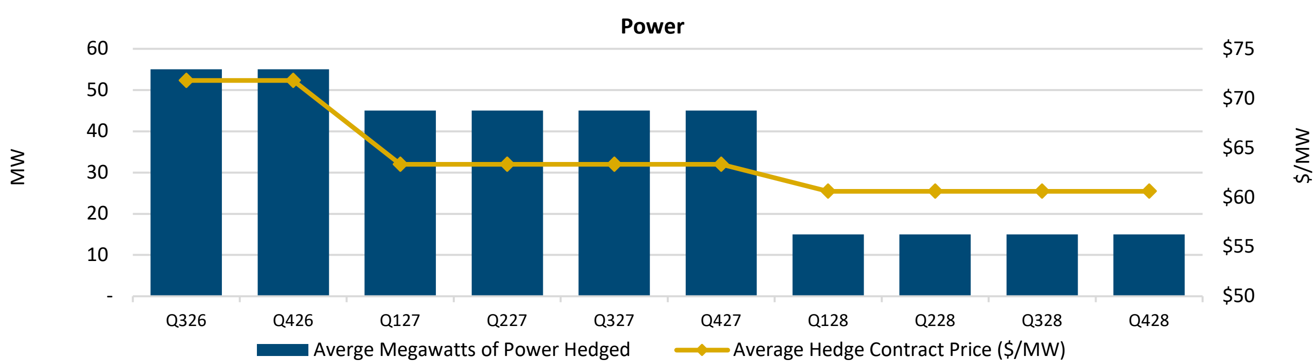
Cavvy entered into the following hedges subsequent to June 30, 2026:

| Type of contract | Quantity | Time Period | Contract Price |
|---|---|---|---|
| Fixed Price - Sulphur Sales | 548 mt/d | Jan 2027 – Dec 2027 | USD $525/mt |

The following charts outline Cavvy's hedge position June 30, 2026:



## NATURAL GAS, NATURAL GAS LIQUIDS AND SULPHUR REVENUE

The following table summarizes the Company's revenue for the three and six months ended June 30, 2026, and 2025:

| | Three months ended June 30 | | | Six months ended June 30 | | |
|---|---|---|---|---|---|---|
| *($ 000s except per boe)* | 2026 | 2025 | % Change | 2026 | 2025 | % Change |
| Natural gas | **15,771** | 20,664 | (24) | **37,688** | 42,567 | (11) |
| Condensate | **22,839** | 19,303 | 18 | **41,907** | 40,315 | 4 |
| NGLs | **6,268** | 6,543 | (4) | **13,774** | 15,277 | (10) |
| Sulphur | **42,816** | 3,327 | NM | **78,134** | 4,973 | NM |
| **Natural gas, natural gas liquids and sulphur revenue** (1) | **87,694** | 49,837 | 76 | **171,503** | 103,132 | 66 |
| Natural gas, natural gas liquids and sulphur revenue ($/boe) | **44.84** | 21.02 | 113 | **41.08** | 23.42 | 75 |
| Processing and marketing revenue | **12,152** | 9,612 | 26 | **24,444** | 15,773 | 55 |
| Other revenue (2) | **116** | 136 | (15) | **239** | 229 | 4 |
| Realized gain on Financial Hedges | **5,736** | 16,710 | (66) | **13,633** | 37,825 | (64) |
| **Total revenue** | **105,698** | 76,295 | 39 | **209,819** | 156,959 | 34 |

(1) Natural gas, natural gas liquids and sulphur revenue includes gains and losses on physical commodity contracts.
(2) Other revenue includes road use income, contract operating income.

## ROYALTIES

The following table summarizes the Company's royalty obligations for the three and six months ended June 30, 2026, and 2025:

| | Three months ended June 30 | | | Six months ended June 30 | | |
|---|---|---|---|---|---|---|
| *($ 000s except per boe)* | 2026 | 2025 | % Change | 2026 | 2025 | % Change |
| Gross royalties | **18,651** | 11,135 | 67 | **36,438** | 22,685 | 61 |
| Gas cost allowance | **(10,465)** | (6,658) | 57 | **(18,552)** | (18,741) | (1) |
| Royalties | **8,186** | 4,477 | 83 | **17,886** | 3,944 | 353 |
| Royalties ($/boe) | **4.18** | 1.89 | 121 | **4.28** | 0.90 | 376 |
| Royalties as percentage of revenue (%) | **9** | 9 | - | **10** | 4 | 150 |

Cavvy pays royalties to the Alberta and BC Crown ("Crown"), Indian Oil and Gas Commission ("IOGC"), and to various freehold and gross overriding royalty owners. Gross natural gas royalties are reduced by Gas Cost Allowance ("GCA"), which is provided by the Crown and IOGC to account for operating and capital expenses incurred to process and transport their royalty portion of natural gas production.

