Prairie Provident Resources Inc.

Consolidated Financial Statements

As at and for the Year Ended
December 31, 2024

Dated: March 31, 2025

Management's Responsibility for the Financial Statements

The annual consolidated financial statements of Prairie Provident Resources Inc. as at and for the years ended December 31, 2024 and 2023 were prepared by management within acceptable limits of materiality and are in accordance with IFRS Accounting Standards as issued by the IASB. Management is responsible for the integrity, consistency, objectivity and reliability of the consolidated financial statements.

The consolidated financial statements have been prepared by management in accordance with the accounting policies as described in the notes to the consolidated financial statements. Timely release of financial information sometimes necessitates the use of estimates when transactions affecting the current accounting period cannot be finalized until future periods. When necessary, such estimates are based on informed judgments made by management. Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance that all assets are safeguarded, transactions are appropriately authorized, and to facilitate the preparation of relevant, reliable, and timely information. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

Ernst & Young LLP, an independent firm of Chartered Professional Accountants appointed by the shareholders, have conducted an audit of the consolidated financial statements in accordance with Canadian general accepted auditing standards and their report follows. The Audit Committee, consisting of non-management directors, has met with representatives of Ernst & Young LLP and management to determine if management has fulfilled its responsibilities in the preparation of the consolidated financial statements. The Board of Directors has approved the consolidated financial statements on the recommendation of the Audit Committee.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance that all assets are safeguarded, transactions are appropriately authorized, and to facilitate the preparation of relevant, reliable, and timely information. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Management has assessed the effectiveness of the internal control over financial reporting for Prairie Provident Resources Inc. The assessment was based on the framework in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management concluded that the Company's internal control over financial reporting was effective as of December 31, 2024.

/s/ Dale Miller
Executive Chairman

/s/ Richard Greenough
Interim Chief Financial Officer

March 31, 2025
Calgary, Alberta

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Prairie Provident Resources Inc.

Opinion

We have audited the consolidated financial statements of Prairie Provident Resources Inc. and its subsidiaries (the Company), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity (deficit) and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Restated comparative information

We draw attention to Note 24 to the consolidated financial statements, which explains that certain comparative information presented for the year ended December 31, 2023 has been restated. Our opinion is not modified in respect of this matter.

Material uncertainty related to going concern

We draw attention to Note 2(b) in the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. In addition to the matter described in the *Material uncertainty related to going concern* section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Assessment of the recoverable amount of property and equipment in the Princess CGU As at December 31, 2024, the carrying amount of property and equipment in the Princess CGU was $34.9 million. For the year ended December 31, 2024, indicators of impairment were identified for the Princess CGU and an impairment test was performed resulting in $nil impairment being recorded. The Company's disclosures related to property and equipment and impairment reversal are included in Note 2(d) *Use of Estimates and Judgments*, Note 3 *Material Accounting Policies* and Note 6 *Property and Equipment*. The recoverable amount of the Princess CGU was determined utilizing a fair value less costs of sale model based on the net present value of after-tax cash flows from the production of proved and probable reserve volumes using forward commodity prices and costs, discounted using market-based rates. Proved and probable reserves are determined by the Company's independent third-party reserve evaluators. Auditing the Company's estimated recoverable amount for its Princess CGU was complex due to the subjective nature of the underlying inputs and assumptions and the significant effect changes in these would have on the recoverable amount. Additionally, the evaluation of this estimate required specialized skills and knowledge. The primary inputs noted in the determination of the recoverable amount were expected volumes, future commodity prices, royalties, operating costs, future development costs and discount rates.	To test the Company's estimated recoverable amounts of its Princess CGU, we performed the following procedures, among others: • Evaluated the competence, capabilities and objectivity of the independent third-party reserve evaluators engaged by the Company. • Involved our internal valuation specialists to assess the methodology applied, and the various inputs utilized in determining the after-tax discount rate by referencing current industry, economic, and comparable company information, as well as company and cash-flow specific risk premiums. • Compared forecasted oil and gas commodity prices to those published by other independent third-party reserve evaluators. • Evaluated the appropriateness of forecasted production and forecasted operating costs, royalty costs and future development costs assumptions by comparing to historical results. • Evaluated the adequacy of the note disclosure included in the accompanying consolidated financial statements in relation to this matter.
Estimate of fair value of the First Lien Loan and Second Lien Notes on September 13, 2024 During the year ended December 31, 2024, the Company recognized a gain on extinguishment and settlement of financial liabilities of $10.855 million relating to the First Lien Loan and Second Lien Notes. The Company's disclosures related to the estimate of fair value on September 13, 2024 are included in Note 2(d) *Use of Estimates and Judgments*, Note 3 *Material Accounting Policies*, Note 9 *Debt* and Note 21(a) *Fair Value of Financial Instruments*. The estimate of fair value of Senior Notes on September 13, 2024 included significant assumptions related to the discount rates utilized. We determined that this is a key audit matter due to the judgments by management when estimating the discount rates and a high degree of auditor judgment	To test the estimate of the estimate of fair value of the First Lien Loan and Second Lien notes on September 13, 2024, we performed the following procedures, among others: • With the assistance of our internal valuation specialists, evaluated the reasonableness of key assumptions used, primarily the discount rate, by performing sensitivity analysis and comparing to executed agreements with lenders. • Evaluated the adequacy of the note disclosure included in the accompanying consolidated financial statements in relation to this matter.

and subjectivity in performing procedures relating to the key assumption.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or

conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Robert Mitchell.

Ernst & Young LLP

Chartered Professional Accountants

Calgary, Canada
March 31, 2025

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at *($000s)*	Note	December 31, 2024	December 31, 2023
			(Restated)[1]
ASSETS			
Current assets			
Cash		4,722	1,835
Restricted deposit	21	4,112	4,237
Accounts receivable	21	5,957	7,305
Prepaid expenses and other assets		3,470	3,290
Assets held for sale	7	—	50,431
Total current assets		18,261	67,098
Exploration and evaluation assets	5	3,521	3,546
Property and equipment	6	94,242	95,280
Right-of-use assets	8	1,290	1,503
Other assets		553	619
Total assets		117,867	168,046
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		25,514	24,623
Current portion of lease liabilities	11	2,350	2,715
Current portion of decommissioning liabilities	12	6,260	5,153
Current portion of other liabilities		267	—
Derivative instruments	21	—	416
Current portion of debt	9	55,572	72,631
Liabilities associated with assets held for sale	7	—	27,810
Total current liabilities		89,963	133,348
Lease liabilities	11	231	2,420
Decommissioning liabilities	12	65,513	65,602
Other liabilities		11,201	9,982
Total liabilities		166,908	211,352
SHAREHOLDERS' DEFICIT			
Share capital	13	159,386	147,273
Warrants	13	729	729
Contributed surplus	.	39,467	39,596
Accumulated deficit		(248,032)	(231,068)
Accumulated other comprehensive income (loss) ("AOCIL")		(591)	164
Total shareholders' deficit		(49,041)	(43,306)
Total liabilities and shareholders' deficit		117,867	168,046

(1) Restated (Note 24).

Going concern	2(b)
Subsequent events	9,25

See accompanying notes to the consolidated financial statements.

Approved by the Board of Directors:

/s/ Dale Miller
Executive Chairman and Director

/s/ Glenn Hamilton
Director and Chair of the Audit Committee

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the years ended ($000s)	Note	December 31, 2024	December 31, 2023
			(Restated)(1)
REVENUE AND OTHER INCOME			
Petroleum and natural gas sales	17	43,246	79,802
Royalties		(5,578)	(11,868)
Petroleum and natural gas sales, net of royalties		37,668	67,934
Realized loss on derivative instruments	21	(485)	(931)
Unrealized gain on derivative instruments	21	416	1,606
Other income		83	1,040
Total revenue and other income		37,682	69,649
EXPENSES			
Operating	18	27,882	44,309
General and administrative	19	8,782	10,487
Depletion and depreciation of property and equipment	6	8,979	16,533
Exploration and evaluation	5	19	406
Depreciation on right-of-use assets	8	330	460
Gain on property dispositions	7	(2,440)	—
Gain on warrant liability	10	—	(1,870)
Impairment	5,6	5,517	20,938
Foreign exchange (gain) loss		1,090	(318)
Finance costs	20	15,147	18,917
Transaction, restructuring and other costs		195	1,079
Gain on extinguishment and settlement of financial liabilities	9	(10,855)	(9,811)
Gain on revaluation of financial liabilities	9	—	(10,042)
Total expenses		54,646	91,088
Loss before income taxes		(16,964)	(21,439)
Total income taxes	15	—	—
Net loss		(16,964)	(21,439)
Other comprehensive income (loss)			
Items that may be reclassified to net loss:			
Currency translation adjustments		(812)	281
Items that will not be reclassified to net loss:			
Actuarial gain on employee post-retirement benefit plan		57	—
Total other comprehensive income (loss)		(755)	281
Comprehensive loss		(17,719)	(21,158)
Net loss per share			
Basic	13	(0.02)	(0.04)
Diluted	13	(0.02)	(0.04)

(1) Restated (Note 24).

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

($000s)	Note	Share Capital	Warrants	Contributed Surplus	Accumulated Deficit	AOCIL	Total Equity (Deficit)
					(Restated)[(1)]	(Restated)[(1)]	(Restated)[(1)]
Balance, December 31, 2022		101,549	—	39,084	(209,629)	(117)	(69,113)
Issued as repayment of Subordinated Notes	9,13	41,153	—	—	—	—	41,153
Issued as cashless exercise of all PCEP warrants	13	2,245	—	—	—	—	2,245
Issued as equity offering	13	3,556	729	—	—	—	4,285
Share issuance costs		(1,011)	—	—	—	—	(1,011)
Common Share cancellation	13	(269)	—	269	—	—	—
Share-based compensation	14	—	—	306	—	—	306
Settlement of share-based compensation, net of withholding tax	13,14	50	—	(63)	—	—	(13)
Currency translation adjustments		—	—	—	—	281	281
Net loss		—	—	—	(21,439)	—	(21,439)
Balance, December 31, 2023		147,273	729	39,596	(231,068)	164	(43,306)
Issuance of Common Shares	13	12,000		—	—	—	12,000
Share issuance costs	13	(100)	—	—	—	—	(100)
Share-based compensation	14	—	—	98	—	—	98
Settlement of share-based compensation, net of withholding tax	13,14	213	—	(227)	—	—	(14)
Actuarial loss on post-retirement benefit plan		—	—	—	—	57	57
Currency translation adjustments		—	—	—	—	(812)	(812)
Net loss		—	—	—	(16,964)	—	(16,964)
Balance, December 31, 2024		159,386	729	39,467	(248,032)	(591)	(49,041)

(1) Restated (Note 24).

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended *($000s)*	Note	December 31, 2024	December 31, 2023
			(Restated)[1]
OPERATING ACTIVITIES			
Net loss		(16,964)	(21,439)
Adjustments for non-cash items:			
Impairment	5,6	5,517	20,938
Unrealized gain on derivative instruments	21	(416)	(1,606)
Depletion and depreciation	6	8,979	16,533
Depreciation on right-of-use assets	8	330	460
Exploration and evaluation expense	5	19	406
Accretion expense - Decommissioning liabilities	12	2,597	3,320
Unrealized foreign exchange loss (gain)		1,056	(216)
Change in other liabilities		821	2,092
Gain on property dispositions	7	(2,440)	—
Gain on warrant liability	10	—	(1,870)
Gain on extinguishment of financial liabilities	9,16	(10,943)	(9,811)
Gain on revaluation of financial liability	9	—	(10,042)
Share-based compensation	14	98	306
Non-cash other income		—	(139)
Loss on lease termination		9	—
Allowance for doubtful accounts and bad debts	21	651	(190)
Interest expense and finance costs - Debt	9,20	11,981	6,362
Settlements of decommissioning liabilities	12	(3,627)	(9,366)
Other, net		—	5
Change in non-cash working capital	16	2,350	(6,390)
Net cash from (used in) operating activities		18	(10,647)
FINANCING ACTIVITIES			
Issuance costs	13	(100)	(726)
Debt issuance costs		—	(2,376)
Issuance of Common Shares and Warrants for cash	13	8,869	4,000
Settlement of share-based compensation, including withholding tax and net of proceeds	13,14	(14)	(20)
Repayments of principal related to lease liabilities	11	(2,682)	(113)
Change in First Lien Loan debt	16	(20,000)	—
Change in Second Lien Notes debt	16	3,131	4,927
Change in restricted deposit		125	(100)
Change in non-cash working capital	16	—	887
Net cash from (used in) financing activities		(10,671)	6,479
INVESTING ACTIVITIES			
Exploration and evaluation expenditures	5	—	(493)
Property and equipment expenditures	6	(10,757)	(233)
Proceeds from dispositions	7	24,413	669
Change in non-cash working capital	16	(116)	(505)
Net cash from (used in) investing activities		13,540	(562)
Change in cash		2,887	(4,730)
Cash, beginning of period		1,835	6,565
Cash, end of period		4,722	1,835

(1) Restated (Note 24).

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023.

1. REPORTING ENTITY

Prairie Provident Resources Inc. (“PPR” or the “Company”) was incorporated under the laws of the province of Alberta on July 29, 2016. Its principal office is located at #1000, 500 – 4th Avenue SW, Calgary, Alberta. The Company’s common shares ("Common Shares") are listed on the Toronto Stock Exchange under the symbol “PPR”.

