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 November 5, 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 nine months ended September 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
($000s unless otherwise noted)	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Production								
Natural gas (mcf/d)	**85,066**	102,711	118,284	111,834	115,467	126,198	105,338	111,787
Condensate (bbl/d)	**1,485**	1,937	2,302	2,065	2,258	2,507	2,454	2,149
NGLs (bbl/d)	**1,819**	2,442	2,639	2,299	2,454	2,524	2,574	1,788
Sulphur (mt/d)	**753**	984	1,089	989	1,120	1,128	1,076	968
Total production (boe/d) [1]	**17,482**	21,497	24,655	23,003	23,956	26,064	22,584	22,568
Third-party volumes processed (mcf/d) [2]	**116,244**	151,734	156,825	136,579	138,544	119,761	90,926	74,650
Financial								
Natural gas price ($/mcf)								
Realized before hedging	**1.55**	1.52	1.99	2.41	0.66	1.73	2.24	1.55
Realized after hedging [3]	**3.16**	2.81	2.93	3.60	3.25	3.23	3.58	3.36
Benchmark (AECO)	**1.56**	1.60	2.01	2.25	0.62	1.72	2.14	1.46
Condensate price ($/bbl)								
Realized before hedging	**113.18**	129.71	92.04	76.62	82.65	84.60	95.15	94.87
Realized after hedging [3]	**83.12**	102.86	85.17	79.75	83.66	85.88	88.29	90.61
Benchmark (C5 at Edmonton)	**115.37**	132.05	97.94	79.61	86.58	87.71	100.24	98.85
Sulphur price ($/mt)								
Realized before Physical Contracts [4]	**1,437.81**	932.46	615.87	304.85	196.11	168.45	111.46	49.00
Realized after Physical Contracts [4]	**667.45**	478.16	360.35	43.22	34.59	32.40	17.00	12.09
Benchmark USD (Vancouver FOB)	**1,070.49**	963.43	508.40	414.47	268.42	271.75	184.42	135.78
Net income (loss)	**8,667**	16,150	3,538	(1,598)	(10,086)	4,147	2,666	(20,921)
Net income (loss) $per share, basic and diluted	**0.03**	0.05	0.01	(0.01)	(0.03)	0.01	0.01	(0.08)
Net operating income [5]	**38,382**	49,647	41,876	20,785	30,631	26,491	32,550	13,720
Cashflow (used in) provided by operating activities	**(5,953)**	72,194	45,412	7,776	4,466	1,599	22,612	(592)
Funds flow from operations [5]	**29,501**	41,867	32,168	13,518	12,898	14,502	21,707	3,341
Operating netback ($/boe) [5]	**23.86**	25.38	18.87	9.82	13.90	11.17	16.02	6.61
Total assets	**531,429**	560,421	537,868	539,136	536,274	553,216	571,470	612,423
Adjusted working capital deficit [5]	**(66,212)**	(46,289)	(39,490)	(19,769)	(10,631)	(20,144)	(30,540)	(29,777)
Net debt [5]	**(146,284)**	(127,626)	(156,613)	(170,617)	(163,697)	(166,878)	(185,438)	(197,564)
Capital expenditures [6]	**35,433**	3,787	6,302	10,404	4,022	2,391	6,538	5,800

(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 price of sulphur is based on Vancouver FOB benchmark price, subject to a one-month pricing lag, 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.

THIRD QUARTER 2026 OPERATIONAL AND FINANCIAL HIGHLIGHTS

Highlights for the third quarter of 2026 include:

- Successfully completed the scheduled turnaround at the Caroline gas plant ("Caroline Turnaround") over 52 days beginning mid-July through early September with an increased scope including additional maintenance items identified during the project.
- Invested $35.4 million in capital expenditures during the quarter, highlighted by:
  - $19.7 million in facility turnaround projects, primarily at the Caroline gas plant.
  - $8.6 million in workover, well and facility optimization and other debottlenecking projects.
  - $3.9 million in facility maintenance, including for a sulphur vessel repair at the Waterton gas plant.
  - $3.2 million in investments primarily targeting information technology and control systems infrastructure.
- Generated net operating income ("NOI") of $38.4 million and operating netback of $23.86/boe, up 25% and 72% respectively from the third quarter of 2025, resulting in Funds Flow from Operations ("FFO") of $29.5 million, up 129% from the third quarter of 2025.
- Produced 17,482 boe/d (81% natural gas) and 753 mt/d of sulphur during the quarter, down 27% and 33% respectively from the third quarter of 2025 due to the scheduled Caroline Turnaround and an unscheduled 33 day outage at the Waterton gas plant to repair a low-pressure process vessel critical to sulphur recovery efficiency ("Unscheduled Waterton Outage").
- Repaid $2.5 million of Senior Facility debt during the quarter, reducing outstanding principal to $84.2 million at September 30, 2026, helping reduce finance expense to $4.7 million during the quarter, 32% lower than the third quarter of 2025.
- Entered into a twelve month physical forward sales agreement, fixing the price on 200,000 mt of 2027 sulphur sales at USD $525/mt, prior to transportation and handling deductions.