For the three and six months ended June 30, 2026, gross royalties increased primarily due to higher realized sulphur and condensate pricing; crown sulphur royalties are paid based on net realized sulphur price. Additionally, during the comparative periods a historical GCA estimate revision was recorded resulting in lower net royalty expense for the six months ended June 30, 2025.

## PROCESSING AND MARKETING REVENUE

### Processing and Marketing Volumes

Cavvy owns and operates three gas processing facilities and related infrastructure located through the Alberta Foothills. In addition to Cavvy's produced volumes, these facilities process working interest owner production and third-party production. These three facilities offer various services including raw gas sweetening, deep-cut NGL recovery, NGL fractionation, sulphur processing, and product marketing.

The following table summarizes the gross raw inlet third-party volumes processed by facility for the three and six months ended June 30, 2026, and 2025:

| | Three months ended June 30 | | | Six months ended June 30 | | |
|---|---|---|---|---|---|---|
| *(mcf/d)* (1) | 2026 | 2025 | % Change | 2026 | 2025 | % Change |
| Caroline | **90,267** | 84,359 | 7 | 96,909 | 76,392 | 27 |
| Jumping Pound | **57,907** | 30,493 | 90 | 59,385 | 24,156 | 146 |
| Waterton | **3,560** | 4,909 | (27) | 3,225 | 5,158 | (37) |
| **Total** | **151,734** | 119,761 | 27 | 159,519 | 105,706 | 51 |

(1) Volumes shown are reported on a raw basis by activity month, which does not include timing differences due to accounting accruals.

Third-party processed volumes were impacted during the quarter by:

- Caroline – Ongoing success attracting and tying in new volumes from several processing customers led to continued higher throughput volumes.
- Jumping Pound – In January 2026 the Company successfully contracted new long term third-party volumes following the permanent shutdown of a nearby third-party gas processing facility. Additionally, the comparative quarter was impacted by Jumping Pound Facility maintenance downtime from February through April of 2025.

### Processing and Marketing Revenue

Processing and marketing revenue is primarily derived from fees charged to third parties for processing and handling their produced volumes through the gas processing facilities.

The following table summarizes the Company's processing and marketing revenue by area for the three and six months ended June 30, 2026, and 2025:

| | Three months ended June 30 | | | Six months ended June 30 | | |
|---|---|---|---|---|---|---|
| *($ 000s except per boe)* | **2026** | **2025** | **% Change** | **2026** | **2025** | **% Change** |
| Caroline | **5,775** | 5,194 | 11 | **11,371** | 8,191 | 39 |
| Jumping Pound | **5,641** | 3,632 | 55 | **11,984** | 6,075 | 97 |
| Waterton | **422** | 672 | (37) | **744** | 1,286 | (42) |
| Other [(1)] | **314** | 114 | 175 | **345** | 221 | 56 |
| **Total** | **12,152** | 9,612 | 26 | **24,444** | 15,773 | 55 |

(1) Other contains third-party processing and transportation revenue that is not related to the three major gas processing facilities.

For the three and six months ended June 30, 2026 processing and marketing revenue increased by 26% and 55% respectively, primarily associated with a corresponding increase in third party volumes. Revenues are additionally influenced by market prices for G&P and marketing services, which are subject to various industry conditions.

## OPERATING EXPENSE

The following table summarizes the Company's operating expense for the three and six months ended June 30, 2026, and 2025:

| | Three months ended June 30 | | | Six months ended June 30 | | |
|---|---|---|---|---|---|---|
| *($ 000s except per boe)* | **2026** | **2025** | **% Change** | **2026** | **2025** | **% Change** |
| Operating expense | **43,655** | 40,409 | 8 | **91,471** | 84,395 | 8 |
| Operating expense ($/boe) | **22.32** | 17.04 | 31 | **21.91** | 19.16 | 14 |

After normalizing for volatility in carbon compliance costs, operating costs were consistent for the three month period. In the six month period operating costs increased due to slightly higher processing fees from non-operated CAB production, as well as slightly higher labour costs and higher than expected general maintenance activities.