PPR is an independent oil and natural gas exploration, development and production company. PPR’s reserves, producing properties and exploration prospects are located primarily in the province of Alberta. The Company conducts certain of its operating activities jointly with others through unincorporated joint arrangements and these consolidated financial statements reflect only the Company’s share of assets, liabilities, revenues and expenses under these arrangements. The Company conducts all of its principal business in one reportable segment.

On May 15, 2023, former Noteholder, PCEP Canadian Holdco, LLC ("PCEP"), acquired 540,925,109 Common Shares following a recapitalization transaction, thereby obtaining control of PPR (Notes 9 and 13). PCEP is a subsidiary of Prudential Private Capital, a unit of PGIM, Inc. ("PGIM"), the ultimate parent of PPR.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These audited, annual consolidated financial statements ("Financial Statements") have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board ("IASB"). The Company's material accounting policies under IFRS are presented in Note 3 below.

Certain comparative figures have been reclassified to conform with the presentation adopted in the current period.

The Financial Statements were approved and authorized for issue by the Board of Directors of PPR on March 31, 2025.

(b) Going Concern

These Financial Statements have been prepared in accordance with generally accepted accounting policies applicable to a going concern, which assumes that PPR will be able to realize its assets and discharge its liabilities in the normal course of business.

At December 31, 2024, the Company's total principal debt was $64.9 million (December 31, 2023 - $71.7 million) with the First Lien Loan considered fully drawn (see Note 9). At December 31, 2024, the Company was in breach of certain financial covenants and non-financial covenants under its Revolving Facility and Second Lien Notes. These covenant breaches created a right for the lenders under each facility to accelerate the maturity of their indebtedness. None of the Company’s lenders have delivered a notice of an event of default required to accelerate the maturity of their facilities and as of March 31 2025, these defaults have been waived (or the applicable covenants have been adjusted or eliminated such that the Company is in compliance as of December 31, 2024), and the lenders no longer have the right to accelerate the maturities of the facilities, subject to the Company's compliance with the terms of the agreements in future periods. There remains a risk with regards to ongoing compliance with debt covenants.

As described in Note 9 (Debt), Note 13 (Share Capital and Warrants) and Note 25 (Subsequent Events), and in furtherance of its Basal Quartz development plans, the Company raised $8.67 million in aggregate gross proceeds through equity financings, with the first tranche of $4.8 million closing on February 19, 2025 and the second and final tranche of $3.87 million closing on March 5, 2025 (the “2025 Equity Offerings”).

The Company's principal shareholder, PCEP, and certain directors and officers of the Company, participated in the 2025 Equity Offerings for a final aggregate investment of $7.32 million after converting USD-denominated commitments to Canadian dollars, of which $5.0 million was completed under the Private Placement and $2.32 million was completed under the 2025 LIFE Offering (Note 13).

In conjunction with the 2025 Equity Offerings, on February 19, 2025, the Company agreed to further amendments to its First Lien Loan debt agreements providing further deferral of certain cash interest obligations and adjustment of financial covenants to replace existing covenants with new measures and thresholds that align with the Company's current expectations for the remaining term to maturity (Note 9). Amendments have also been agreed with respect to the Company's outstanding Second Lien Notes to align the amended covenants under the First Lien Loan.

Despite these efforts by the Company and with the Company committed to a drilling program in the Basal Quartz formation, PPR remains in a challenging position with respect to its ability to meet current financial obligations while managing its decommissioning liabilities, debt obligations, and debt-related financial covenants. In the event of default under both the First Lien Loan and the Second Lien Notes, the lenders have the right to demand immediate repayment of all amounts owed under both facilities.

The Company recognizes the significance of PPR's cash flows and continues to actively assess a variety of strategies and options to effectively manage its capital, however, there is no guarantee that the Company will be successful in these efforts.

The Company's lenders have not re-determined the borrowing base following the Company's reserves evaluation as at December 31, 2024 and 2023. The lenders have sole discretion on the determination of the borrowing base, which is based predominantly on the amount of the Company's proved developed producing oil and natural gas reserves. If a borrowing base deficiency exists because of a re-determination, the lender is required to notify the Company of such shortfall. The Company may repay the shortfall amount by either making one installment within 90 days or six equal consecutive monthly installments beginning within 30 days after the Company's receipt of the borrowing base deficiency notice. In the event of such a shortfall, the Company may not have the funds available to repay the amount due.

Due to the above factors, there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These Financial Statements do not include adjustments to the recoverability and classification of recorded assets and liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business at amounts different from those in the accompanying Financial Statements. Such adjustments could be material.

(c) Functional and Presentation Currency

The Financial Statements are presented in Canadian dollars (CAD, $ or C$), which is also the Company's functional currency. All references to US$ or USD are to United States dollars.

(d) Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. 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.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements are as follows:

- PPR's oil and gas assets are grouped into cash generating units ("CGUs"). A CGU is the lowest level of integrated assets that generate identifiable cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The allocation of assets into CGUs requires significant judgment and interpretations with respect to the integration between assets, geological formation, geographical proximity, the existence of common sales points and shared infrastructures and the way in which management monitors its operations. The recoverability of PPR's oil and gas assets is assessed at the CGU level, and therefore, the determination of a costs could have a significant impact on impairment losses or impairment reversals;

- Reserves engineering is an inherently complex and subjective process of estimating underground accumulations of petroleum and natural gas. The process relies on interpretations of available geological, geophysical, engineering, economic and production data. The accuracy of a reserves estimate is a function of the quality and quantity of available data, the interpretation of that data, the accuracy of various economic assumptions and the judgment of those preparing the estimate. Because these estimates depend on many assumptions, all of which may differ from actual results, reserves estimates and estimates of future net revenue may be different from the sales volumes ultimately recovered and net revenues actually realized. Changes in market conditions, regulatory matters and the results of subsequent drilling, testing and production may require revisions to the original estimates. Estimates of reserves impact: (i) the assessment of whether or not a new well has found economically recoverable reserves; (ii) depletion rates; (iii) the determination of net recoverable amount of oil and gas properties for impairment assessment and measurement, and (iv) the determination of reserve lives which affect the timing of decommissioning activities, all of which could have a material impact on net loss and financial positions;

- Recoverable amounts calculated for impairment testing are based on estimates of future commodity prices, expected volumes, quantity of reserves and discount rates as well as future development costs, royalties, operating costs and transactional contracts with third parties. These calculations require the use of estimates and assumptions, which by their nature, are subject to measurement uncertainty. In addition, judgment is exercised by management as to whether there have been indicators of impairment or of impairment reversal. Indicators of impairment or impairment reversal may include, but are not limited to a change in: the market value of assets, asset performance, the estimate of future prices, royalties and costs, the estimated quantity of reserves and appropriate discount rates;

- Amounts recorded for decommissioning liabilities and the related accretion expense require the use of estimates with respect to the amount and timing of decommissioning expenditures, inflation rates and discount rates. Actual costs and cash outflows can differ from estimates because of changes in law and regulations, public expectations, market conditions, discovery and analysis of site conditions and changes in technology. Decommissioning liabilities are recognized in the period when it becomes probable that there will be a future cash outflow;

- Management applies judgment in reviewing modifications of financial liabilities to determine if the modifications are considered substantial, including the consideration of qualitative and quantitative factors. The classification of a modification as non-substantial or substantial impacts the accounting treatment for the financial liability as to the implementation of modification accounting or extinguishment accounting and as such, may have material implications on the Financial Statements;

- Management applies judgment in determining appropriate discount rates used in the the fair value measurement of amended debt as the discount rates used can significantly impact the fair value determination of these instruments. The Company's fair value determination of 2024 amended debt is further discussed in Note 21; and

- These Financial Statements have been prepared on a going concern basis, which assumes the realization of assets and discharge of liabilities and commitments in the normal course of business within the foreseeable future. Management uses judgment to assess the Company’s ability to continue as a going concern and the conditions that cash doubt upon the use of the going concern assumption.

3. MATERIAL ACCOUNTING POLICIES

The following are the accounting policies that management considers material to the users of the Financial Statements. Accounting policy information is considered to be material if its disclosure is needed for users to understand information provided about material transactions or other events or conditions in the Financial Statements.

(a) Basis of Consolidation

At December 31, 2024 and 2023, the Financial Statements included the accounts of PPR and its wholly owned subsidiaries, including Prairie Provident Resources Canada Ltd. (“PPR Canada”), Prairie Provident Resources Canada Inc., Lone Pine Resources Inc., Lone Pine Resources (Holdings) Inc., Arsenal Energy U.S.A. Inc., and Arsenal Energy (Holdings) Ltd. Subsidiaries are consolidated from the date the Company obtains control and continues to be consolidated until the date such control ceases. Control is achieved when PPR is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All inter-entity transactions have been eliminated upon consolidation between PPR and its subsidiaries in these Financial Statements. PPR's operations are viewed as a single operating segment by the chief operating decision maker of the Company for the purpose of resource allocation and assessing performance.

(b) Joint Arrangements

PPR conducts some of its oil and gas activities through joint operations. Joint operation is a type of joint arrangement over which two or more parties have joint control and rights to the assets and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control. PPR does not have any joint arrangements that are material to the Company, or that are structured using separate vehicles. In relation to its interests in joint operations, PPR recognizes in the Financial Statements its share of assets, liabilities, revenues and expenses of the arrangements.

(c) Revenue

Revenue from the sale of crude oil, natural gas and natural gas liquids is measured per the consideration specified in contracts with customers. Revenue is recognized when the customer obtains control of the goods. The Company satisfies performance obligations and the customer obtains control upon the delivery of crude oil, natural gas and natural gas liquids, which is generally at a point in time. While the transaction price is variable under the terms of the contract, at the time of delivery, there is only a minimal risk of a change in the transaction price to be allocated to the volume sold. Accordingly, at the point of sale there is not a significant risk of revenue reversal relative to the cumulative revenue recognized, and there is no need to constrain any variable consideration. The amount of revenue recognized is based on the agreed upon transaction price, whereby any variability in revenue is related specifically to the Company's efforts to deliver production. Therefore, the resulting revenue is allocated to the production delivered in the period during which the variability occurs.

The Company does not have contracts with customers where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(d) Exploration and Evaluation Assets and Property and Equipment

(i) Recognition and Measurement

Exploration and Evaluation ("E&E") Assets

Pre-license costs are recognized in net loss and comprehensive loss as incurred.

E&E costs, including the costs of acquiring licenses, obtaining geological and geophysical data, drilling and completing E&E wells, and building associated facilities are initially capitalized as E&E assets according to the nature of the expenditure. E&E assets may include estimated decommissioning costs associated with E&E decommissioning obligations. The costs are accumulated by well, field or exploration area pending determination of technical feasibility and commercial viability. E&E assets are not amortized.

The technical feasibility and commercial viability of extracting a hydrocarbon resource are considered to be determinable when proved and/or probable reserves are determined to exist. A review of each exploration license or field is carried out, at least annually, to ascertain whether proved and/or probable reserves have been discovered. Upon determination of proved and/or probable reserves, E&E assets attributable to those reserves are tested for impairment and if estimated recoverable amounts exceed carrying values the E&E assets, are transferred to petroleum and natural gas properties, within property and equipment assets. The cost of undeveloped land that expires and E&E expenditures determined to be unsuccessful are derecognized by recording exploration and evaluation expense.

Production and Development ("P&D") Assets

P&D assets generally represent costs incurred in acquiring and developing proved and/or probable reserves, and bringing in or enhancing production from such reserves. Development costs include the initial purchase price and directly attributable costs relating to land and mineral leases, geological and seismic studies, property acquisitions, development drilling, construction of gathering systems and infrastructure facilities, decommissioning costs, transfers from E&E assets, and for qualifying assets, borrowing costs. These costs are accumulated on a field or an area basis (major components). The costs of the day-to-day servicing of property and equipment are recognized in operating expenses as incurred.

The production and development items of property and equipment, which includes oil and natural gas development, properties and production assets, are measured at cost less accumulated depletion and depreciation and accumulated impairment losses, net of impairment reversals. Development assets include certain stock equipment that is expected to be used in the normal course of P&D field development.

Gains and losses on disposal of an item of property and equipment, including petroleum and natural gas properties, are determined by comparing the net proceeds from disposal with the carrying amount of property and equipment and are recognized on a net basis in net loss and comprehensive loss.

(ii) Depletion and Depreciation

The net carrying value of P&D assets is depleted using the unit-of-production method by reference to the ratio of production in the year to the related proved plus probable reserves, taking into account estimated future development costs necessary to convert those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates are prepared by independent reserve engineers at least annually.

Proved plus probable reserves are estimated annually by independent and qualified reserve evaluators and represent the estimated quantities of petroleum and natural gas which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible.

Reserves are the remaining quantities of, petroleum and natural gas from known accumulations estimated to be recoverable from a given date forward. The estimates of reserves are determined from drilling, geological, geophysical and engineering data based on established technology and specified economic conditions. For depletion purposes, relative volumes of petroleum and natural gas production and reserves are converted at the energy equivalent conversion rate of six thousand cubic feet of natural gas to one barrel of crude oil.

For other assets, depreciation is recognized in profit or loss on a straight-line or declining-balance basis over the estimated useful life of each part of an item of property and equipment. Leasehold improvements are depreciated over the term of the lease. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Computer equipment is depreciated using the declining-balance basis at a rate of 30 percent per year. Office furniture is depreciated on a straight-line basis over five years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(iii) Impairment

E&E Assets

E&E assets are assessed for impairment if: (i) sufficient data exists to determine technical feasibility and commercial viability; and (ii) at such time that facts and circumstances indicate that the carrying amount exceeds the recoverable amount. If the recoverable amount does not exceed the carrying amount, an impairment adjustment is recognized in net loss and comprehensive loss.