OUTLOOK AND 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.

Cavvy's 2026 guidance remains unchanged from the second quarter of 2026 and is as follows:

	2026 Guidance	
($000s unless otherwise noted)	**Low**	**High**
Production (boe/d) (1)	**22,000**	**23,500**
Sulphur production (mt/d)	**1,000**	**1,100**
Net operating income (2)(3)(4)	**170,000**	**180,000**
Capital expenditures (5)	**52,000**	**57,000**
Total debt (at December 31, 2026) (6)	**75,000**	**85,000**

(1) 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 USD$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 CAD/USD exchange rate of 0.7174.

In the third quarter of 2026 Cavvy experienced unusually high downtime due to the Caroline Turnaround and Unscheduled Waterton Outage. The Waterton outage was not scheduled but was required to maintain sulphur recovery at the gas plant. During the quarter, Cavvy invested $35.4 million, primarily focused on scheduled and general maintenance and optimization to extend the life and reliability of these facilities. All scheduled outages are now completed for the year, and all three major facilities are online. Management expects normal, sustained run-times throughout the fourth quarter and into 2027.

Production in Northeast BC, contributing approximately 800 boe/d, was restarted in October and is expected to remain on production for the remainder of the year.

Cavvy has commenced a process to refinance its remaining debt, which stands at $84 million in principal outstanding as of September 30, 2026. This debt matures in March and September 2027. Cavvy expects to have the flexibility to fully repay the balance of the loans as they mature, or alternatively, refinance with new credit facilities which we anticipate could provide lower cost of capital and improved terms. Optimizing leverage and maximizing financial flexibility remains a top management priority heading into 2027.

The Middle East conflict has persisted since early 2026 and is a driving factor for higher liquids and record sulphur pricing seen through most of the year. Of particular interest, Vancouver FOB spot market sulphur prices are currently USD$775/mt. While Cavvy believes there is support for strong long-term sulphur pricing due to robust demand, and structural changes to global supply, Cavvy's diversified revenue streams and hedging program will continue to provide cash flow stability during changing market conditions.

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. Production in Northeast BC was fully restarted on October 1, 2026.

Shut-in production in Central Alberta ("CAB"), representing approximately 7,000 boe/d or 21% 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 production is as follows:

	Production (boe/d)
CAB	7,000
Northern Alberta Foothills	800
Current Voluntarily Shut-in Production	**7,800**

FUNDS FLOW FROM OPERATIONS

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

	Three months ended September 30		Nine months ended September 30	
($000s)	**2026**	**2025**	**2026**	**2025**
Cash (used in) provided by operating activities	**(5,953)**	4,466	**111,652**	28,677
Settlement of decommissioning obligations	**779**	1,129	**8,663**	1,667
Changes in non-cash working capital	**34,675**	7,303	**(16,779)**	18,764
Funds Flow from Operations	**29,501**	12,898	**103,536**	49,108

(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 nine months ended September 30, 2026, and 2025:

	Three months ended September 30			Nine months ended September 30		
($000s)	**2026**	**2025**	**% Change**	**2026**	**2025**	**% Change**
Revenue before hedging [1]	**132,767**	48,145	176	**368,448**	169,789	117
(Loss) gain on hedging [1] [2]	**(44,829)**	13,552	(431)	**(95,374)**	32,866	(390)
Revenue after hedging [1]	**87,938**	61,697	43	**273,074**	202,655	35
Processing, marketing and other revenue [3]	**8,851**	11,407	(22)	**33,534**	27,409	22
Revenue	**96,789**	73,104	32	**306,608**	230,064	33
Royalties	**(8,202)**	(1,219)	573	**(26,088)**	(5,163)	405
Operating	**(46,097)**	(36,677)	26	**(137,568)**	(121,071)	14
Transportation	**(4,108)**	(4,577)	(10)	**(13,047)**	(14,158)	(8)
Net Operating Income [4]	**38,382**	30,631	25	**129,905**	89,672	45

(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 nine month period ended September 30, 2025 includes the early monetization of certain AECO natural gas contracts for proceeds of $10.2 million net of transaction costs. (Loss) gain on hedging includes sulphur, natural gas and crude oil contracts.
(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 nine months ended September 30, 2026, and 2025:

	Three months ended September 30			Nine months ended September 30		
($per boe)	**2026**	**2025**	**% Change**	**2026**	**2025**	**% Change**
Natural gas	**7.55**	3.19	137	**8.35**	7.29	15
Condensate	**9.60**	7.79	23	**9.91**	8.70	14
NGLs	**3.49**	2.86	22	**3.35**	3.26	3
Sulphur	**61.91**	8.01	673	**42.09**	6.44	554
(Loss) gain on hedging [1] [2]	**(27.87)**	6.14	(554)	**(16.48)**	4.98	(431)
Revenue after hedging [1] [2]	**54.68**	27.99	95	**47.22**	30.67	54
Processing, marketing and other revenue [3]	**5.50**	5.18	6	**5.80**	4.15	40
Revenue	**60.18**	33.17	81	**53.02**	34.82	52
Royalties	**(5.11)**	(0.55)	829	**(4.51)**	(0.78)	478
Operating	**(28.66)**	(16.64)	72	**(23.79)**	(18.32)	30
Transportation	**(2.55)**	(2.08)	23	**(2.26)**	(2.14)	6
Operating netback ($/boe) [4]	**23.86**	13.90	72	**22.46**	13.58	65

(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 nine months ended September 30, 2026:

	Three months ended September 30				Nine months ended September 30			
	2026	% Change	$ Impact	% Impact	2026	% Change	$ Impact	% Impact
Business Environment [1]								
USD/CAD average exchange rate [2]	1.40	10	2,191	6	1.39	10	6,115	5
Sulphur price (USD/mt)[3]	1,070.49	10	1,860	5	849.50	10	3,754	3
WTI price (USD/bbl) [4]	86.04	10	550	1	83.88	10	2,972	2
AECO price ($/mcf) [5]	1.56	10	253	1	1.68	10	1,918	1
Operational [1]								
Operating expense ($/boe)	(28.66)	10	4,610	12	(23.79)	10	13,757	11
Sulphur production (mt/d)	753	10	4,150	11	941	10	11,147	9
NGLs & condensate production (bbl/d)	3,304	10	769	2	4,202	10	5,174	4
Royalty burden (% of sales revenue)	10%	1	803	2	10%	1	2,518	2
Natural gas production (mcf/d)	85,066	10	19	—	101,898	10	1,623	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 nine months ended September 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 nine months ended September 30, 2026, and 2025:

	Three months ended September 30			Nine months ended September 30		
(boe/d)	2026	2025	% Change	2026	2025	% Change
Natural gas (mcf/d)	**85,066**	115,467	(26)	**101,898**	115,704	(12)
Condensate (bbl/d)	**1,485**	2,258	(34)	**1,905**	2,406	(21)
NGLs (bbl/d)	**1,819**	2,454	(26)	**2,297**	2,517	(9)
Sulphur (mt/d)	**753**	1,120	(33)	**941**	1,108	(15)
Total production (boe/d) [1]	**17,482**	23,956	(27)	**21,185**	24,207	(12)
Natural gas production (%)	**81**	80	1	**80**	80	—
Liquids production (%)	**19**	20	(5)	**20**	20	—

(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 nine months ended September 30, 2026, and 2025:

	Three months ended September 30			Nine months ended September 30		
(boe/d)	2026	2025	% Change	2026	2025	% Change
Waterton	**5,504**	8,290	(34)	**6,566**	8,565	(23)
Jumping Pound	**6,634**	7,246	(8)	**6,909**	6,451	7
Caroline	**1,905**	4,910	(61)	**3,928**	5,030	(22)
CAB	**1,376**	1,509	(9)	**1,470**	1,239	19
Northern Alberta Foothills	**2,026**	1,982	2	**2,065**	2,685	(23)
Northeast BC	**37**	19	95	**247**	237	4
Total production (boe/d)	**17,482**	23,956	(27)	**21,185**	24,207	(12)

Total production decreased in the three and nine month period ended September 30, 2026. Factors that impacted the production included:

- The Waterton Facility and associated field production was shut-in for 33 days during the third quarter of 2026 due to the Unscheduled Waterton Outage.
- Jumping Pound production was impacted by minor unscheduled field compressor maintenance work in the third quarter of 2026.
- Caroline Facility was offline for 52 days for the scheduled Caroline Turnaround, impacting all owned and third-party volumes during that period.

BENCHMARK PRICES

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

	Three months ended September 30				Nine months ended September 30		
	2026	2025	% Change	Q2 2026	2026	2025	% Change
Natural Gas							
AECO ($/mcf)	**1.56**	0.62	152	1.60	**1.68**	1.49	13
Henry Hub (USD/MMbtu)	**2.87**	3.03	(5)	2.93	**3.59**	3.47	3
Chicago Citygate (USD/MMbtu)	**2.59**	2.79	(7)	2.48	**3.57**	3.22	11
Basis Differential AECO-NYMEX Premium (Discount) (USD/MMbtu)	**(1.76)**	(2.58)	(32)	(1.78)	**(2.37)**	(2.41)	(2)
Condensate							
C5 at Edmonton ($/bbl)	**115.37**	86.58	33	132.05	**115.12**	91.51	26
West Texas Intermediate ("WTI") crude oil (USD/bbl)	**86.04**	65.03	32	93.05	**83.88**	66.85	25
Sulphur							
Vancouver FOB Sulphur (USD/mt)	**1,070.49**	268.42	299	963.43	**849.50**	235.50	261
Foreign Exchange							
USD/CAD average exchange rate	**1.3994**	1.3770	2	1.3864	**1.3852**	1.3978	(1)

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. AECO pricing during the third quarter of 2026 relative to the same period a year ago reflects the improved Western Canada Sedimentary Basin fundamentals with LNG Canada continuing to ramp-up to name plate capacity.