Operating expense per boe among Cavvy's core areas is influenced by whether production from the area flows into a Company-owned or a third-party processing facility. Caroline, Jumping Pound and Waterton areas all have Company-owned processing facilities with dedicated feedstock, fixed operating costs, and hedged power costs, which stabilizes operating expense; costs per boe in these areas vary mainly due to production volume variability. CAB, Northern Alberta Foothills and Northeast BC volumes currently flow to third-party processing facilities creating a significant variable component to operating expense.

### Adjusted Operating Expense

As Cavvy's third-party processing business grows, Cavvy-owned inlet gas represents a smaller portion of total volumes processed at Cavvy-owned facilities. Accordingly, operating expense per owned boe is less comparable to peers as it excludes third-party gas and sulphur production, both of which contribute to operating netback. Cavvy's sour gas processing facilities carry significant fixed costs due to their complexity, while additional third-party volumes generally do not materially increase operating costs and in certain cases improve facility efficiency. As a result, management calculates adjusted operating expense by netting third-party processing and sulphur revenue from operating expense to better reflect cost comparability.

The following table summarizes the Company's adjusted operating expense by area for the three months ended June 30, 2026:

| **Three months ended June 30, 2026** *($ per boe)* | **Caroline** | **Jumping Pound** | **Waterton** | **Other** | **Total** |
|---|---|---|---|---|---|
| Operating expense | 29.15 | 17.29 | 23.82 | 20.27 | **22.32** |
| Less: | | | | | |
| Processing and marketing revenue | 13.13 | 8.87 | 0.76 | 0.98 | **6.21** |
| Adjusted operating expense net of processing and marketing revenue | 16.02 | 8.42 | 23.06 | 19.29 | **16.11** |
| Less: | | | | | |
| Sulphur revenue | 31.44 | 13.87 | 32.43 | 6.38 | **21.89** |
| **Adjusted operating expense (1)** | **(15.42)** | **(5.45)** | **(9.37)** | **12.91** | **(5.78)** |

(1) Refer to "Non-GAAP and Other Financial Measures" section of this MD&A for the definition of adjusted operating expense.

The following table summarizes the Company's adjusted operating expense by area for the six months ended June 30, 2026:

| **Six months ended June 30, 2026** *($ per boe)* | **Caroline** | **Jumping Pound** | **Waterton** | **Other** | **Total** |
|---|---|---|---|---|---|
| Operating expense | 30.11 | 17.63 | 21.03 | 20.83 | **21.91** |
| Less: | | | | | |
| Processing and marketing revenue | 12.67 | 9.39 | 0.58 | 0.48 | **5.85** |
| Adjusted operating expense net of processing and marketing revenue | 17.44 | 8.24 | 20.45 | 20.35 | **16.06** |
| Less: | | | | | |
| Sulphur revenue | 27.50 | 12.07 | 27.21 | 4.28 | **18.71** |
| **Adjusted operating expense (1)** | **(10.06)** | **(3.83)** | **(6.76)** | **16.07** | **(2.65)** |

(1) Refer to "Non-GAAP and Other Financial Measures" section of this MD&A for the definition of adjusted operating expense.

The following table summarizes the Company's adjusted operating expense by area for the three months ended June 30, 2025:

| **Three months ended June 30, 2025** *($ per boe)* | **Caroline** | **Jumping Pound** | **Waterton** | **Other (1)** | **Total** |
|---|---|---|---|---|---|
| Operating expense | 30.80 | 16.09 | 14.82 | n/a | **17.04** |
| Less: | | | | | |
| Processing and marketing revenue | 11.77 | 5.28 | 0.82 | n/a | **4.05** |
| Adjusted operating expense net of processing and marketing revenue | 19.03 | 10.81 | 14.00 | n/a | **12.99** |
| Sulphur revenue | 2.85 | 0.45 | 1.59 | n/a | **1.40** |
| **Adjusted operating expense (2)** | **16.18** | **10.36** | **12.41** | **n/a** | **11.59** |

(1) Other is made up of CAB, Northern Alberta Foothills and Northeast BC, these areas were impacted by voluntary shut-ins in the three month period.
(2) Refer to "Non-GAAP and Other Financial Measures" section of this MD&A for the definition of adjusted operating expense.