For the purposes of impairment testing, E&E assets are allocated to CGUs based on geographical proximity. E&E assets that are not related to established CGUs with reserves, such as undeveloped land holdings, seismic, equipment, and exploration drilling, are subject to impairment testing based on the nature and estimated recoverable amount of the respective cost components.

P&D Assets

PPR assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less cost of disposal ("FVLCD") and its value-in-use ("VIU"). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In such case, an impairment test is performed at the CGU level. A CGU is a group of assets that PPR aggregates based on their ability to generate largely independent cash flows. As at December 31, 2024, the Company has five principal operating CGUs – Evi (remains a CGU until the disposition purchase price adjustments are finalized - see Note 7), Michichi, Wheatland, Princess and Other (includes Provost).

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. To determine VIU, the Company estimates the present value of the future net cash flows expected to derive from the continued use of the asset or CGU. Discount rates that reflect the market assessments of the time value of money and the risks specific to the asset or CGU are used. In determining FVLCD, discounted cash flows and recent market transactions are taken into account, if available. These calculations are corroborated by valuation multiples or other available fair value indicators. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the previously recognized impairment loss is reversed. The reversal is limited such that the carrying amount of the asset does not exceed its recoverable amount, nor does it exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior periods.

(e) Financial Instruments

(i) Recognition and Measurement

PPR recognizes financial assets and financial liabilities, including derivatives, on the consolidated statements of financial position when the Company becomes a party to the contract. The Company initially measures all financial instruments at fair value. Subsequent measurement of the financial instrument is based on its classification. Financial assets and financial liabilities are classified into the following categories: amortized cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit and loss (“FVPL”).

Financial assets and financial liabilities classified as FVPL are measured at fair value with subsequent changes recognized through net loss. Financial assets and liabilities classified as amortized cost are measured at amortized cost using the effective interest method of amortization. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the financial instruments are recognized in net loss and comprehensive loss over the expected life of the instrument. Financial assets classified as FVOCI are measured at fair values with changes in those fair values recognized in net loss and comprehensive loss.

(ii) Liabilities and Equity

Financial instruments are classified as a liability or equity based on the substance of the contractual arrangement. An instrument is classified as a liability if it is a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities on potentially unfavorable terms. A contract is also classified as a liability if it is a non-derivative and could obligate the Company to deliver a variable number of its own shares or it is a derivative other than one that can be settled by the delivery of a fixed amount of cash or another financial asset for a fixed number of the Company’s own equity instruments. An instrument is classified as equity if it evidences a residual interest in the Company’s assets after deducting all liabilities.

(iii) Derivative Financial Instruments

Derivative financial instruments are used by the Company to manage its exposure to market risks relating to commodity prices. The Company’s policy is not to use derivative financial instruments for speculative purposes. The estimate of fair value of all derivative instruments is based on quoted market prices, or in their absence, third party market indications and forecasts and includes an estimate of the credit quality of counterparties to the derivative instruments. The estimated fair value of financial assets and liabilities is subject to measurement uncertainty.

The Company has not designated its financial derivative contracts as effective accounting hedges, and therefore has not applied hedge accounting, even though the Company considers all commodity contracts to be economic hedges. As a result, all financial derivative contracts are measured at fair value, with any gains and losses recorded in net loss and comprehensive loss.

(iv) Derecognition of Financial Instruments

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying value of the liability and the ultimate consideration paid is recognized in net loss and comprehensive loss. If equity instruments are issued to extinguish a financial liability, the equity instruments are treated as consideration paid and measured at their fair value at the date of extinguishment. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in net loss and comprehensive loss.

(v) Impairment

The Company recognizes allowances for losses on its financial assets measured at amortized costs based on the lifetime expected credit losses anticipated to occur from all expected defaults over the life of financial asset. To calculate the expected credit loss, PPR applies the simplified approach applying a provision matrix whereby financial assets are grouped into categories based on counterparty characteristics and aging categories. The Company considers past experience and forward-looking information if such information is reasonable and supportable, available without undue costs and effort, and can have a significant impact on the loss estimate.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets and impairment losses are recognized in net loss and comprehensive loss. Once the Company has pursued collection activities and it has been determined that the incremental cost of pursuing collection outweighs the benefits, PPR derecognizes the gross carrying amount of the financial asset and the associated allowance from the consolidated statement of financial position.

(vi) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(f) Fair Value Measurement

PPR measures derivatives at fair value at each balance sheet date and, for the purposes of impairment testing, uses FVLCD to determine the recoverable amount of some of its non-financial assets. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 21. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the following markets that are accessible by the Company:

- the principal market for the asset or liability, or
- in the absence of a principal market, the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. PPR uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy; described as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, PPR determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(g) Decommissioning Liabilities

PPR recognizes decommissioning liabilities related to its obligations to dismantle, retire and reclaim its oil and gas properties. Decommissioning obligations are measured at the present value of management's best estimate of expenditures required to settle the present obligation at the balance sheet date. The present value of the estimated obligation is recorded as a liability with a corresponding increase in the carrying amount of the related asset. The obligation is subsequently adjusted at the end period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as accretion costs whereas increases or decreases due to changes in the estimated future cash flows or changes in the discount rate are capitalized. Actual costs incurred upon settlement or towards the settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

(h) Income Tax

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(i) Leases

When PPR is party to a lease arrangement as the lessee, it recognizes a right-of-use asset ("ROU asset") and a corresponding lease liability on the consolidated statements of financial position on the date that a leased asset becomes available for use.

ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The ROU asset is depreciated over the lease term on a straight-line basis over the shorter of its estimated useful life and the lease term. ROU assets are subject to impairment.

Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option. These lease payments are discounted using the Company's incremental borrowing rate where the rate implicit in the lease is not readily determinable. The Company uses a single discount rate for a portfolio of leases with reasonably similar characteristics. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Lease payments on short-term leases or leases on low-value assets are expensed in net loss and comprehensive loss on a straight-line basis over the lease term.

(j) Assets Held for Sale

PP&E and E&E assets, along with their associated decommissioning liabilities, are classified as held for sale if it is highly probable their carrying amounts will be recovered through an asset disposition in the next twelve months. Assets held for sale are recorded at the lower of their carrying amount and the fair value less costs of disposal and are assessed for indicators of impairment prior to classification as held for sale. Any impairment or impairment reversals are recognized in net loss. Assets held for sale are classified as current and are not depleted subsequent to classification.

4. CHANGES IN ACCOUNTING POLICIES

Newly adopted accounting policies

Classification of Liabilities as Current or Non-Current – Amendments to IAS 1

In October 2022, the IASB issued amendments to clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability, in addition to the amendment from January 2020 where the IASB issued amendments to IAS 1 Presentation of Financial Statements, to provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date. These amendments specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least 12 months, provided that management's expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability and clarify when a liability is considered settled. This amendment also clarified the information disclosure requirements for loan arrangements that contain covenants and the classification requirements when a covenant is breached.

The amendment was adopted by the Company effective for the fiscal year beginning January 1, 2024. It did not have a material impact on the Financial Statements.

New accounting standards and amendments not yet adopted

On April 9, 2024, the IASB issued a new standard, International Financial Reporting Standard 18 *Presentation and Disclosure in Financial Statements*, which introduced new requirements for improved comparability in the statement of profit or loss, enhanced transparency of management-defined performance measures and more useful grouping of information in the financial statements. The standard is effective for annual reporting periods beginning on or after January 1, 2027. The Company is currently evaluating its impact to the Financial Statements.

On May 30, 2024, the IASB issued amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* that clarify the recognition and derecognition of certain financial assets and liabilities, including an exception for those settled via electronic cash transfer systems. New disclosure requirements are introduced for instruments with terms that can change cash flows and for equity instruments designated at fair value through other comprehensive income. The amendments are effective for reporting periods beginning on or after January 1, 2026. PPR does not anticipate any material impact from these amendments to the Financial Statements.

5. EXPLORATION AND EVALUATION ASSETS

($000s)	
Cost	
Balance, December 31, 2022	61,571
Additions	493
Adjustments due to change in estimates in decommissioning liabilities (Note 12)	3,906
Exploration and evaluation expense	(406)
Disposal	—
Reclassified as assets held for sale (Note 7)	(373)
Balance, December 31, 2023	65,191
Adjustments due to change in estimates in decommissioning liabilities (Note 12)	**(2,387)**
Exploration and evaluation expense	**(19)**
Disposal	**(6)**
Balance, December 31, 2024	**62,779**
Impairment	
Balance, December 31, 2022	(57,739)
Impairment loss	(3,906)
Balance, December 31, 2023	(61,645)
Impairment reversal	**2,387**
Balance, December 31, 2024	**(59,258)**
Carrying amounts	
December 31, 2023	3,546
December 31, 2024	**3,521**

Exploration and evaluation ("E&E") assets consist of the Company's undeveloped land and exploration and pilot projects which are pending the determination of proved or probable reserves.

During the year ended December 31, 2024, PPR recognized $nil (2023 - $0.4 million) of E&E expense related to surrendered or expired leases in various areas. The Company did not capitalize any directly attributable general and administrative expenses or share-based compensation to E&E assets during the year ended December 31, 2024 (2023 - $nil).

The Company assessed its E&E assets for indicators of impairment and did not note any indicators of impairment or impairment reversal that resulted in the need to perform impairment tests as at December 31, 2024. During the year ended December 31, 2024, PPR recognized non-cash E&E impairment reversal of $2.4 million (2023 - $3.9 million impairment) for changes in estimates of decommissioning liabilities related to E&E properties that had $nil carrying amount.

6. PROPERTY AND EQUIPMENT

($000s)	Production and Development	Office Equipment	Total
Cost			
Balance, December 31, 2022	666,721	4,942	671,663
Additions	196	37	233
Dispositions, net of acquisitions	(669)	—	(669)
Reclassified as assets held for sale (Note 7)	(50,058)	—	(50,058)
Change in estimates in decommissioning liabilities (Note 12)	(13,824)	—	(13,824)
Balance, December 31, 2023	602,366	4,979	607,345
Additions	**10,639**	**118**	**10,757**
Dispositions	**(186)**	**—**	**(186)**
Change in estimates in decommissioning liabilities (Note 12)	**5,274**	**—**	**5,274**
Balance, December 31, 2024	**618,093**	**5,097**	**623,190**
Depletion, depreciation and impairment			
Balance, December 31, 2022	(474,842)	(4,515)	(479,357)
Depletion and depreciation	(15,547)	(129)	(15,676)
Impairment	(17,032)	—	(17,032)
Balance, December 31, 2023	(507,421)	(4,644)	(512,065)
Depletion and depreciation	**(8,871)**	**(108)**	**(8,979)**
Impairment	**(7,904)**	**—**	**(7,904)**
Balance, December 31, 2024	**(524,196)**	**(4,752)**	**(528,948)**
Carrying amounts			
December 31, 2023	94,945	335	95,280
December 31, 2024	**93,897**	**345**	**94,242**

As at December 31, 2024, an estimated $198.9 million in future development costs associated with proved plus probable undeveloped reserves were included in the calculation of depletion (December 31, 2023 - $132.0 million, excluding the Evi CGU).

At December 31, 2023, the Company's Evi CGU has been excluded as it has been classified as assets held for sale at October 31, 2023 (Note 7). In March 2024, the Company closed the sale of the Evi CGU (Note 7).

(a) Capitalization of General and Administrative and Share-Based Compensation Expenses

During the year ended December 31, 2024, $0.2 million (2023 – $0.2 million) of directly attributable general and administrative expenses and $nil share-based compensation expenses (2023 - $nil) were capitalized to property and equipment and included in additions above.

(b) Impairment Expense (Impairment Reversal)

At December 31, 2024, the Company assessed its CGUs for indicators of impairment and reversal and determined that impairment indicators existed in:

- the Princess CGU due to declines in reserve values and the metrics implied by recent market transactions; and
- the Wheatland CGU due to efforts to transact a sale of this CGU.

The FVLCD method was used to determine the recoverable amounts of these CGUs. These CGUs were classified as Level 3 fair value measurement as certain key assumptions were not based on observable market data, but rather management's best estimates. The impairment tests resulted in:

- a recoverable amount supporting the Princess CGU's carrying amount of value of $34.9 million; and
- the Company recognizing a $9.7 million impairment on the Wheatland CGU

The recoverable amount of the Princess CGU was calculated based on 20% discounted after-tax cash flows of proved and probable reserves using forward prices and costs estimates at December 31, 2024 and an inflation rate of 2%. The recoverable amount of the Wheatland CGU was calculated based on active attempts and market transaction metrics to transact a disposition thereof.

The table below summarizes the forecasted prices used at December 31, 2024, to determine the recoverable amounts of the Princess CGU:

	WTI ($US/bbl)	Canadian Light Sweet ($CAD/bbl)	AECO ($CAD/ MMBtu)	Exchange rate ($US equals, $1CAD)	Inflation rate
2025	71.00	97.14	2.29	0.70	-
2026	76.00	100.69	3.42	0.73	2%
2027	76.00	97.33	3.31	0.75	2%
2028	77.52	99.28	3.35	0.75	2%
2029	79.09	101.27	3.41	0.75	2%
2030	80.65	103.29	3.48	0.75	2%
2031	82.26	105.36	3.55	0.75	2%
2032	83.91	107.46	3.62	0.75	2%
2033	85.59	109.61	3.69	0.75	2%
2034	87.90	111.81	3.77	0.75	2%
2035	89.05	114.05	3.85	0.75	2%
Thereafter (inflation percentage)	2%	2%	2%	0.75	2%

At December 31, 2024, the Company did not identify any indicators of impairment or potential impairment reversals on its other CGUs, thus no impairment test was required.