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 September 30, 2026, C5 and WTI prices were volatile reflecting ongoing geopolitical risk, concerns regarding global oil supply security, and sustained regional condensate demand.

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 strong during the third quarter of 2026. Market fundamentals remain supported by tight global supply conditions and consumption growth from the mining and metals sectors but did see a softening in demand from phosphate fertilizer producers reluctant to build inventories at such high commodity prices coupled with increased freight and insurance costs.

REALIZED PRICES

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

	Three months ended September 30				Nine months ended September 30		
	2026	2025	% Change	Q2 2026	2026	2025	% Change
Realized Natural Gas Price							
Before hedging ($/mcf)[1]	**1.55**	0.66	135	1.52	**1.74**	1.53	13
After hedging ($/mcf) [1][2]	**3.16**	3.25	(3)	2.81	**2.96**	3.66	(19)
Realized Condensate Price							
Before hedging ($/bbl)[1]	**113.18**	82.65	37	129.71	**110.49**	87.53	26
After hedging ($/bbl)[1]	**83.12**	83.66	(1)	102.86	**90.74**	85.99	6
NGLs ($/bbl)	**33.48**	27.89	20	28.21	**30.85**	31.40	(2)
Realized Sulphur Price [1][3]							
Before Physical Contracts ($/mt)[1]	**1,437.81**	196.11	633	932.46	**947.97**	140.61	574
After Physical Contracts ($/mt)[1]	**667.45**	34.59	NM	478.16	**484.27**	28.22	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 nine months ended September 30, 2025 is normalized for the hedge monetization in that period.
(3) The realized price of sulphur is based on Vancouver FOB benchmark price, subject to a one-month pricing lag and 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 nine months ended September 30, 2026, and 2025:

	Three months ended September 30				Nine months ended September 30			
	2026		2025		2026		2025	
(% of product volume)	% spot	% hedge	% spot	% hedge	% spot	% hedge	% spot	% hedge
Natural gas	**20**	**80**	5	95	**35**	**65**	5	95
Condensate	**8**	**92**	26	74	**28**	**72**	30	70
NGLs	**100**	**—**	100	—	**100**	**—**	100	—
Total hydrocarbon production	**27**	**73**	17	83	**42**	**58**	18	82
Sulphur	**34**	**66**	15	85	**34**	**66**	16	84

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 September 30, 2026, future production is hedged in accordance with the thresholds of the Senior Debt Facility agreements.

Cavvy executes its risk management program using 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 Unrealized
	Designated Hedge Contracts	Subset of Financial Contracts designated for hedge accounting	Designated swaps or collars	Fair Value	Realized Unrealized – OCI(1)
Physical Hedges	**Physical Contracts**	Delivery based contracts recognized in revenue or expense	Fixed-price commodity sales, collar and power purchases	Accrual	Revenue, Operating expense

(1) OCI refers to Other Comprehensive Income

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 September 30, 2026.

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

	Three months ended September 30			Nine months ended September 30		
($000s)	**2026**	**2025**	**% Change**	**2026**	**2025**	**% Change**
Loss on physical power contracts	**(4,218)**	(3,318)	27	**(13,945)**	(12,319)	13
Loss on physical sulphur contract	**(53,347)**	(14,093)	279	**(119,070)**	(34,010)	250
Gain on physical natural gas contracts	**841**	1,246	(33)	**2,386**	2,652	(10)
Loss on Physical Hedges	**(56,724)**	(16,165)	251	**(130,629)**	(43,677)	199
Gain on financial natural gas contracts (1)	**11,776**	26,252	(55)	**31,559**	64,879	(51)
(Loss) gain on financial crude oil contracts	**(4,099)**	210	NM	**(10,249)**	(1,014)	911
Gain on foreign exchange contracts	**—**	(63)	(100)	**—**	359	(100)
Gain on Financial Hedges	**7,677**	**26,399**	(71)	**21,310**	**64,224**	(67)
Total realized (loss) gain on hedges	**(49,047)**	**10,234**	NM	**(109,319)**	**20,547**	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.