The following table summarizes the Company's adjusted operating expense by area for the six months ended June 30, 2025:

| **Six months ended June 30, 2025** *($ per boe)* | **Caroline** | **Jumping Pound** | **Waterton** | **Other (1)** | **Total** |
|---|---|---|---|---|---|
| Operating expense | 27.19 | 20.38 | 14.75 | n/a | **19.16** |
| Less: | | | | | |
| Processing and marketing revenue | 8.89 | 5.55 | 0.82 | | **3.58** |
| Adjusted operating expense net of processing and marketing revenue | **18.30** | **14.83** | **13.93** | **n/a** | **15.58** |
| Sulphur revenue | 1.81 | 0.45 | 1.36 | n/a | **1.13** |
| **Adjusted operating expense (2)** | **16.49** | **14.38** | **12.57** | **n/a** | **14.45** |

(1) Other is made up of CAB, Northern Alberta Foothills and Northeast BC, these areas were impacted by voluntary shut-ins in the six month period.
(2) Refer to "Non-GAAP and Other Financial Measures" section of this MD&A for the definition of adjusted operating expense.

Cavvy incurs a significant component of total operating expense at its three deep cut sour processing facilities. These facilities are more complex and costly to operate than similar sweet-gas processing facilities because they offer acid gas extraction, deep-cut NGL recovery, NGL fractionation (at two of the three), and sulphur recovery. Processing third-party volumes does not add materially to the cost of operating the Company's gas processing facilities, in some cases additional volumes decrease absolute cost through process efficiency. Due to the high proportion of fixed operating costs, volume changes are highly impactful to per boe values.

The following table outlines the facility utilization at Cavvy's three deep cut sour processing facilities for the three months ended June 30, 2026 and 2025:

| | Three months ended June 30, 2026 | | | Three months ended June 30, 2025 | | |
|---|---|---|---|---|---|---|
| *(Facility utilization %)* (1) | Caroline | Jumping Pound | Waterton | Caroline | Jumping Pound | Waterton |
| Cavvy | **27** | **44** | **97** | 30 | 62 | 96 |
| Other owner | **6** | **-** | **-** | 6 | - | - |
| Third-party | **67** | **56** | **3** | 64 | 38 | 4 |

(1) Utilization percentages reflect current facility throughput and do not reflect theoretical facility capacity.

The following table outlines the facility utilization at Cavvy's three deep cut sour processing facilities for the six months ended June 30, 2026 and 2025:

| | Six months ended June 30, 2026 | | | Six months ended June 30, 2025 | | |
|---|---|---|---|---|---|---|
| *(Facility utilization %)* (1) | Caroline | Jumping Pound | Waterton | Caroline | Jumping Pound | Waterton |
| Cavvy | **27** | **44** | **97** | 32 | 63 | 96 |
| Other owner | **5** | **-** | **-** | 6 | - | - |
| Third-party | **68** | **56** | **3** | 62 | 37 | 4 |

(1) Utilization percentages reflect current facility throughput and do not reflect theoretical facility capacity.

## TRANSPORTATION EXPENSE

The following table summarizes the Company's transportation expense for the three and six months ended June 30, 2026, and 2025:

| | Three months ended June 30 | | | Six months ended June 30 | | |
|---|---|---|---|---|---|---|
| *($ 000s except per boe)* | 2026 | 2025 | % Change | 2026 | 2025 | % Change |
| Transportation expense | **4,210** | 4,918 | (14) | **8,939** | 9,582 | (7) |
| Transportation expense ($/boe) | **2.15** | 2.07 | 4 | **2.14** | 2.18 | (2) |

Substantially all of Cavvy's natural gas production is shipped under firm service transport contracts, which provide Cavvy guaranteed fixed cost access to firm pipeline transportation capacity. Transportation expense is partially influenced by the cost of fuel gas, which is based on AECO pricing. Transportation expense decreased for the three and six months ended June 30, 2026 compared to the prior year primarily due to lower produced volumes and fuel gas costs. Per boe expenses increased for the three months ended as fixed transportation costs were recovered over lower volumes, while the six months ended decreased due to lower fuel gas costs.

## GENERAL AND ADMINISTRATIVE EXPENSE

The following table summarizes the Company's general and administrative ("G&A") expense for the three and six months ended June 30, 2026, and 2025:

| | Three months ended June 30 | | | Six months ended June 30 | | |
|---|---|---|---|---|---|---|
| *($ 000s except per boe)* | 2026 | 2025 | % Change | 2026 | 2025 | % Change |
| General and administrative expense | **5,248** | 5,916 | (11) | **11,528** | 11,492 | - |
| General and administrative expense ($/boe) | **2.68** | 2.49 | 8 | **2.76** | 2.61 | 6 |

G&A expenses for the quarter ended June 30, 2026 decreased on a total basis but were higher on a per boe basis for both the quarter ended and six months ended June 30, 2026 primarily due to voluntary shut-in of uneconomic production.