During the year ended December 31, 2024, PPR also recognized $1.8 million of net impairment reversal for changes in estimates of decommissioning liabilities related to property and equipment with $nil carrying amounts.

For the year ended December 31, 2023, an impairment loss was recorded on the Company's non-core Provost and Other CGUs of $1.0 million to bring the carrying value of the CGUs to zero. This impairment was isolated to the Company's non-core CGUs and there were no indicators of impairment or impairment reversal on any of its other CGUs.

During 2023, PPR recognized $17.5 million of impairment on its Evi CGU, which was reclassified to assets held for sale as of October 31, 2023 (refer to Note 7). PPR also recognized $1.5 million of net impairment reversal for changes in estimates of decommissioning liabilities related to property and equipment with $nil carrying amounts.

7. DISPOSITIONS

2023 Assets Held for Sale

At December 31, 2023, the Company classified its Evi CGU and certain Provost assets as assets held for sale following entering into agreements to sell these properties. The Evi CGU was recorded at the lesser of its fair value less costs of disposal and its carrying amount, resulting in an impairment loss of $3.0 million bringing total impairment recorded with respect to the Evi CGU in 2023 to $17.5 million.

($000s)	PP&E (Note 6)	E&E (Note 5)	Decommissioning liability (Note 12)	Other liabilities
Assets (liabilities) held for sale	50,058	373	(27,360)	(450)

The Company completed these dispositions in 2024 as per below.

2024 Dispositions

The Company's dispositions in 2024 are summarized as follows:

($000s)	Evi CGU and certain Provost assets	Other net dispositions	Total disposition
Net assets disposed			
E&E assets	(6)	—	(6)
Property and equipment	(22)	(164)	(186)
Assets held for sale - E&E assets	(373)	—	(373)
Assets held for sale - Property and equipment	(50,058)	—	(50,058)
Decommissioning liabilities	839	—	839
Liabilities held for sale - Decommissioning liabilities	27,360	—	27,360
Liabilities held for sale - Other liabilities	450	—	450
Other	1	—	1
Total net assets disposed	(21,809)	(164)	(21,973)
Consideration			
Cash	24,249	164	24,413
Gain on dispositions	2,440	—	2,440

In the first quarter of 2024, the Company completed its dispositions of the Evi CGU and certain Provost assets resulting in net cash proceeds of $24.2 million, after closing adjustments. At December 31, 2024, the EVI CGU and certain Provost assets dispositions are accounted for on a preliminary basis, subject to change on finalization thereof. Of the proceeds received, $20.0 million (US$14.8 million) was used to reduce advances under the First Lien Loan (Note 9), with the remainder used to increase the Company's working capital. A gain of $2.4 million was recorded related to the dispositions for the year ended December 31, 2024.

8. RIGHT-OF-USE ASSETS

($000s)	Office Leases	Facility Lease	Other Leases	Total
Cost				
Balance, December 31, 2022	2,004	6,687	491	9,182
Additions and modifications	—	1,183	—	1,183
Balance, December 31, 2023	2,004	7,870	491	10,365
Additions	196	—	43	239
Derecognitions	(2,004)	(6,687)	(442)	(9,133)
Balance, December 31, 2024	196	1,183	92	1,471
Accumulated depreciation				
Balance, December 31, 2022	(1,624)	(6,420)	(358)	(8,402)
Depreciation	(147)	(268)	(45)	(460)
Balance, December 31, 2023	(1,771)	(6,688)	(403)	(8,862)
Depreciation expense	(139)	(148)	(43)	(330)
Derecognitions	1,905	6,688	418	9,011
Balance, December 31, 2024	(5)	(148)	(28)	(181)
Carrying amounts				
December 31, 2023	233	1,182	88	1,503
December 31, 2024	191	1,035	64	1,290

9. DEBT

At December 31, 2024, the Company's debt of $55.6 million (December 31, 2023 - $72.6 million) comprises the following:

($000s)	Principal Debt[1] December 31, 2024	Principal Debt[1] December 31, 2023	Carrying Amount of Debt December 31, 2024	Carrying Amount of Debt December 31, 2023
Revolving Facility - First Lien Loan				
USD Advance - US$5.5 million principal (Dec 31, 2023 - US$19.0 million)[1]	8,142	25,129	7,190	25,129
CAD Advance - C$46.5 million principal (Dec 31, 2023 - C$41.1 million)	48,022	41,073	42,010	41,073
Amendment Fee Advanced - C$1.5 million principal (Dec 31, 2023 - C$nil)	1,500	—	1,101	—
Total First Lien Loan	57,664	66,202	50,301	66,202
Second Lien Notes[2]				
Tranche 1 (Mar-23) - US$3.6 million principal (Dec 31, 2023 - US$3.6 million)[1 2]	5,238	4,815	5,155	6,429
Tranche 2 (May-24) - US$nil principal	—	—	—	—
Additional Notes - US$0.1 million principal (Dec 31, 2023 - US$nil)[1]	212	—	116	—
Capitalized and accrued PIK interest[2]	1,787	643	—	—
Total Second Lien Notes	7,237	5,458	5,271	6,429
Carrying amounts				
Current portion of debt	64,901	71,660	55,572	72,631
Non-current portion of debt	—	—	—	—
Total debt	64,901	**71,660**	55,572	**72,631**

(1) At December 31, 2024, USD-denominated principal debt converted at an exchange rate of US$1.00 to C$1.4389 (December 31, 2023 - US$1.00 to C$1.3226).
(2) The Second Lien Notes tranches' principal is subject to deferred interest in kind (whilst the principal remains outstanding) and an overall deferred compensation fee as described below, which are included in the 'Capitalized and accrued PIK interest' as presented. PPR estimates that the principal will be subject to a target multiple of x1.8 on settlement at the maturity date, which is not reflected in the table above.

In addition to the debt as detailed above, the Company includes the following accrued interest payable in accounts payable and accrued liabilities:

($000s)	December 31, 2024	December 31, 2023
Accrued Interest - First Lien Loan		
USD Advance	—	336
CAD Advance	—	523
Total accrued interest included in accounts payable and accrued liabilities	—	859

At December 31, 2024, there is $nil accrued interest on the First Lien Loan as a result of the deferral of a portion of cash interest owed under the First Lien Loan and 100% capitalized to outstanding principal as additional principal of all accrued interest amounts through December 31, 2024 as described below.

Note 16 includes a reconciliation of the changes in liabilities arising from the financing activities of the Company's debt.

(a) Revolving Facility - First Lien Loan

At December 31, 2024 and 2023, the Company has a senior secured credit facility ("First Lien Loan") with the Company's ultimate parent comprising US$65 million of senior secured revolving notes.

Borrowings under the First Lien Loan are repayable at the Company's election at par plus accrued interest and any applicable breakage costs. Repayments generally will not affect the aggregate commitment or borrowing base under the First Lien Loan, except in certain extraordinary circumstances where a repayment will reduce the borrowing base. The First Lien Loan is denominated in USD, but accommodates CAD advances.

All notes were issued at par by Prairie Provident Resources Canada Ltd., a wholly-owned subsidiary of PPR, and are guaranteed by PPR and certain of its other subsidiaries and secured by a US$200 million debenture.

The note purchase agreement governing the First Lien Facility also limits the amounts the Company can borrow to a borrowing base amount, determined by the secured noteholder at any time in their sole discretion based on their internal criteria and the estimated value of PPR's petroleum and natural gas properties in accordance with the lender's customary practices for oil and gas loans. Outstanding borrowings in excess of the borrowing base must be repaid with interest.

The Company's lenders have not re-determined the borrowing base following the Company's reserves evaluation as at December 31, 2024 and 2023. The determination of the borrowing base is made by the lenders, in their sole discretion, taking into consideration. If a borrowing base deficiency exists because of a re-determination, the lender is required to notify the Company of such shortfall. The Company may repay the shortfall amount by either making one installment within 90 days or six equal consecutive monthly installments beginning within 30 days after the Company's receipt of the borrowing base deficiency notice.

Amounts borrowed under the Revolving Facility bear interest based on reference bank lending rates in effect from time to time, plus an applicable margin. The USD advances bear interest at the Secured Overnight Financing Rate ("SOFR") plus 950 basis points and the CAD advances bear interest at the Canadian Overnight Repo Rate Average ("CORRA") (Canadian Dollar Offered Rate prior to the debt amendment above) plus 950 basis points. Standby fees on any undrawn borrowing capacity are 87.5 basis points per annum.

On September 13, 2024, the maturity date was extended to March 31, 2026 in addition to the following amendments to the First Lien Loan:

- Deferral of a portion of cash interest obligations on amounts owed under the First Lien Loan, through (i) 100% capitalized to outstanding principal as additional principal of all accrued interest amounts through December 31, 2024; and (ii) 25% capitalization of 2025 accrued interest through December 31, 2025 if PPR raises $14.5 million to $16.5 million of equity by March 31, 2025 (inclusive of equity raised through the Rights Offering noted in Note 13); or (iii) up to 50% of 2025 accrued interest through December 31, 2025 if PPR raises at least $16.5 million of equity by March 31, 2025 (inclusive of equity raised through the Rights Offering) as additional principal of all accrued interest amounts;

- In consideration of the debt amendments, a $1.5 million debt amendment fee (the "Amendment Fee") payable to the noteholder at the earliest of (i) the March 31, 2026 maturity date; (ii) the date on which the other obligations of the First Lien Loan are settled; or (iii) the date on which an event of default occurs; and

- Adjustment of financial covenants, to replace existing covenants with new measures and thresholds that align with the Company's current expectations for the remaining term to maturity. The amended covenants as at December 31, 2024 are outlined below.

As at December 31, 2024, the Company had $nil (December 31, 2023 - $nil) available borrowing capacity under the First Lien Loan. The First Lien Loan is considered fully drawn.

On February 19, 2025, in conjunction with the equity financings in February 2025 and March 2025, further amendments were made to the First Lien Loan that include:

- Further deferral of a portion of cash interest obligations on amounts owed under the First Lien Loan, through (i) 75% capitalization of 2025 accrued interest through December 31, 2025 as PPR raised $18.5 million of equity by March 31, 2025; and

- Replacing existing covenants with new measures and thresholds for the remaining term to maturity. The amended covenants subsequent to December 31, 2024 are outlined below.

(b) Second Lien Notes

On March 30, 2023, the Company completed a second lien financing of the 2023 PPR recapitalization and issued US$3.6 million of notes (the "Second Lien Notes") with Prudential Capital Energy Partners, L.P., a subsidiary of PPR's ultimate parent.

The Second Lien Notes bear interest at the SOFR plus 1150 basis points. Interest on the Second Lien Notes must be paid in kind while the First Lien Loan remains outstanding. In addition to repayment of the principal balance on maturity, the Second Lien Note purchase agreement requires payment of a deferred compensation fee based on a target multiple of 1.8, capped by a 45% internal rate of return, on the later of maturity or prepayment and the date on which the Revolver is fully repaid.

On May 17, 2024, the Company issued an additional tranche of US$2.3 million of Second Lien Notes with consistent interest, maturity and conditions.

On September 13, 2024, the maturity date of the Second Lien Notes was extended to September 30, 2026 in addition to other amendments to the Second Lien Notes including an adjustment of financial covenants, to replace existing covenants and align with the First Lien Note covenants. The amended covenants as at December 31, 2024 are outlined below.

On September 27, 2024, the US$2.3 million second tranche was settled and repaid through a C$3.1 million offset against the proceeds received from the $10 million PCEP Common Share subscription (Note 13). The Company issued US$0.15 million of additional notes representing accrued indebtedness on the second tranche note (the "Additional Notes") repayable on the extended September 30, 2026 maturity date. The Additional Notes are non-interest bearing, not subject to a target return and not subject to a deferred compensation fee.

(c) Subordinated Senior Notes

On March 29, 2023, the Company announced a comprehensive recapitalization plan (the "Recapitalization"). Under the Recapitalization, Senior Note amounts outstanding and associated warrants were converted to equity.

The Recapitalization has been accounted for as an extinguishment and as such, the previously recorded liabilities were derecognized and the modified liability was recorded at the fair value as at March 29, 2023. As a result of the extinguishment, the Company recognized a gain of $9.8 million, net of $2.0 million of financing costs. The fair value of the Senior Notes was determined based on a probability weighted approach, factoring in the estimated likelihood of the debt being converted and the price at which it would converted, in several different scenarios. These included completion of the Recapitalization as announced and alternative scenarios with different conversion parameters or a default by the Company on its obligation to complete an equity raise for at least $4.0 million by May 31, 2023. The Company elected to treat the Senior Notes instruments at fair value through profit and loss and was classified as level 3 in the fair value hierarchy (see Note 3 for information on the fair value level hierarchy).

Subsequent to the initial fair value measurement at March 29, 2023, the Company revalued the Senior Notes to the date of their conversion to equity on May 16, 2023, resulting in a gain of $10.0 million on revaluation, net of $0.4 million of financing costs. In exchange for settlement of the Senior Notes on May 16, 2023, 514.4 million Common Shares of the Company were issued based upon an agreed repayment price equal to $0.14 per common share.