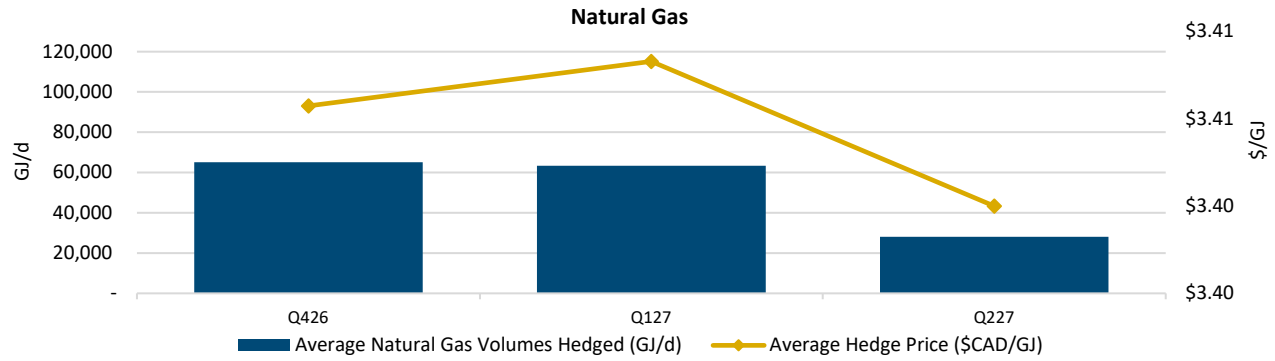
The following fixed price Physical Contracts were in place at September 30, 2026:

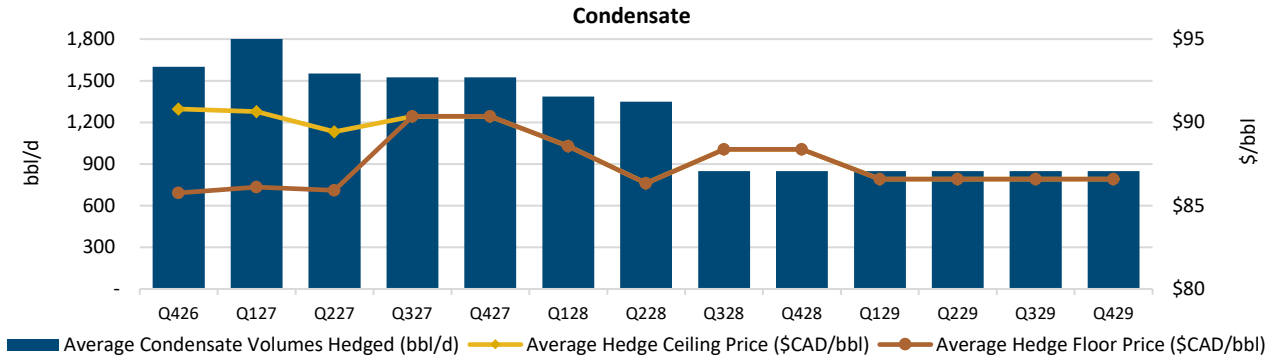
Type of contract	Average Quantity	Time Period	Average Contract Price
Fixed Price - Natural Gas Sales	5,000 GJ/d	Oct 2026	CAD $3.31 /GJ
Fixed Price - Power Purchases	55 MW	Oct 2026 - Dec 2026	CAD $71.80 /MWh
Fixed Price - Power Purchases	45 MW	Jan 2027 - Dec 2027	CAD $63.33 /MWh
Fixed Price - Power Purchases	15 MW	Jan 2028 - Dec 2028	CAD $60.60 /MWh
Fixed Price - Sulphur Sales	1/3 of Sulphur Sales	Oct 2026 - Dec 2026	USD $225/mt
Collar - Sulphur Sales	1/3 of Sulphur Sales	Oct 2026 - Dec 2026	USD $205.00 - $250.00/mt
Fixed Price - Sulphur Sales	548 mt/d	Jan 2027 – Dec 2027	USD $525/mt

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

Type of contract	Average Quantity	Time Period	Average Contract Price
AECO Natural Gas Swap	63,340 GJ/d	Oct 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	750 bbl/d	Oct 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	850 bbl/d	Oct 2026 - Dec 2026	CAD $90.85 /bbl
WTI Crude Oil Swap	1,288 bbl/d	Jan 2027 - Dec 2027	CAD $90.27 /bbl
WTI Crude Oil Swap	1,109 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

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





NATURAL GAS, NATURAL GAS LIQUIDS AND SULPHUR REVENUE

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

	Three months ended September 30			Nine months ended September 30		
($000s except per boe)	**2026**	**2025**	**% Change**	**2026**	**2025**	**% Change**
Natural gas	**12,989**	8,266	57	**50,677**	50,833	—
Condensate	**15,434**	17,171	(10)	**57,341**	57,486	—
NGLs	**5,617**	6,296	(11)	**19,391**	21,575	(10)
Sulphur	**46,221**	3,565	NM	**124,355**	8,537	NM
Natural gas, natural gas liquids and sulphur revenue [(1)]	**80,261**	35,298	127	**251,764**	138,431	82
Natural gas, natural gas liquids and sulphur revenue ($/boe)	**49.90**	16.01	212	**43.53**	20.95	108
Processing and marketing revenue	**8,764**	10,398	(16)	**33,208**	26,171	27
Other revenue [(2)]	**87**	1,009	(91)	**326**	1,238	(74)
Realized gain on Financial Hedges	**7,677**	26,399	(71)	**21,310**	64,224	(67)
Total revenue	**96,789**	73,104	32	**306,608**	230,064	33