## FINANCE EXPENSE

The following table summarizes the Company's finance expense for the three and six months ended June 30, 2026, and 2025:

| | Three months ended June 30 | | | Six months ended June 30 | | |
|---|---|---|---|---|---|---|
| *($ 000s)* | **2026** | **2025** | **% Change** | **2026** | **2025** | **% Change** |
| Cash portion of interest expense | **3,531** | 4,744 | (26) | **7,475** | 8,720 | (14) |
| Non-cash interest paid in-kind | **-** | - | - | **-** | 1,577 | - |
| | **3,531** | 4,744 | (26) | **7,475** | 10,297 | (27) |
| Accretion of financing costs | **1,338** | 1,218 | 10 | **2,633** | 2,392 | 10 |
| Accretion of decommissioning obligations | **714** | 671 | 6 | **1,332** | 1,278 | 4 |
| Interest on lease liabilities | **134** | 134 | - | **274** | 265 | 3 |
| Other charges | **138** | 136 | 1 | **83** | 499 | (83) |
| **Total finance expense** | **5,855** | 6,903 | (15) | **11,797** | 14,731 | (20) |

The majority of Cavvy's interest expense relates to variable rate debt tied to the Secured Overnight Financing Rate ("SOFR") plus 6.75%. Total interest expense has declined in both periods due to a combination of lower outstanding debt levels and a reduction in the SOFR rate.

Under the debt facilities, interest is incurred in USD and is subject to fluctuations in the CAD/USD exchange rates.

## DEPLETION AND DEPRECIATION

The following table summarizes the Company's depletion and depreciation for the three and six months ended June 30, 2026, and 2025:

| | Three months ended June 30 | | | Six months ended June 30 | | |
|---|---|---|---|---|---|---|
| *($ 000s)* | **2026** | **2025** | **% Change** | **2026** | **2025** | **% Change** |
| Depletion and depreciation | **9,556** | 14,257 | (33) | **19,170** | 27,086 | (29) |

Depletion and depreciation expense decreased during the three and six months ended June 30, 2026 due to a refinement in the classification of future development costs included in the depletion base under the unit-of-production method.

## SHARE-BASED COMPENSATION

The following table summarizes the Company's share-based compensation for the three and six months ended June 30, 2026, and 2025:

| | Three months ended June 30 | | | Six months ended June 30 | | |
|---|---|---|---|---|---|---|
| *($ 000s)* | **2026** | **2025** | **% Change** | **2026** | **2025** | **% Change** |
| Share-based compensation | **5,625** | 1,619 | 247 | **12,313** | 3,061 | 302 |

Share-based compensation is comprised of expense recognized under the Stock Option, Restricted Share Unit ("RSU") and Deferred Share Unit ("DSU") Plans. Share based compensation expense is primarily made up of the liability revaluation associated with outstanding RSUs which fluctuate in value based on the price of Cavvy's common shares.

RSUs and DSUs are non-dilutive, cash settled and valued based on the five-day volume-weighted average share price and the number of awards outstanding at each reporting period.

## CAPITAL EXPENDITURES

The following table summarizes the Company's capital expenditures for the three and six months ended June 30, 2026, and 2025:

| | Three months ended June 30 | | | Six months ended June 30 | | |
|---|---|---|---|---|---|---|
| *($ 000s)* | **2026** | **2025** | **% Change** | **2026** | **2025** | **% Change** |
| Non-discretionary capital | **2,261** | 1,774 | 27 | 7,534 | 5,751 | 31 |
| Discretionary capital | **1,526** | 617 | 147 | **2,555** | 3,182 | (20) |
| **Total capital expenditures** | **3,787** | 2,391 | 58 | **10,089** | 8,933 | 13 |
| Reclamation and abandonment | **1,084** | 269 | 303 | **7,884** | 537 | NM |

Cavvy's capital allocation priorities continue to focus on field and facility optimization, the upcoming Caroline Facility turnaround, and ongoing debt repayment.

Capital expended in the three and six months ended June 30, 2026 included planned maintenance activities across the Company's major gas processing facilities, and information and operational technology modernization investments. Cavvy's reclamation and abandonment program for the year was accelerated in the first six months of 2026. These expenditures were allocated 43% to Alberta and 57% to BC.