(d) Gain on extinguishment and revaluation of financial liabilities

(i) 2023 Recapitalization

On March 29, 2023, the Company announced a comprehensive recapitalization plan (the "Recapitalization") (Note 1). Under the Recapitalization, Senior Note amounts outstanding and associated warrants were converted to equity. The Recapitalization was accounted for as an extinguishment and as such, the previously recorded liabilities were derecognized, and the modified liability was recorded at fair value as of March 29, 2023. As a result of the extinguishment, the Company recognized a gain of $10.4 million in the year ended December 31, 2023. The change in the fair value of the modified liability up to the date the Recapitalization closed resulted in a gain of $10.1 million during the year ended December 31, 2023.

(ii) 2024 Debt Amendments

As described above, the First Lien Loan and Second Lien Notes were amended on September 13, 2024. Under IFRS 9, *Financial Instruments,* the amendments were recognized as substantial modifications of financial liabilities and accounted for as an extinguishment. As such, the previously recorded debt liabilities were derecognized in full and the amended debt liabilities were recognized at fair value (see Fair Value of Financial Instruments in Note 21). Subsequent to the fair value recognition of the amended debt, the Company recognizes the debt at amortized cost using the effective interest rate method on expected cash flows.

For the First Lien Loan, for the year ended December 31, 2024, the Company recognized a $7.1 million gain on extinguishment of financial liabilities in net loss in derecognizing the carrying amounts of the previous USD and CAD Advances, derecognizing the previous accrued interest payable on these advances now capitalized to the principal of the amended debt and in recognizing the amended USD Advance, CAD Advance and Amendment Fee Advanced at fair value.

For the Second Lien Notes, for year ended December 31, 2024, the Company recognized a $4.3 million gain on extinguishment in net loss in derecognizing the carrying amounts of the previous first two tranches of Second Lien Notes USD and CAD Advances, derecognizing the previous Second Lien Notes and recognizing the amended Second Lien Notes at fair value.

(iii) Settlement of Second Lien Note tranche 2

As described above, the second tranche of the Senior Loan Notes was settled on September 27, 2024 and Additional Notes were issued for the residual accrued interest payable on the second tranche notes. For the year ended December 31, 2024, the Company recognized a $0.4 million loss included in the gain on extinguishment of financial liabilities in net loss in derecognizing the carrying amount of the previous second carrying amount and recognizing the Additional Notes for the residual indebtedness at fair value.

(e) Covenants at December 31, 2024 and Amended covenants subsequent to December 31, 2024

As described above, the amended September 13, 2024 debt agreements of the First Lien Loan and the Second Lien Notes and related parent and subsidiary guarantees now align the various financial and non-financial covenants on the part of the Company and its subsidiaries including covenants that place limitations on certain types of activities, including restrictions or requirements with respect to additional debt, liens, asset sales, capital expenditures, hedging activities, investments, dividends and mergers and acquisitions.

At December 31, 2024, the revised financial covenant thresholds of the Company are as follows:

Financial Covenant	First Lien Loan Requirement	Second Lien Notes Requirement	As at December 31, 2024
Minimum EBITDAX(1)			
For the period of four fiscal quarters most recently ended:			
Quarter ending Dec 31, 2024	Exceed $6.0 million	Exceed $5.4 million	Not in compliance
Total Leverage Ratio(2)			
For the period of four fiscal quarters most recently ended:			
Quarter ending Dec 31, 2024	Greater than 10.00	Greater than 10.50	Not in compliance
Minimum Liquidity			
Monthly from Sep 2024 onwards	Minimum of C$0.5 million in the form of unrestricted cash and/or unrestricted cash equivalents	Not applicable	In compliance
Minimum Production(3)			
For the months ended:			
Oct-2024	At least 2,000 boe/d	At least 1,800 boe/d	In compliance
Nov-2024	At least 2,250 boe/d	At least 2,025 boe/d	In compliance
Dec-2024 through Mar-2025	At least 2,500 boe/d	At least 2,250 boe/d	Not in compliance

(1) Under the debt agreements, EBITDAX for any period means consolidated net loss for such period plus (b) to the extent deducted in determining consolidated net loss, financing Charges, exploration expenses, income taxes, depreciation, depletion, amortization and other non-cash items of expense for such period (including any provision for the reduction in the carrying amount of assets recorded in accordance with Generally Accepted Accounting Practice and including non-cash charges resulting from share-based compensation and write downs on assets and non-cash losses resulting from outstanding risk management derivative contracts for such period, losses attributable to extraordinary and non-recurring losses for such period minus (c) all non-cash items of income which were included in determining such consolidated net loss (including non-cash gains resulting from the outstanding risk management derivative contracts and earnings attributable to extra-ordinary and non-recurring gains for such period; provided that such EBITDAX shall be subject to pro forma adjustments for material acquisitions and dispositions assuming that such transactions had occurred on the first day of the applicable calculation period.

(2) Under the debt agreements, the Total Leverage Ratio means the ratio as of the last day of any fiscal quarter of the Company, the ratio of (i) adjusted indebtedness at such time (including, for clarity, all First Lien Loans and Second Lien Notes), plus current liabilities at such time, less current assets at such time, to (ii) EBITDAX for the period of four fiscal quarters most recently ended. Under the agreements, current assets exclude derivative assets while current liabilities excludes the current portion of long-term debt, lease liabilities, decommissioning obligations, derivative liabilities and non-cash liabilities.

(3) Production means an average daily hydrocarbon production volume, measured in barrels of oil equivalent per day (boe/d) (with 6,000 cubic feet of natural gas deemed to be one barrel of oil equivalent).

Following the amended debt agreements as of February 19, 2025, the revised financial covenant thresholds of the Company with effect December 31, 2024 are as follows:

Financial Covenant	First Lien Loan Requirement	Second Lien Notes Requirement	As at December 31, 2024
Minimum EBITDAX See (1) above			
For the period of four fiscal quarters most recently ended:			
Quarter ending Dec 31, 2024	Not applicable	Not applicable	Not applicable
Quarter ending Mar 31, 2025	Exceed $4.5 million	Exceed $4.0 million	
Quarter ending Jun 30, 2025	Exceed $11.5 million	Exceed $10.5 million	
Quarter ending Sep 30, 2025	Exceed $19.0 million	Exceed $17.5 million	
Quarter ending Dec 31, 2025	Exceed $26.0 million	Exceed $23.5 million	
Quarter ending Mar 31, 2026	Exceed $30.0 million	Exceed $27.0 million	
Total Leverage Ratio See (2) above			
For the period of four fiscal quarters most recently ended:			
Quarter ending Dec 31, 2024	Not applicable	Not applicable	Not applicable
Quarter ending Mar 31, 2025	Not applicable	Not applicable	
Quarter ending Jun 30, 2025	Greater than 5.50	Greater than 6.00	
Quarter ending Sep 30, 2025	Greater than 4.00	Greater than 4.50	
Quarter ending Dec 31, 2025	Greater than 3.25	Greater than 3.75	
Quarter ending Mar 31, 2026	Greater than 2.50	Greater than 3.00	
Minimum Liquidity			
Monthly from Dec 2024 onwards	Minimum of C$0.5 million in the form of unrestricted cash and/or unrestricted cash equivalents	Not applicable	In compliance
Minimum Production See (3) above			
For the months ended:			
Oct-2024	At least 2,000 boe/d	At least 1,800 boe/d	In compliance
Nov-2024 and Dec-24	At least 2,250 boe/d	At least 2,025 boe/d	In compliance
Jan-2025 through Mar-2025	At least 2,000 boe/d	At least 1,800 boe/d	In compliance
Apr-2025 through Jul-2025	At least 2,500 boe/d	At least 2,250 boe/d	
Aug-2025 through Oct-2025	At least 3,000 boe/d	At least 2,700 boe/d	
Nov-2025 through Mar-2026	At least 2,500 boe/d	At least 2,250 boe/d	

The subsequent debt amendments on February 19, 2025, effectively waives and ratifies the financial debt covenant breaches as at December 31, 2024.

Prior to the debt amendments on September 13, 2024, the Company received waivers allowing for the deferral of previously due interest payments to September 20, 2024 and removing the requirement to comply with the past Senior Leverage ratio as of June 30, 2024. It also deferred the Company's requirement to comply with certain non-financial covenants until September 30, 2024.

10. WARRANT LIABILITY

	Number of Warrants *(000s)*	Amount *($000s)*
Warrant liability, December 31, 2022	34,292	4,115
Fair value adjustment	—	(1,870)
Settled	(34,292)	(2,245)
Warrant liability, December 31, 2023 and 2024	—	—

As part of the Recapitalization and Subordinated Notes Settlement which occurred on May 16, 2023, all the outstanding warrants of the Company were exercised on a cashless basis and 26.5 million Common Shares were issued. The warrants were revalued immediately prior to the settlement, resulting in a gain on warrant liability of $1.9 million. Refer to Notes 9 and 13 for further details on the Recapitalization and Subordinated Notes Settlement.

11. LEASE LIABILITIES

The Company incurs lease payments related to vehicles, office facilities and a gas processing facility. Leases are entered into and exited in coordination with specific business requirements which include the assessment of the appropriate durations for the related leased assets. The Company has recognized lease liabilities in relation to its vehicle and head office lease arrangements measured at the present value of the remaining lease payments at the incremental borrowing rates between 10.0% - 17.2% (2023 - 7.0% - 10.0%).

Short-term leases are leases with a lease term of twelve months or less while low-value assets comprised of information technology and miscellaneous equipment. Such items are charged to operating expenses and general and administrative expenses in net loss and are immaterial.

($000s)	
Balance, December 31, 2022	648
Additions and modifications	4,600
Interest expense	381
Lease payments	(494)
Balance, December 31, 2023	5,135
Additions	239
Derecognition on termination	(111)
Interest expense	657
Lease payments	(3,339)
Balance, December 31, 2024	**2,581**

	December 31, 2024	December 31, 2023
Consisting of:		
Current portion of lease liabilities	2,350	2,715
Non-current portion of lease liabilities	231	2,420

The following table details the undiscounted cash flows of PPR's lease liabilities as at December 31, 2024:

($000s)	**<1 Year**	**1-3 Years**	**4-5 Years**	**> 5 Years**	**Total Contractual Cash Flows**	**Carrying Amount**
Lease liabilities	2,543	238	12	32	2,825	2,581

12. DECOMMISSIONING LIABILITIES

($000s)	
	(Restated)[1]
Balance, December 31, 2022	114,219
Government grants	(139)
Dispositions	—
Additions	—
Liabilities settled[1]	(9,366)
Change in estimates	(9,919)
Accretion expense	3,320
Reclassified as held for sale (Note 7)	(27,360)
Balance, December 31, 2023	70,755
Dispositions	(839)
Additions	119
Liabilities settled	(3,627)
Change in estimates	2,768
Accretion expense	2,597
Balance, December 31, 2024	**71,773**

	December 31, 2024	December 31, 2023
Consisting of:		(Restated)[1]
Current portion of decommissioning liabilities	6,260	5,153
Non-current portion of decommissioning liabilities	65,513	65,602

(1) Restated (Note 24).

At December 31, 2024, the Company estimated the undiscounted and inflated total future liabilities to be approximately $194.0 million (December 31, 2023 – $186.7 million, excluding the Evi CGU and certain non-core Provost assets reclassified as liabilities associated with assets held for sale). Liability payments are estimated over the next 55 years with the majority of costs expected to be incurred over the next 35 years, of which $6.3 million is estimated to be spent in the next year.

Decommissioning liabilities at December 31, 2024 were determined using risk-free rates of 3.36% - 3.64% (December 31, 2023 – 3.27% - 3.92%) and an inflation rate of 1.9% (December 31, 2023 – 1.8%).

In 2023, PPR recognized $0.1 million (2024 - $nil) of non-cash other income and a corresponding reduction in decommissioning liabilities related to government grants under the Government of Alberta's Site Rehabilitation Program.

13. SHARE CAPITAL AND WARRANTS

(a) Authorized

The Company is authorized to issue an unlimited number of Common Shares.

(b) Issued and outstanding Common Shares

	Number *(000s)*	Amount *($000s)*
Balance, December 31, 2022	130,097	101,549
Issuance of Common Shares in connection with Recapitalization	44,444	3,556
Share issuance costs	—	(1,011)
Issued for Options, RSU and DSU settlements	516	70
Withholding taxes on Options, RSU and DSU settlements	—	(20)
Issued as repayment of Subordinated Notes (Note 9)	514,409	41,153
Issued as cashless exercise of PCEP warrants	26,516	2,245
Share cancellation	(403)	(269)
Balance, December 31, 2023	715,579	147,273
Issuance of Common Shares	**480,000**	**12,000**
Share issuance costs	**—**	**(100)**
Issued for DSU settlements	**1,395**	**162**
Issued for RSU settlements	**355**	**63**
Issued on exercise of stock options	**72**	**6**
Withholding taxes on settlements	**—**	**(18)**
Balance, December 31, 2024	**1,197,401**	**159,386**

2023 Recapitalization

In 2023, as part of the $4.0 million equity financing with respect to the Recapitalization transaction, 44.4 million Common Shares were issued to investors and deal brokers (Note 9).

2024 Rights Offering, Committed Participation, Debt Amendments and Closing of initial $10 million subscription

On September 13, 2024, the Company announced a $13.2 million rights offering (the "Rights Offering") supported by participation commitments of $12 million, comprised of $11.6 million from its largest shareholder, PCEP, and $400,000 from directors and management, as well as complementary amendments to its outstanding debt (Note 9).