(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 nine months ended September 30, 2026, and 2025:

	Three months ended September 30			Nine months ended September 30		
($000s except per boe)	**2026**	**2025**	**% Change**	**2026**	**2025**	**% Change**
Gross royalties	**16,532**	9,709	70	**52,970**	32,393	64
Gas cost allowance	**(8,330)**	(8,490)	(2)	**(26,882)**	(27,230)	(1)
Royalties	**8,202**	1,219	573	**26,088**	5,163	405
Royalties ($/boe)	**5.11**	0.55	829	**4.51**	0.78	478
Royalties as percentage of revenue (%)	**10**	3	233	**10**	4	150

Cavvy pays royalties to the Alberta and BC Crown ("Crown"), Indian Oil and Gas Canada ("IOGC"), and to various freehold and gross overriding royalty owners. Gross natural gas and NGL royalties payable to the crown are reduced by Gas Cost Allowance ("GCA"), which recognizes their share of eligible capital and operating costs incurred to gather, compress, process and where applicable, transport the royalty share of the production.

For the three and nine months ended September 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 nine months ended September 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 nine months ended September 30, 2026, and 2025:

	Three months ended September 30			Nine months ended September 30		
(mcf/d) [(1)]	**2026**	**2025**	**% Change**	**2026**	**2025**	**% Change**
Caroline	**53,751**	89,658	(40)	**82,257**	81,286	1
Jumping Pound	**59,213**	43,916	35	**58,919**	30,692	92
Waterton	**3,280**	4,970	(34)	**3,294**	5,126	(36)
Total	**116,244**	138,544	(16)	**144,470**	117,104	23

(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 – During the third quarter of 2026, the Facility was offline for 52 days during the Caroline Turnaround.
- 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. In addition, the comparative nine month period was impacted by maintenance downtime from February through April of 2025.
- Waterton – The Unscheduled Waterton Outage resulted in restricted flow to the facility for 33 days, resulting in a decrease of third-party volumes flowing through the facility.

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 nine months ended September 30, 2026, and 2025:

	Three months ended September 30			Nine months ended September 30		
($000s except per boe)	**2026**	**2025**	**% Change**	**2026**	**2025**	**% Change**
Caroline	**3,183**	5,061	(37)	**14,554**	13,252	10
Jumping Pound	**4,403**	4,327	2	**16,387**	10,402	58
Waterton	**392**	807	(51)	**1,137**	2,093	(46)
Other [(1)]	**786**	203	287	**1,130**	424	167
Total	**8,764**	10,398	(16)	**33,208**	26,171	27

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

For the three months ended September 30, 2026, processing and marketing revenue decreased by 16% primarily due to lower processing volumes. For the nine months ended September 30, 2026, processing and marketing revenue increased by 27% primarily due to additional long term third party volumes at Jumping Pound. 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 nine months ended September 30, 2026, and 2025:

	Three months ended September 30			Nine months ended September 30		
($000s except per boe)	**2026**	**2025**	**% Change**	**2026**	**2025**	**% Change**
Operating expense	**46,097**	36,677	26	**137,568**	121,071	14
Operating expense ($/boe)	**28.66**	16.64	72	**23.79**	18.32	30

After normalizing for volatility in carbon compliance costs, operating costs were higher in both the three and nine months ending September 30, 2026, primarily due to maintenance completed at Caroline during the turnaround. In addition, the 2026 periods incurred higher processing fees from non-operated CAB production and slightly higher labour costs.

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 September 30, 2026:

Three months ended September 30, 2026 *($ per boe)*	**Caroline**	**Jumping Pound**	**Waterton**	**Other**	**Total**
Operating expense	67.74	18.83	24.94	31.93	**28.66**
Less:					
Processing and marketing revenue	18.17	7.21	0.77	2.48	**5.45**
Adjusted operating expense net of processing and marketing revenue	49.57	11.62	24.17	29.45	**23.21**
Less:					
Sulphur revenue	45.94	17.06	48.60	9.97	**28.74**
Adjusted operating expense [(1)]	**3.63**	**(5.44)**	**(24.43)**	**19.48**	**(5.53)**

(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 nine months ended September 30, 2026:

Nine months ended September 30, 2026 *($ per boe)*	**Caroline**	**Jumping Pound**	**Waterton**	**Other**	**Total**
Operating expense	36.20	18.03	22.15	24.25	**23.79**
Less:					
Processing and marketing revenue	13.57	8.69	0.63	1.09	**5.74**
Adjusted operating expense net of processing and marketing revenue	22.63	9.34	21.52	23.16	**18.05**
Less:					
Sulphur revenue	30.52	13.68	33.25	6.02	**21.50**
Adjusted operating expense [(1)]	**(7.89)**	**(4.34)**	**(11.73)**	**17.14**	**(3.45)**