## LIQUIDITY AND CAPITAL RESOURCES

### Capital Resources

As at June 30, 2026, Cavvy's capital structure was comprised of adjusted working capital (deficit), long-term debt and share capital. The following table summarizes the capital structure at June 30, 2026, and December 31, 2025:

| *($ 000s)* | June 30, 2026 | December 31, 2025 |
|---|---|---|
| Adjusted working capital (deficit) (1) | **(46,289)** | (19,769) |
| Total debt | **(81,337)** | (150,848) |
| **Net debt (1)** | **(127,626)** | (170,617) |
| Shareholders' equity | **169,801** | 138,547 |

(1) Refer to "Non-GAAP and Other Financial Measures" section of this MD&A for the definition of adjusted working capital (deficit) and net debt.

### Working Capital

The following table summarizes the Company's working capital position at June 30, 2026, and December 31, 2025:

| *($ 000s)* | June 30, 2026 | December 31, 2025 |
|---|---|---|
| Cash and cash equivalents | **40,189** | 5,799 |
| Accounts receivable | **37,122** | 45,830 |
| Prepaids expenses and other | **6,493** | 6,122 |
| **Total current assets** | **83,804** | 57,751 |
| Accounts payable | **43,986** | 31,068 |
| Accrued liabilities | **38,590** | 46,452 |
| Deferred revenue | **47,517** | - |
| **Total current liabilities** | **130,093** | 77,520 |
| **Adjusted working capital (deficit) (1)** | **(46,289)** | (19,769) |

(1) Refer to "Non-GAAP and Other Financial Measures" section of this MD&A for the definition of adjusted working capital (deficit).

Cavvy manages a sustainable working capital deficit due to timing differences between cash inflows and outflows. Adjusted working capital deficit at June 30, 2026 increased compared to December 31, 2025, primarily driven by the prepayment received on June 30, 2026 for two thirds of Cavvy's estimated sulphur sales in the second half of 2026 under the structured sulphur pricing agreement. The prepayment is recorded as a deferred revenue liability and recognized into revenue as sulphur is delivered.

Management monitors working capital on a continuous basis with a focus on strengthening the balance sheet through sustaining production, and rigorous cost control across operations and administration.

## LONG-TERM DEBT

The table below summarizes long-term debt obligations as of June 30, 2026, and December 31, 2025:

| *($ 000s)* | Maturity | | June 30, 2026 | December 31, 2025 |
|---|---|---|---|---|
| Senior Facility | | | | |
| Revolving Loan $22,000 | March 2027 | USD | - | 18,100 |
| Term Notes $81,500 | March 2027 | USD | **27,510** | 64,150 |
| Subordinated Notes $33,606 (1) | September 2027 | USD | **33,606** | 33,606 |
| Total debt (2) | | USD | **61,116** | 115,856 |
| CAD/USD exchange rate (3) | | | **1.4209** | 1.3706 |
| Total principal outstanding | | CAD | **86,840** | 158,792 |

(1) Excludes unamortized deferred financing fees of USD $2.2 million (December 31, 2025 – USD $3.2 million), which includes warrants issued in concurrence with the debt refinancing. Includes interest payable in-kind of USD $2.1 million.

(2) As at June 30, 2026, and as at the date of this MD&A, the Company was in compliance with all debt covenants.

(3) CAD to USD exchange rate at June 30, 2026 and December 31, 2025, respectively.

For the three and six months ended June 30, 2026, the Company repaid debt of $39.2 million (USD $27.8 million) and $76.4 million (USD $54.8 million), respectively.

### Guarantee Facility from Export Development Canada

Cavvy holds a $15.0 million unsecured guarantee facility with Export Development Canada ("EDC") which was renewed on June 26, 2026 (an increase from $12.0 million). This facility provides for 100% guarantee to the issuing bank of the Company's existing and future letters of credit of which $10.0 million was drawn at June 30, 2026.

## SHARE CAPITAL, STOCK OPTIONS AND WARRANTS OUTSTANDING

The following table outlines the Company's share capital, stock options and warrants outstanding at August 12, 2026, June 30, 2026, and December 31, 2025:

| | August 11, 2026 | June 30, 2026 | December 31, 2025 |
|---|---|---|---|
| Share capital | **309,360,041** | **309,360,041** | 290,680,270 |
| Stock options | **5,757,209** | **5,757,209** | 6,286,209 |
| Stock options – weighted average exercise price ($/option) | **$0.49** | **$0.49** | $0.48 |
| Warrants | **-** | **-** | 24,804,414 |
| Warrants – weighted average exercise price ($/warrant) | **-** | **-** | $0.50 |

On March 12, 2026 all equity-classified warrants were settled for proceeds of $3.5 million and resulted in the issuance of 5,120,235 common shares. On March 31, 2026 all liability-classified warrants were exercised on a cashless basis and reclassified to equity, resulting in the issuance of 13,030,536 common shares.