(i) Rights Offering

Pursuant to the Rights Offering, each holder of record of PPR Common Shares at the close of business on September 24, 2024 (the "Record Date") received one subscription right (a "Right") for each common share held. Each Right entitled the holder to subscribe for 0.739474 of a Common Share, at a subscription price (the "Subscription Price") of $0.025 per whole Common Share (the "Basic Subscription Privilege"). Rights were exercisable for whole Common Shares only, and holders therefore needed to exercise 1.352313 Rights to purchase one additional Common Share under the Basic Subscription Privilege. Up to 529,579,000 Common Shares were issuable under the Rights Offering for an aggregate Subscription Price, if fully subscribed, of $13,239,475. The Rights Offering expired on October 28, 2024.

(ii) Committed Participation

The Company's largest shareholder, PCEP, agreed to subscribe for its pro rata share (approximately 75.5%) of the Rights Offering, amounting to 400,000,000 Common Shares for an aggregate Subscription Price of $10.0 million (partially payable by way of a $3.13 million setoff in respect of a US$2.3 million advance under the Company's Second Lien Note facility received in May 2024), and directors and management agreed to subscribe for an aggregate of 16,000,000 Common Shares under the Rights Offering for an aggregate of Subscription Price of $400,000 (the "D&O Commitments").

PCEP exercised its Rights with respect to the Basic Subscription Privilege and on September 27, 2024 acquired an additional 400,000,000 Common Shares for $10.0 million subscription price. The subscription price was partially paid by way of a $3.13 million setoff against the US$2.3 million advance received in May 2024 under the Company's Second Lien Note facility, fully extinguishing that indebtedness (Note 9), with the $6.87 million balance paid to PPR in cash.

Directors and management of the Company delivered and funded an additional $400,000 in subscriptions under the Rights Offering, for an aggregate of 16,000,000 Common Shares, which was closed on conclusion of the Rights Offering on October 30, 2024.

In addition, PCEP also provided a $1.6 million standby commitment for the Rights Offering, to purchase up to 64,000,000 additional Common Shares, less the total number of Common Shares acquired under the Rights Offering on the exercise of Rights by holders other than PCEP and directors and management pursuant to the D&O Commitments (the "Standby Commitment").

On October 28, 2024, the Company completed its previously announced Rights Offering and Standby Commitment and issued an additional 80,000,000 Common Shares of the Company at a price of $0.025 per share for additional gross proceeds of $2.0 million. PCEP acquired 15,434,906 Common Shares under the Standby Commitment at the same subscription price of $0.025 per share for proceeds of $0.4 million. Of the 64,565,094 Common Shares purchased under the Rights Offering by shareholders other than PCEP, 16,600,046 Common Shares were acquired by directors and management of the Company under the Rights Offering. No fees or commissions were paid by the Company in connection with the Rights Offering or the Standby Commitment.

2025 Equity Financings

As part of a brokered private placement:

- On February 20, 2025, PPR closed the first tranche of an equity financing for $4.8 million in gross proceeds from its principal and largest shareholder, PCEP, at a price of $0.0425 per Common Share and issued 112,941,176 Common Shares to PCEP; and
- On March 5, 2025, PPR closed the second and final tranche of the equity financing for additional $3.87 million in gross proceeds through:
    - The issuance of 86,267,672 units at a price of $0.0425 per unit, for gross proceeds of $3.67 million in an offering made pursuant to the 'listed issuer financing exemption' (LIFE) under applicable Canadian securities laws. Each unit comprises one Common Share and one Common Share purchase warrant, with each such purchase warrant exercisable for one Common Share at a price of $0.05 per Common Share until March 5, 2028 ("Unit"). As part of the LIFE offering, PCEP acquired 54,508,872 Units in total for $2.3 million in gross proceeds; and
    - A further $0.2 million in gross proceeds from directors and officers at a price of $0.0425 per Common Share, issuing 4,705,883 Common Shares to directors and officers.

In connection with the brokered private placement, the Company paid certain brokers a total cash compensation of $0.18 million and issued them a total of 2,508,704 non-transferable broker warrants (the "Broker Warrants"). Each Broker Warrant entitles the holder thereof to acquire one Unit at a price of $0.0425 per Unit until March 5, 2028.

(c) Issued and outstanding Warrants

	Number *(000s)*	Amount *($000s)*
Warrants		
Balance, December 31, 2022	—	—
Issued in connection with Recapitalization	44,444	444
Issued for services	3,556	285
Balance, December 31, 2023 and 2024	**48,000**	**729**

In 2023, as part of the $4.0 million equity financing with respect to the Recapitalization transaction, 44.4 million Warrants were issued to investors and deal brokers (Note 9).

In connection with the equity financing in February 2025 and March 2025 (Note 13(b)), the Company issued:

- 86,267,672 purchase warrants exercisable for one Common Share at a price of $0.05 per Common Share until March 5, 2028; and
- 508,704 non-transferable Broker Warrants entitling the holder thereof to acquire one Unit at a price of $0.0425 per Unit until March 5, 2028.

(d) Loss per share

	Year Ended December 31,			
(000s)		**2024**		2023
				(Restated)[(1)]
Net loss for the period		**(16,964)**		(21,439)
Weighted average number of Common Shares				
Basic		**830,576**		497,283
Diluted		**830,576**		497,283
Loss per Common Share				
Basic	$	**(0.02)**	$	(0.04)
Diluted	$	**(0.02)**	$	(0.04)

1) Restated (Note 24).

The weighted average diluted Common Shares outstanding for each of the years ended December 31, 2024 and 2023, exclude the impact of all outstanding equity settled awards issued under the Company's long-term incentive plans and Warrants as they were anti-dilutive.

14. SHARE-BASED COMPENSATION

(a) Stock Options

Under the Company's Stock Option Plan, stock options granted vest evenly over a three-year period and expire 5 years after the grant date. Each stock option entitles the holder to purchase one common share at the specified exercise price.

The following table summarizes the Stock Options outstanding and exercisable under PPR's Stock Option Plan:

	Number of Options	**Weighted Average Exercise Price**
Balance - December 31, 2022	2,758,523	$0.21
Granted	2,760,000	$0.07
Exercised	(85,884)	$0.05
Forfeited or expired	(975,745)	$0.21
Balance, December 31, 2023	4,456,894	$0.13
Granted	**64,120,000**	$0.04
Exercised	**(71,906)**	$0.05
Forfeited or expired	**(3,602,570)**	$0.11
Balance, December 31, 2024	**64,902,418**	$0.04
Exercisable, December 31, 2024	**1,074,084**	$0.17

In April 2024, 2,670,000 stock options were granted to management and directors of the Company and in December 2024, 56,500,000 stock options were granted to management of the company.

In April 2023, 600,000 stock options were granted to management and directors of the Company and in December 2023, 2,160,000 stock options were granted to management of the company.

	Options Outstanding			Options Exercisable	
Year of Grant	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Number Exercisable	Weighted Average Exercise Price
2020	54,085	$0.05	0.1	54,084	$0.05
2021	200,000	$0.09	1.7	200,000	$0.09
2022	493,333	$0.28	2.4	480,000	$0.27
2023	620,000	$0.08	3.8	340,000	$0.08
2024	63,535,000	$0.04	5.0	—	$0.00
Total	64,902,418	$0.04	4.9	1,074,084	$0.20

The weighted average remaining contractual life of stock options outstanding as at December 31, 2024 was 4.9 years (December 31, 2023 – 4.1 years).

The fair value of stock options granted in 2024 was $0.08 per stock option, estimated on the date of grant using the Black-Scholes option valuation model with the following weighted average assumptions and resulting fair value:

Weighted Average for the year ended	December 31, 2024
Risk-free interest rate (%)	3.10
Expected life (years)	4.0
Expected volatility (%)	255
Estimated forfeiture rate (%)	4.80
Expected dividends ($)	—
Exercise price of options ($)	0.04

(b) Deferred Restricted Share Units ("DSUs")

DSUs are granted under the Company's incentive security plan to non-management directors of the Company. DSUs vest in their entirety on the grant date and will be settled when a director ceases to be a member of the Board of Directors. DSUs may be settled in Common Shares (by issuance from treasury or through the delivery of Common Shares purchased through the open market) or cash at the discretion of the Company; however, it is PPR's intention to settle the DSUs in Common Shares and the plan has been accounted for as equity-settled.

The following table summarizes the DSUs outstanding under the plan:

	DSUs
Balance, December 31, 2022	965,134
Granted	2,500,000
Balance, December 31, 2023	3,465,134
Settled	(1,465,134)
Balance, December 31, 2024	2,000,000

On December 19, 2023, 2,500,000 DSUs were granted to directors of the Company.

(c) Restricted Share Units ("RSUs")

RSUs are granted under the Company's incentive security plan to the Company's employees and management. RSUs vest evenly over a three-year period and will be settled in Common Shares or cash at the discretion of the Company; however, it is PPR's intention to settle the RSUs in Common Shares and the plan has been accounted for as equity-settled.

The following table summarizes the RSUs outstanding under the plan:

	RSUs
Balance, December 31, 2022	947,401
Granted	2,040,000
Settled	(708,234)
Forfeited or expired	(207,500)
Balance, December 31, 2023	2,071,667
Granted	7,080,000
Settled	(646,667)
Forfeited or expired	(1,815,000)
Balance, December 31, 2024	6,690,000

During the year ended December 31, 2024, 7,080,000 RSUs (2023 - 2,040,000) were issued at a weighted price of $0.05 per RSU (2023 - $0.07), including 2,350,000 RSUs to management and directors of the Company (2023 - 1,440,000).

(d) Share-based compensation expense

	Year Ended December 31,	
($000s)	2024	2023
Share-based compensation expense		
Stock Options	27	88
DSUs	—	150
RSUs	71	68
Total shared-based compensation	98	306
Capitalized to Property and equipment and E&E assets	—	—
Expensed in general and administrative expenses (Note 19)	98	306

15. INCOME TAX

Total income tax expense (recovery) differs from the amounts computed by applying the statutory tax rate to loss before income taxes as a result of the following:

	Year Ended December 31,	
($000s)	2024	2023
		(Restated)[1]
Loss before taxes	(16,964)	(21,439)
Statutory income tax rate	23.00 %	23.00 %
Expected income tax expense (recovery)	(3,902)	(4,931)
Add (deduct):		
Change in unrecognized deferred tax asset	3,585	4,825
Foreign currency translation gains (losses)	190	(4)
Non-deductible share-based compensation	25	70
Other	102	40
Income tax expense (recovery)	—	—

As of December 31, 2024 and 2023, the Company did not recognize any deferred tax assets in excess of taxable temporary differences as there was insufficient evidence to indicate that it was probable that future taxable profits in excess of profits arising from the reversal of existing temporary differences would be generated to utilize the existing deferred tax assets.

16. SUPPLEMENTAL INFORMATION

(a) Cash Flow

The following table details the components of non-cash working capital:

($000s)	Year Ended December 31, 2024	2023
		(Restated)[1]
Provided by (used in):		
Accounts receivable	813	3,138
Prepaid expenses and other assets	(189)	1,204
Other assets	(50)	—
Accounts payable and accrued liabilities[1]	1,660	(10,443)
Foreign exchange on translation	—	93
	2,234	(6,008)
Provided by (used in):		
Operating activities[1]	2,350	(6,390)
Financing activities	—	887
Investing activities	(116)	(505)
	2,234	(6,008)
Cash interest paid	739	9,368

(1) Restated (Note 24).

(b) Financial Liabilities Reconciliation

Changes in liabilities arising from financing activities:

	First Lien Loan Accrued Interest	**First Lien Loan Debt**	**Second Lien Note Debt**
Balance,December 31, 2022	59,747	66,603	—
Cash items			
Changes in cash flows	—	—	4,927
Interest expense and finance costs - Debt	2,138	—	628
Deferred interest capitalized	—	—	—
Deferred compensation fee	—	—	984
Non-cash changes			
Interest expense and finance costs - Debt	859	—	—
Unrealized foreign exchange gain	80	(603)	—
Derecognition of issuance costs on debt modification	—	202	—
Derecognition of debt issuance costs on debt extinguishment	(9,811)	—	—
Gain on debt modification	(10,042)	—	—
Debt to equity conversion	(41,152)	—	—
Transaction and restructuring costs	(960)	—	—
Amortization of fair valuation of debt	—	—	(110)
Balance, December 31, 2023	859	66,202	6,429
Cash items			
Debt advanced	—	—	3,131
Debt repayments	—	(20,000)	—
Non-cash changes			
Interest expense and finance costs - Debt	5,956	3,545	2,479
Interest capitalized to principal	(6,634)	6,634	—
Unrealized foreign exchange (gain) loss	(181)	1,035	191
Gain on extinguishment of financial liabilities	—	(7,115)	(4,263)
Loss on settlement of financial liabilities	—	—	435
Offset against Common Share subscription proceeds (Note 13)	—	—	(3,131)
Balance, December 31, 2024	—	50,301	5,271

17. REVENUE

A breakdown of PPR's petroleum and natural gas sales is as follows:

	Year Ended December 31,	
($000s)	**2024**	2023
Crude oil and condensate	**38,327**	70,732
Natural gas	**3,421**	7,041
Natural gas liquids	**1,498**	2,029
Petroleum and natural gas sales	**43,246**	79,802

Included in accounts receivable at December 31, 2024 was $4.1 million of accrued petroleum and natural gas sales related to December 2024 production (December 31, 2023 – $4.9 million related to December 2023 production).