(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 September 30, 2025:

Three months ended September 30, 2025 *($ per boe)*	**Caroline**	**Jumping Pound**	**Waterton**	**Other** [(1)]	**Total**
Operating expense	27.27	14.31	13.11	14.95	**16.64**
Less:					
Processing and marketing revenue	11.20	6.49	1.06	0.63	**4.72**
Adjusted operating expense net of processing and marketing revenue	16.07	7.82	12.05	14.32	**11.92**
Sulphur revenue	3.11	0.79	1.69	1.06	**1.62**
Adjusted operating expense [(2)]	**12.96**	**7.03**	**10.36**	**13.26**	**10.30**

(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 nine months ended September 30, 2025:

Nine months ended September 30, 2025 *($ per boe)*	Caroline	Jumping Pound	Waterton	Other [1]	Total
Operating expense	27.22	18.08	14.21	16.39	**18.32**
Less:					
Processing and marketing revenue	9.65	5.91	0.90	0.37	**3.96**
Adjusted operating expense net of processing and marketing revenue	17.57	12.17	13.31	16.02	**14.36**
Sulphur revenue	2.24	0.58	1.47	0.89	**1.29**
Adjusted operating expense [2]	**15.33**	**11.59**	**11.84**	**15.13**	**13.07**

(1) Other is made up of CAB, Northern Alberta Foothills and Northeast BC, these areas were impacted by voluntary shut-ins in the nine 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 throughput ownership at Cavvy's three deep cut sour processing facilities for the three months ended September 30, 2026 and 2025:

	Three months ended September 30, 2026			Three months ended September 30, 2025		
(Facility throughput ownership %) [1]	Caroline	Jumping Pound	Waterton	Caroline	Jumping Pound	Waterton
Cavvy	**25**	**43**	**96**	29	52	96
Other owner	**6**	**—**	**—**	6	—	—
Third-party	**69**	**57**	**4**	65	48	4

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

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

	Nine months ended September 30, 2026			Nine months ended September 30, 2025		
(Facility throughput ownership %) [1]	Caroline	Jumping Pound	Waterton	Caroline	Jumping Pound	Waterton
Cavvy	**26**	**44**	**96**	31	59	96
Other owner	**6**	**—**	**—**	6	—	—
Third-party	**68**	**56**	**4**	63	41	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 nine months ended September 30, 2026, and 2025:

	Three months ended September 30			Nine months ended September 30		
($000s except per boe)	2026	2025	% Change	2026	2025	% Change
Transportation expense	**4,108**	4,577	(10)	**13,047**	14,158	(8)
Transportation expense ($/boe)	**2.55**	2.08	23	**2.26**	2.14	5

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 nine months ended September 30, 2026 compared to the prior year primarily due to lower produced volumes. Per boe expenses increased for the three and nine months ended as fixed transportation costs were recovered over lower volumes.

GENERAL AND ADMINISTRATIVE EXPENSE

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

	Three months ended September 30			Nine months ended September 30		
($000s except per boe)	**2026**	**2025**	**% Change**	**2026**	**2025**	**% Change**
General and administrative expense	**4,336**	5,557	(22)	**15,864**	17,049	(7)
General and administrative expense ($/boe)	**2.70**	2.52	7	**2.74**	2.58	6

G&A expenses for the quarter ended September 30, 2026, decreased on a total basis due to higher overhead recoveries as a result of higher capital spending. G&A expenses were higher on a per boe basis for both the three and nine months ended September 30, 2026, primarily due to lower production volumes resulting from facility turnarounds.

FINANCE EXPENSE

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

	Three months ended September 30			Nine months ended September 30		
($000s)	**2026**	**2025**	**% Change**	**2026**	**2025**	**% Change**
Cash portion of interest expense	**2,752**	4,867	(43)	**10,227**	13,586	(25)
Non-cash interest paid in-kind	**—**	—	—	**—**	1,577	—
	2,752	4,867	(43)	**10,227**	15,163	(33)
Accretion of financing costs	**1,362**	1,246	9	**3,995**	3,638	10
Accretion of decommissioning obligations	**697**	674	3	**2,029**	1,952	4
Interest on lease liabilities	**100**	138	(28)	**374**	403	(7)
Other charges	**(200)**	(28)	614	**(117)**	472	(125)
Total finance expense	**4,711**	6,897	(32)	**16,508**	21,628	(24)

A portion of Cavvy's interest expense relates to variable rate debt tied to the Secured Overnight Financing Rate ("SOFR") plus 6.75% with the remaining portion bearing a fixed rate. Total interest expense 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 USD/CAD exchange rates.