## COMMITMENTS, PROVISIONS AND CONTINGENCIES

The Company has entered into several financial obligations during the normal course of business. As at June 30, 2026, these obligations and the expected timing of their settlement, are detailed below:

| *($ 000s)* | 2026 | 2027 | 2028 | Thereafter | Total |
|---|---|---|---|---|---|
| Firm transportation | 6,673 | 12,704 | 3,260 | - | 22,637 |

### Provisions and Contingencies

The Company is involved in various claims and litigation arising in the normal course of business. While the outcome of these matters is uncertain, management believes that any liabilities that may arise from such matters are not likely to have a material effect on the Interim Financial Statements.

### Off Balance Sheet Transactions

Cavvy does not have any financial arrangements that are excluded from the Interim Financial Statements, nor are any such arrangements outstanding as of the date at this MD&A.

## NON-GAAP AND OTHER FINANCIAL MEASURES

Non-GAAP and other financial measures are defined as follows:

### Adjusted operating expense

Adjusted operating expense is calculated by netting third-party processing and sulphur revenue from operating expense. This more closely aligns Cavvy's operating expense to peer comparables.

### Adjusted working capital or deficit

Adjusted working capital or deficit is calculated as cash, accounts receivable, and prepaid expenses and other, less accounts payable, accrued liabilities and deferred revenue. Management considers adjusted working capital or deficit an important measure to evaluate operational liquidity.

### Funds flow from operations (“FFO”)

FFO equals cash provided by operating activities, less settlement of decommissioning obligations and changes in non-cash working capital. Management considers FFO an important measure to evaluate operational performance as it demonstrates ability to generate cash from operations.

### Liquidity

Total available liquidity equals cash and cash equivalents plus the undrawn portions of the delayed draw term loan, the undrawn portion of the Revolving Loan and available capacity on the EDC guarantee facility. Management considers total available liquidity an important measure to evaluate Cavvy’s cash available to meet financial obligations.

### Net debt

Net debt is calculated as adjusted working capital or deficit less the current and long-term portions of debt. Management considers net debt an important measure as it demonstrates the ability to pay off debt and take on new debt, if necessary.

### Net operating income (“NOI”)

NOI equals revenue including realized gains (losses) on Financial Contracts, less royalties, operating expenses, and transportation expenses. Management considers NOI 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.

### Operating netback

Operating netback equals NOI on a per BOE basis. Management considers operating netback an important measure as it provides a comparable metric to evaluate operating performance and profitability on a per-unit basis.

## DEFINITIONS AND ABBREVIATIONS

### Common Definitions and Abbreviations

| | | | |
|---|---|---|---|
| **Mcf** | Thousand cubic feet | **MWh** | Megawatt hour |
| **Mcf/d** | Thousand cubic feet per day | **NGLs** | Natural gas liquids |
| **MMcf** | Million cubic feet | **C2** | Ethane |
| **MMcf/d** | Million cubic feet per day | **C3** | Propane |
| **Bcf** | Billion cubic feet | **C4** | Butane |
| **MMBtu** | Million British thermal units | **C5/C5+** | Condensate or pentane |
| **GJ** | Gigajoules | **AECO** | Alberta benchmark price for natural gas |
| **GJ/d** | Gigajoules per day | **WTI** | West Texas Intermediate benchmark for crude oil |
| **Bbl** | Barrel | **AB** | Alberta |
| **Boe** | Barrel of oil equivalent | **BC** | British Columbia |
| **Boe/d** | Barrel of oil equivalent per day | **US** | United States |
| **mt** | Metric tonne | **USD** | United States Dollars |
| **mt/d** | Metric tonne per day | **FOB** | Free on board |
| **MW** | Megawatt | | |
| **NM** | Not meaningful is used to indicate that the current and prior year figures are not comparable or not meaningful. | | |

## RISK FACTORS

The Company complies with current government regulations that affect its activities, although operations may be adversely affected by changes in government policy, regulations, or taxation. In addition, Cavvy maintains a level of liability, and property and business interruption insurance, which is believed adequate for its size and activities, but it is unable to obtain insurance to cover all risks within the business or in amounts to cover all possible claims. Risk to the business and operations include, but are not limited to:

| **Operational Risks** |
| --- |
| Adverse Economic Conditions |
| Operational Matters and Hazards |
| Development and Production |
| Co-Ownership of Assets |
| Reliance on Other Assets, Facilities and Third-Party Services |
| 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 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 |

Refer to the Company's AIF for the year ended December 31, 2025, for fulsome discussion of these risks. See also "Cautionary Note Regarding Forward-Looking Information" in this MDA.

## SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The timely preparation of the Interim Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The use of significant judgments and estimates made by management in the preparation of the Interim Financial Statements are discussed in Note 5 of the Consolidated Financial Statements for the year ended December 31, 2025.

## CONTROL ENVIRONMENT

The Company is required to comply with National Instrument 52-109 “Certification of Disclosure in Issuers’ Annual and Interim Filings.” The certification of interim filings for the period ended June 30, 2026, requires that the Company disclose in the interim MD&A any changes in disclosure controls and procedures (DC&P) and internal controls over financial reporting (ICFR) that occurred during the period that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting. No such changes were made to our DC&P and ICFR during the three months ended June 30, 2026. Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

## NEW ACCOUNTING POLICIES

The Company’s significant accounting policies under IFRS are presented in Note 3 to the Consolidated Financial Statements. Certain information and disclosures normally required to be included in the notes to the Consolidated Financial Statements presented in accordance with IFRS have been condensed or omitted in the Interim Financial Statements.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain of the statements contained in this MD&A constitute forward-looking information relating to, without limitation, management expectations, intentions and assessments of future plans, strategies and operations, the Company’s expected capital budget, the Company’s future business plan and strategy, the Company’s criteria for evaluating acquisitions and other opportunities, intentions with respect to future acquisitions and other opportunities, plans and timing for development of undeveloped and probable resources, timing of when the Company may be taxable, estimated abandonment and reclamation costs, plans regarding hedging, wells to be drilled, the weighting of commodity expenses, expected production and performance of oil and natural gas properties, results and timing of projects, access to adequate pipeline capacity and third-party infrastructure, growth expectations, supply and demand for oil, NGLs, and natural gas, industry conditions, government regulations and regimes, and capital expenditures and the nature of capital expenditures and the timing and method of financing thereof, may constitute “forward-looking statements” or “forward-looking information” within the meaning of Applicable Securities Laws (as defined herein) (collectively “forward-looking statements”). Words such as “may”, “will”, “should”, “could”, “anticipate”, “believe”, “expect”, “intend”, “focus”, “plan”, “ensure”, “grow”, “sustain”, “potential”, “continue”, “estimate”, “expect”, “project”, “forecast”, “target”, “future”, and similar expressions may be used to identify these forward-looking statements. These statements reflect management's current beliefs, estimates and opinions regarding the Company’s future growth, results of operations, performance and plans and timing for development of business prospects and opportunities and are based on information currently available to management.

The forward-looking statements are based on current expectations, estimates and projections about the Company and the industry in which the Company operates, which speak only as of the earlier of the date such statements were made or as of the date of the report or document in which they are contained, and are subject to known and unknown risks and uncertainties that could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks and uncertainties include, among others: general economic and business conditions which will, among other things, impact demand for and market prices of the Company’s products, and volatility of and assumptions regarding crude oil, natural gas, and NGL prices.

Forward-looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to: general economic and business conditions, tariffs or other trade restrictions imposed on Canada by the United States, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices and interest rates, currency fluctuations, 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, expectations on leveraging ability to increase third-party utilization and associated revenues, delays resulting from or inability to obtain required regulatory approvals, ability to access sufficient capital from internal and external sources and the risk factors outlined under “Risk Factors” and elsewhere herein. The recovery and resource estimates of the Company’s reserves provided herein are estimates only and there is no guarantee that the estimated resources will be recovered. Consequently, 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 the Company believes that the expectations reflected in such forward-looking statements are reasonable, undue reliance should not be placed on forward-looking statements because the Company can give no assurance that such expectations will prove to be correct. 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 the Company operates; the timely receipt of any required regulatory approvals; the Company’s ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; the feasibility of and effectiveness of management's mitigation plans; the expectations that the current claims and litigation of the Company will not materially affect the Company's Interim Financial Statements, the ability of the operator of the projects which the Company has an interest in to operate the field in a safe, efficient and effective manner; the Company's ability 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 costs of pipeline, storage and facility construction and expansion and the Company's ability to secure adequate product transportation; expectations on future oil and natural gas prices and anticipated production volumes and recoverable quantities; 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 Company's ability to successfully market 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.com), and on 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. These forward-looking statements are made as of the date hereof and the Company assumes no obligation to update or review them to reflect new events or circumstances except as required by applicable securities laws.

Forward-looking statements contained herein concerning the oil and gas industry and the Company'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, industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company 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 numerous factors.