18. OPERATING EXPENSES

	Year Ended December 31,	
($000s)	**2024**	2023
		(Restated)[1]
Lease operating expense[1]	**19,973**	33,554
Transportation and processing expenses	**4,404**	5,249
Production, property and carbon taxes	**3,505**	5,506
Operating expense	**27,882**	44,309

(1) Restated (Note 24).

19. GENERAL AND ADMINISTRATIVE ("G&A") EXPENSE

	Year Ended December 31,	
($000s)	**2024**	2023
G&A costs	**8,870**	10,369
Share-based compensation expense (Note 14)	**98**	306
Gross G&A expense	**8,968**	10,675
G&A costs capitalized to Property and equipment	**(186)**	(188)
G&A expense	**8,782**	10,487

20. FINANCE COSTS

	Year Ended December 31,	
($000s)	**2024**	2023
Interest expense and finance costs - Debt	**11,980**	13,637
Interest expense - Lease liabilities (Note 11)	**657**	19
Interest expense - Other	**84**	633
Interest expense - Debt modification and warrant liabilities	**—**	1,386
Amortization of financing costs	**—**	34
Interest income	**(240)**	(114)
Accretion expense – Decommissioning liabilities (Note 12)	**2,597**	3,320
Accretion expense – Other liabilities	**69**	2
Finance costs	**15,147**	18,917

21. FINANCIAL INSTRUMENTS, FAIR VALUES AND RISK MANAGEMENT

(a) Fair Value of Financial Instruments

Derivative instruments are measured and recorded on PPR's statement of financial position at FVTPL and are classified as Level 2 within the fair value hierarchy described in Note 3. During the year ended December 31, 2024 and 2023, there were no transfers among Levels 1, 2 and 3 of the fair value hierarchy.

Derivative contracts are valued using valuation techniques with observable market inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations and third-party option valuation models. The models incorporate various inputs including the credit quality, foreign exchange spot and forward rates, forward rate curves and the volatility of the underlying commodity. The fair values of the derivative contracts are net of a credit valuation adjustment attributable to derivative counterparty default risk or the Company's own default risk.

(i) Fair value determination of amended First Lien Loan and Second Lien Notes on September 13, 2024

As described in Note 9, the substantial modification of the First Lien Loan and Second Lien Notes required the amended debt on September 13, 2024 to be recognized at fair value.

The fair value measurement of the amended debt was non-recurring and was assessed as Level 3 (Note 3) as the Company used inputs for the liabilities that are not based on observable market data. The fair value was calculated using the present value of expected future cash flows with the major assumptions and inputs being: (i) settlement of principal, and applicable x1.8 target multiple (in the case of the Second Lien Notes) at maturity date; (ii) interest on First Lien Loan principal based on the terms of the debt agreements with interest payments based on principal amount and referenced bank lending rates and spreads (as referenced in Note 9); (iii) First Lien Loan and Second Lien Notes discounted at 25% and 35%, respectively, based on management's best estimates of rates currently available to PPR for debt on similar terms, credit risk and remaining maturities.

A 1% change in the discount rate used in the fair value measurement of the debt would result in the following impact to net loss for the year ended December 31, 2024:

	First Lien Loan Debt	Second Lien Note Debt	Total
Impact on net loss			
Increase of 1% of discount rate	663	141	804
Decrease of 1% of discount rate	(674)	(144)	(818)

(b) Risk Management

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development production and financing activities such as:

- Credit risk;
- Liquidity risk; and
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented, and monitors compliance with, risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

(i) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts receivable from joint operators and oil and natural gas marketers.

Cash, Restricted Cash and Restricted Deposits

The Company limits its exposure to credit risk related to cash, restricted cash and restricted deposits (restated per Note 24) by depositing its excess cash at December 31, 2024 of $4.7 million (December 31, 2023 - $1.8 million) and restricted deposits of $4.1 million (December 31, 2023 – $4.2 million) only with financial institutions that have investment grade credit ratings. The restricted deposits includes guaranteed investment certificates with maturity dates of one year or less.

Accounts Receivable

All of the Company's operations are conducted in Canada. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. All of the Company's petroleum and natural gas production is marketed under standard industry terms. Accounts receivable from petroleum and natural gas marketers are normally collected on the 25th day of the month following production. The Company's policy to mitigate credit risk associated with these balances is to establish marketing relationships with a number of large purchasers and by entering into sales contracts with only established, credit-worthy counterparties. The Company historically has not experienced any collection issues with its petroleum and natural gas marketers.

PPR executes its derivative contracts with credit-worthy counterparties believed to have low credit risk. The Company historically has not experienced any collection issues with its derivative instruments counterparties.

Receivables from joint operators are typically collected within one to three months of the joint venture bill being issued. The Company attempts to mitigate the risk from joint venture receivables by obtaining the partners' pre-approval of significant capital expenditures. However, the receivables are from participants in the oil and natural gas sector, and collection of the balances is dependent on industry factors such as commodity price fluctuations, escalating costs and the risk of unsuccessful drilling. In addition, further risks exist with joint operators as disagreements occasionally arise that may increase the potential for non-collection. The Company does not typically obtain collateral from its marketers or joint operators; however, the Company can withhold production from joint operators in the event of non-payment or may be able to register security on the assets of joint operators.

For the year ended December 31, 2024, PPR had two external customers that constituted more than 10% of petroleum and natural gas sales from production with combined sales of $31.5 million (2023 - three external customers that constituted more than 10% of petroleum and natural gas sales from production with combined sales of $52.9 million).

The maximum exposure to credit risk for loans and receivables at the reporting date by type of customer was:

($000s)	December 31, 2024	December 31, 2023
		(Restated)(1)
Petroleum and natural gas marketing companies	4,346	4,918
Joint venture partners	953	1,695
Government agencies	374	—
Other(1)	284	692
Total accounts receivable	5,957	7,305

The Company's accounts receivable are aged as follows:

($000s)	December 31, 2024	December 31, 2023
		(Restated)(1)
Current (less than 90 days)	5,442	6,279
Past due (more than 90 days)(1)	515	1,026
Total	5,957	7,305

(1) Restated (Note 24).

PPR recognized an allowance for doubtful accounts of $0.2 million as at December 31, 2024 (December 31, 2023 - $nil). When determining whether amounts that are past due are collectible, management assesses the creditworthiness and past payment history of the counterparty, as well as the nature of the past due amount.

Derivatives

PPR executes with each of its derivative counterparties an International Swap and Derivatives Association, Inc. ("ISDA") Master Agreement, which is a standard industry form contract containing general terms and conditions applicable to many types of derivative transactions. As at December 31, 2024, there were no derivative contracts outstanding. As of December 31, 2023, all of the derivative counterparties have entered inter-creditor agreements with the Company's lender to eliminate the need to post any collateral. PPR does not require the posting of collateral for its benefit under its derivative agreements. However, PPR's ISDA Master Agreements generally contain netting provisions whereby if on any date amounts would otherwise be payable by each party to the other, then on such date the party that owes the larger amount will pay the excess of that amount over the smaller amount owed by the other party, thus satisfying each party's obligations. These provisions generally apply to all derivative transactions, or all derivative transactions of the same type (e.g., commodity, interest rate, etc.), with the particular counterparty.

Financial assets and financial liabilities are only offset if PPR has the current legal right to offset and intends to settle on a net basis. The following is a summary of PPR's financial assets and financial liabilities that were subject to offsetting as at December 31, 2024 and December 31, 2023. The net asset amounts represent the maximum exposure to credit risk for derivative instruments at each reporting date.

($000s)	**Gross Assets (Liabilities)**	**Amount Offset Gross Assets (Liabilities)**	**Net Amount Presented**
December 31, 2024			
Derivative instruments liabilities - Current	—	—	—
December 31, 2023			
Derivative instruments liabilities - Current	(416)	—	(416)

(ii) Liquidity Risk & Capital Management

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. As outlined in Note 9, at December 31, 2024, the Company had $nil borrowing capacity under the Second Lien Loan. This, and the information provided in Note 2(b) (Going Concern), results in material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

As at December 31, 2024, PPR had outstanding letters of credit of $4.0 million (December 31, 2023 – $4.1 million). The letters of credit are issued by a financial institution at which PPR posted a cash deposit to cover letters of credit. The related deposit is classified as restricted deposit on the statement of financial position (Note 24) and the balance is invested in short-term market instruments with maturity dates of one year or less when purchased (see Cash, Restricted Cash and Restricted Deposit above).

PPR's objective when managing capital is to maintain a flexible capital structure and sufficient liquidity to meet its financial obligations and execute its business plans. The Company considers its capital structure to include shareholders' equity, borrowings under its credit facilities and working capital.

PPR monitors its capital structure using the Total Leverage Ratio (as defined in Note 9) to trailing twelve months' EBITDAX (as defined in Note 9). The Total Leverage Ratio provides a measure of the Company's ability to manage its debt levels under current operating conditions. The Company's goal is to manage this ratio within the financial covenants imposed on it under its outstanding debt agreements.

As at December 31, 2024, the Company was in breach of this financial covenant along with certain non-financial covenants. Refer to Note 9 for additional details.

The following table details the cash flows and contractual maturities of the Company's financial liabilities at December 31, 2024:

	Total	<1 Year	2-3 Years	4-5 Years	>5 Years
Accounts payable and accrued liabilities	25,514	25,514	—	—	—
Derivative instruments	—	—	—	—	—
Lease liabilities	2,825	2,543	238	12	32
Debt [1]	77,010	77,010	—	—	—
Total	105,349	105,349	238	12	32

(1) Includes interest payments and the principal and deferred amounts payable on maturity on the Company's Revolving Facility and Second Lien Notes. Interest payments are estimated for the Revolving Facility using year-end outstanding borrowing and year-end prime interest rate plus applicable margins for the related borrowing periods. At December 31, 2024, the contractual maturities of the debt is presented as current as the debt covenants were breached at December 31, 2024 (Notes 2 and 9).

(iii) Market Risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates will affect the Company's income or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing returns.

The Company may use financial derivative contracts to manage market risks as disclosed below. All such transactions are conducted within risk management tolerances that are reviewed by the Board of Directors.

(iv) Currency Risk

Currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. Substantially all of the Company's petroleum and natural gas sales are conducted in Canada and are denominated in Canadian dollars. Canadian commodity prices are influenced by fluctuations in the Canada to United States dollar exchange rate. Prices for oil are determined in global markets and generally denominated in United States dollars. The Company is exposed to currency risk in relation to its US dollar denominated long-term debt. The exposure to fluctuations of the US dollar and Canadian dollar exchange rate, serves as natural hedges to the US dollar denominated debt.

The following table demonstrates the effect of a 10% strengthening or weakening of the Canadian/US exchange rate on the Company's loss before taxes due to changes in the unrealized gain or loss on revaluation of outstanding US dollar denominated long-term debt and unrealized gain or loss on derivative instruments on contracts in place at December 31, 2024:

	Increase in CAD/USD Rate		Decrease in CAD/USD Rate	
($000s)	2024	2023	2024	2023
US dollar-denominated debt	1,324	3,154	(1,324)	(3,154)
Risk management contracts	—	(42)	—	42
Income(loss) before taxes	1,324	3,112	(1,324)	(3,112)

(v) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The interest charged on the debt fluctuates with changes in interest rates. The Company is exposed to interest rate risk related to borrowings that are drawn under the First Lien Loan and the Second Lien Notes.

A change in interest rates by 100 basis points would have changed net loss by approximately $0.6 million in the year ended December 31, 2024 (December 31, 2023 – $0.7 million) assuming all other variables remain constant.

(vi) Commodity Price Risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for oil and natural gas are impacted not only by the relationship between the Canadian and United States dollars but also worldwide economic events that influence supply and demand.

PPR enters into derivative instruments to manage its exposure to commodity price risk caused by fluctuations in commodity prices, which have served to protect and provide certainty on a portion of the Company's cash flows.

The following lists the fair value of all derivative contracts by commodity type in place at December 31, 2024 and 2023:

($000s)	**Crude oil and condensate**	**Natural Gas**	**Total**
December 31, 2024			
Derivative instruments – Current liabilities	—	—	—
Total Liabilities	—	—	—
December 31, 2023			
Derivative instruments – Current liabilities	(416)	—	(416)
Total Liabilities	(416)	—	(416)

The Company had no commodity derivative transactions as at December 31, 2024.

The following table summarizes commodity derivative contracts as at December 31, 2023:

Remaining Term	**Reference**	**Total Daily Volume (bbl)**	**Premium/ bbl**	**Weighted Average Price/bbl**
Crude Oil Put Spread Options (No Ceiling)				
January 01, 2024 - March 31, 2024	US$ WTI	1,000	3.95 [1]	$50.00/60.00

(1) Deferred premiums, payable upon settlement of the derivative contracts.

The following shows the breakdown of realized and unrealized gains and losses recognized by commodity type for the year ended December 31, 2024 and 2023:

($000s)	**Crude oil and condensate**	**Natural Gas**	**Total**
Year ended December 31, 2024			
Realized loss on derivative instruments	**485**	—	**485**
Unrealized gain on derivative instruments	**(416)**	—	**(416)**
Total loss on derivative instruments	**69**	—	**69**
Year ended December 31, 2023			
Realized gain (loss) on derivative instruments	(1,579)	648	(931)
Unrealized gain on derivative instruments	883	723	1,606
Total gain (loss) on derivative instruments	(696)	1,371	675

The Company's operational results and financial condition are largely dependent on the commodity price received for its oil and natural gas production. Commodity prices have fluctuated widely in recent years due to global and regional factors including supply and demand fundamentals, inventory levels, weather, economic and geopolitical factors.