DEPLETION AND DEPRECIATION

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

	Three months ended September 30			Nine months ended September 30		
($000s)	**2026**	**2025**	**% Change**	**2026**	**2025**	**% Change**
Depletion and depreciation	**8,393**	13,606	(38)	**27,563**	40,692	(32)

Depletion and depreciation expense decreased during the three and nine months ended September 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 nine months ended September 30, 2026, and 2025:

	Three months ended September 30			Nine months ended September 30		
($000s)	**2026**	**2025**	**% Change**	**2026**	**2025**	**% Change**
Share-based compensation	**8,871**	6,814	30	**21,184**	9,876	114

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 nine months ended September 30, 2026, and 2025:

	Three months ended September 30			Nine months ended September 30		
($000s)	**2026**	**2025**	**% Change**	**2026**	**2025**	**% Change**
Non-discretionary capital	**26,825**	2,824	850	**34,359**	8,575	301
Discretionary capital	**8,608**	1,198	619	**11,163**	4,380	155
Total capital expenditures	**35,433**	4,022	781	**45,522**	12,955	251
Reclamation and abandonment	**779**	1,129	(31)	**8,663**	1,667	420

Cavvy's capital allocation priorities continue to focus on field and facility optimization and ongoing debt repayment.

Non-discretionary capital expended in the three months ended September 30, 2026 was higher than the comparative period primarily due to:

- $19.7 million in facility turnaround projects, primarily at the Caroline Facility as discussed in highlights
- $3.9 million in facility maintenance, including the repair at Waterton as discussed in highlights
- $3.2 million in corporate and overhead, highlighted by investments in information technology and controls systems infrastructure

Discretionary capital primary related to a significant well workover program, and a Jumping Pound Facility compression electrification project. Cavvy's reclamation and abandonment program for the year was accelerated in the first nine months of 2026. These expenditures were allocated 44% to Alberta and 56% to BC.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

As at September 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 September 30, 2026, and December 31, 2025:

($000s)	**September 30, 2026**	**December 31, 2025**
Adjusted working capital (deficit) [(1)]	**(66,212)**	(19,769)
Total debt[(2)]	**(80,072)**	(150,848)
Net debt [(1)]	**(146,284)**	(170,617)
Shareholders' equity	**159,940**	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.
(2) Total debt includes financing costs

Working Capital

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

($000s)	September 30, 2026	December 31, 2025
Cash and cash equivalents	**1,844**	5,799
Accounts receivable	**48,062**	45,830
Prepaids expenses and other	**6,216**	6,122
Total current assets	**56,122**	57,751
Accounts payable	**56,970**	31,068
Accrued liabilities	**42,786**	46,452
Deferred revenue	**22,578**	—
Total current liabilities	**122,334**	77,520
Adjusted working capital (deficit) [(1)]	**(66,212)**	(19,769)

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

The adjusted working capital deficit at September 30, 2026, increased compared to December 31, 2025, primarily due to the remaining deferred revenue associated with the prepayment received on June 30, 2026 under the structured sulphur pricing agreement. The prepayment is recorded as a deferred revenue liability and recognized into revenue as sulphur is delivered. The increase also reflects higher current accounts payable resulting from capital expenditures during the quarter. Cavvy maintains a sustainable working capital deficit due to timing differences between cash inflows and outflows.

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.

DEBT

The table below summarizes debt obligations as of September 30, 2026, and December 31, 2025:

($000s)	Maturity		September 30, 2026	December 31, 2025
Senior Facility				
Revolving Loan $22,000	March 2027	USD	**—**	18,100
Term Notes $88,500	March 2027	USD	**25,740**	64,150
Subordinated Notes $33,606 [(1)]	September 2027	USD	**33,606**	33,606
Total debt [(2)]		USD	**59,346**	115,856
USD/CAD exchange rate [(3)]			**1.4188**	1.3706
Total principal outstanding		CAD	**84,201**	158,792

(1) Excludes unamortized deferred financing fees of USD $1.9 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 September 30, 2026, and as at the date of this MD&A, the Company was in compliance with all debt covenants.
(3) USD to CAD exchange rate at September 30, 2026 and December 31, 2025, respectively.

For the three and nine months ended September 30, 2026, the Company repaid debt of $2.5 million (USD $1.8 million) and $79.0 million (USD $56.6 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 and increased from $12.0 million on June 26, 2026. 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 September 30, 2026.

SHARE CAPITAL, STOCK OPTIONS AND WARRANTS OUTSTANDING

The following table outlines the Company's share capital, stock options and warrants outstanding at November 5, 2026, September 30, 2026, and December 31, 2025:

	November 5, 2026	September 30, 2026	December 31, 2025
Share capital	**310,019,870**	**310,019,870**	290,680,270
Stock options	**5,514,360**	**5,720,293**	6,286,209
Stock options – weighted average exercise price ($/option)	**$ 0.69**	**$ 0.68**	$ 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 September 30, 2026, these obligations and the expected timing of their settlement, are detailed below:

($000s)	2026	2027	2028	Thereafter	Total
Firm transportation	3,136	12,517	4,147	—	19,800

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 of 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 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 MD&A.

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 September 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 and nine months ended September 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.