PPR manages the risks associated with changes in commodity prices by entering into a variety of risk management contracts. The Company assesses the effects of movement in commodity prices on income before tax. When assessing the potential impact of these commodity price changes, the Company believes a ten percent volatility is a reasonable measure. A ten percent increase or decrease in commodity prices would have resulted in the following impact to unrealized gains (losses) on derivative instruments and loss before taxes, assuming all other variables, including the Canadian/United States dollar exchange rate, remain constant for the years ended December 31:

	Increase by 10%		**Decrease by 10%**	
($000s)	**2024**	2023	**2024**	2023
Crude oil	—	5	—	(5)
Natural gas	—	—	—	—

22. RELATED PARTY TRANSACTIONS

Key Management Compensation

The aggregate compensation of executive management and directors is summarized as follows:

	Year Ended December 31,	
($000s)	**2024**	2023
Salary, bonus and fees	**833**	1,544
Termination payments	**20**	396
Share-based compensation	**91**	342
Total remuneration	**944**	2,282

Related Party Transactions

PCEP Canadian Holdco, LLC is the immediate holding and parent company of PPR. Please see Notes 9 and 13 with regards to PCEP's:

- Participation in the 2023 Recapitalization;
- Participation in the rights offerings in September 2024 and October 2024 and resulting Common Share subscriptions; and
- Participation in the equity offerings in February 2025 and March 2025.

The First Lien Loan is held with PGIM, Inc., the ultimate parent of PPR. The First Lien Loan and related transactions are described in Note 9.

The Second Lien Notes are held by Prudential Capital Energy Partners, L.P., a subsidiary of PPR's ultimate parent, PGIM. The Second Lien Notes and related transactions are described in Note 9.

The First Lien Loan debt is held by PGIM, Inc.'s general account (the "Senior Debt") and the Senior Debt is separately managed from the Second Lien Notes and equity held by the PGIM Capital Partners mezzanine fund (held by PCEP). There is a wall separating the management of the Senior Debt and PCEP, and all negotiations with the management of the Senior Debt are conducted at arm's-length, consistent with negotiations with other third parties.

23. COMMITMENTS AND CONTINGENCIES

The Company has non-cancellable contractual obligations summarized at December 31, 2024, as follows:

	2025	**2026**	**2027**	**2028**	**2029**	**Thereafter**	**Total**
Debt - 'Principal Debt' (Note 9)	**71,660**	**—**	**—**	**—**	**—**	**—**	**71,660**
Leases - variable	**182**	**182**	**182**	**60**	**—**	**—**	**606**
Firm transportation agreements	**290**	**114**	**2**	**1**	**—**	**—**	**407**
Other agreements	**166**	**51**	**51**	**52**	**40**	**163**	**523**
Total	**72,298**	**347**	**235**	**113**	**40**	**163**	**73,196**

(1) At December 31, 2024, the non-cancellable contractual obligations of the debt is presented as current as the debt covenants were breached at December 31, 2024 (Notes 2 and 10).

The table above excludes contractual obligations for lease payments which are recorded as lease liabilities on the consolidated statement of financial position (Note 11).

Contingencies

PPR is involved in litigation and claims arising in the normal course of operations. Such claims are not expected to have a material impact on the Company's results of operations or cash flows.

24. RESTATEMENTS

At December 31, 2024 and in the fourth quarter of 2024, the Company made the following corrections to the prior period financial statements:

a. Restricted cash and restricted deposits: Previously presented restricted cash is held in GIC deposits as collateral for the Company's outstanding letters of credit and credit card facility. As these restricted deposits do not meet the IFRS definition of cash, these deposits are reclassified accordingly on the statement of financial position and excluded from the cash and restricted cash balance in the cash flow statement;

b. Decommissioning liabilities settled: The 2023 year-end consolidated financial statement previously did not correctly present $1.0 million of decommissioning liabilities which were settled in the year. These liabilities settled are now included in 2023 with a corresponding increase in accounts payable and accrued liabilities in the statement of financial position as at December 31, 2023;

c. Other liabilities - Environmental liability provision: The Company adjusted prior period other liabilities to account for the cost of remediation of two spills that occurred in 2023. Accordingly, the Company recognized a $1.237 million provision and $0.234 million in the second and third quarters of 2023, respectively, with a corresponding remediation expense included in operating expenses in net loss in those respective periods;

d. Facility rental over-provision: The previous financial statements include an over-accrual of $0.343 million for facility rental expenses in the fourth quarter of 2023. The accrued liabilities at December 31, 2023 and operating expense for the fourth quarter of 2023 are accordingly reduced;

e. Currency translation adjustment: The previous financial statements includes an incorrect translation of the Company's foreign operations. As such, the Company now includes a $0.9 million other comprehensive income adjustment, a $0.7 million adjustment to accounts receivable and corresponding $0.2 million foreign exchange loss in net loss for the fourth quarter of 2023. In addition, the Company made corrections for subsequent period translation adjustments as indicated; and

f. Certain prior period amounts "As previously presented" below are corrected by $1,000.00 from previously published financial statements due to rounding differences.

The prior year comparative information has been restated to reflect these adjustments. The impact to affected December 31, 2023 financial statement line items (audited) and interim period results for the three months ended December 31, 2024 financial statement line items (unaudited) of the above noted restatements are as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at *($000s)*	**Note**	December 31, 2023	December 31, 2023	December 31, 2023
		As previously presented	Adjustments	Restated
ASSETS				
Current assets				
Restricted cash	24(a)	4,237	(4,237)	—
Restricted deposit	24(a)	—	4,237	4,237
Accounts receivable	24(e)	6,593	712	7,305
Total assets		**167,334**	**712**	**168,046**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	24(b)(d)	23,964	659	24,623
Current portion of decommissioning liabilities	24(b)	6,155	(1,002)	5,153
Non-current liabilities				
Other liabilities	24(c)	8,511	1,471	9,982
Total liabilities		**210,224**	**1,128**	**211,352**
SHAREHOLDERS' DEFICIT				
Accumulated deficit	24(c)(d)(e)	(229,748)	(1,320)	(231,068)
AOCIL	24(e)	(740)	904	164
Total shareholders' deficit		**(42,890)**	**(416)**	**(43,306)**

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

($000s, except as otherwise indicated)	**Note**	Three Months Ended December 31, 2023			Year Ended December 31, 2023		
		Unaudited	**Unaudited**	**Unaudited**			
		As previously presented	Adjustments	Restated	As previously presented	Adjustments	Restated
Expenses							
Operating	24(c)(d)	11,777	(343)	11,434	43,181	1,128	44,309
Foreign exchange (gain) loss	24(e)	(693)	192	(501)	(510)	192	(318)
Net loss		**(16,484)**	**151**	**(16,333)**	**(20,119)**	**(1,320)**	**(21,439)**
Other comprehensive income (loss)							
Currency translation adjustments	24(e)	93	904	997	(623)	904	281
Other comprehensive income (loss)		**93**	**904**	**997**	**(623)**	**904**	**281**
Comprehensive loss		**(16,391)**	**1,055**	**(15,336)**	**(20,742)**	**(416)**	**(21,158)**
Net loss per share							
Basic		$ (0.02)	$ —	$ (0.02)	$ (0.04)	$ —	$ (0.04)
Diluted		$ (0.02)	$ —	$ (0.02)	$ (0.04)	$ —	$ (0.04)

CONSOLIDATED STATEMENTS OF CASH FLOWS

($000s)	**Note**	Three Months Ended December 31, 2023			Year Ended December 31, 2023		
		Unaudited	**Unaudited**	**Unaudited**			
		As previously presented	Adjustments	Restated	As previously presented(1)	Adjustments	Restated
OPERATING ACTIVITIES							
Net loss	24(c)(d)(e)	(16,484)	151	(16,333)	(20,119)	(1,320)	(21,439)
Unrealized foreign exchange (gain) loss	24(e)	(558)	192	(366)	(408)	192	(216)
Change in other liabilities	24(c)	178	—	178	621	1,471	2,092
Settlement of decommissioning liabilities	24(b)	(1,752)	(1,002)	(2,754)	(8,364)	(1,002)	(9,366)
Change in non-cash working capital(1)	24(b)(d)	4,756	659	5,415	(7,049)	659	(6,390)
Net cash from (used in) operating activities		**2,819**	**—**	**2,819**	**(10,647)**	**—**	**(10,647)**
FINANCING ACTIVITIES							
Change in restricted deposit	24(c)(d)(e)	—	—	—	—	(100)	(100)
Net cash from (used in) operating activities		**(3,084)**	**—**	**(3,084)**	**6,579**	**(100)**	**6,479**
Change in cash and restricted cash	24(a)	(759)	—	(759)	(4,630)	(100)	(4,730)
Cash and restricted cash, beginning of period	24(a)	6,831	(4,237)	2,594	10,702	(4,137)	6,565
Cash and restricted cash, end of period	24(a)	**6,072**	**(4,237)**	**1,835**	**6,072**	**(4,237)**	**1,835**

(1) The change in non-cash working capital for the year ended December 31, 2024 'As previously presented' above differs from the $(6,112) published as a result of reclassifications in the current period presentation. The current period presentation excludes $1,127 of debt non-cash finance costs as well as $190 of allowance for doubtful accounts, included with other or disclosed separately as non-cash items.

The impact to the affected unaudited interim financial statement line items of the above noted restatements are as follows:

2024 Q1 (Unaudited)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)

As at *($000s)*	Note	March 31, 2024	March 31, 2024	March 31, 2024
		As previously presented	Adjustments	Restated
ASSETS				
Current assets				
Restricted cash	24(a)	4,237	(4,237)	—
Restricted deposit	24(a)	—	4,237	4,237
Accounts receivable	24(e)	4,265	712	4,977
Total assets		**111,690**	**712**	**112,402**
LIABILITIES				
Non-current liabilities				
Other liabilities	24(c)	8,896	1,471	10,367
Total liabilities		**159,395**	**1,471**	**160,866**
SHAREHOLDERS' DEFICIT				
Accumulated deficit	24(c)(d)(e)	(234,350)	(1,663)	(236,013)
AOCIL	24(e)	(972)	904	(68)
Total shareholders' deficit		**(47,705)**	**(759)**	**(48,464)**

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (Unaudited)

($000s, except as otherwise indicated)	Note	Three Months Ended March 31, 2024		
		As previously presented	Adjustments	Restated
Expenses				
Operating	24(c)(d)	8,242	343	8,585
Foreign exchange (gain) loss	24(e)	557	—	557
Net loss		**(4,602)**	**(343)**	**(4,945)**
Other comprehensive income (loss)				
Currency translation adjustments	24(e)	(232)	—	(232)
Other comprehensive income (loss)		**(232)**	**—**	**(232)**
Comprehensive loss		**(4,834)**	**(343)**	**(5,177)**
Net loss per share				
Basic		$ (0.01)	$ —	$ (0.01)
Diluted		$ (0.01)	$ —	$ (0.01)

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

($000s)	Note	Three Months Ended March 31, 2024		
		As previously presented[1]	Adjustments	Restated
OPERATING ACTIVITIES				
Net loss	24(c)(d)(e)	(4,602)	(343)	(4,945)
Unrealized foreign exchange (gain) loss	24(f)	521	—	521
Settlement of decommissioning liabilities	24(b)	(1,043)	1,002	(41)
Change in non-cash working capital[1]	24(b)(d)	(1,699)	(659)	(2,358)
Net cash from (used in) operating activities	24(f)	**(2,568)**	—	**(2,568)**
Change in cash and restricted cash	24(a)(f)	(106)	—	(106)
Cash and restricted cash, beginning of period	24(a)	6,072	(4,237)	1,835
Cash and restricted cash, end of period	24(a)(f)	**5,966**	**(4,237)**	**1,729**

(1) The change in non-cash working capital for the three months ended March 31, 2024 'As previously presented' above differs from the $403 published as a result of reclassifications in the current period presentation. The $1,699 current period presentation excludes $2,102 of debt non-cash finance costs, included with other or disclosed separately as non-cash items.

2024 Q2 (Unaudited)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)

As at *($000s)*	Note	June 30, 2024	June 30, 2024	June 30, 2024
		As previously presented	Adjustments	Restated
ASSETS				
Current assets				
Restricted cash	24(a)	4,237	(4,237)	—
Restricted deposit	24(a)	—	4,237	4,237
Accounts receivable	24(e)	4,307	712	5,019
Total assets		**109,922**	**712**	**110,634**
LIABILITIES				
Non-current liabilities				
Other liabilities	24(c)	9,142	1,471	10,613
Total liabilities		**164,373**	**1,471**	**165,844**
SHAREHOLDERS' DEFICIT				
Accumulated deficit	24(c)(d)(e)	(240,872)	(2,076)	(242,948)
AOCIL	24(e)	(1,284)	1,317	33
Total shareholders' deficit		**(54,451)**	**(759)**	**(55,210)**

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (Unaudited)

($000s, except as otherwise indicated)	**Note**	Three Months Ended June 30, 2024			Six Months Ended June 30, 2024		
		As previously presented	Adjustments	Restated	As previously presented	Adjustments	Restated
Expenses							
Operating	24(c)(d)(f)	7,325	—	7,325	15,567	343	15,910
Foreign exchange (gain) loss	24(e)	(228)	413	185	329	413	742
Net loss		**(6,522)**	**(413)**	**(6,935)**	**(11,124)**	**(756)**	**(11,880)**
Other comprehensive income (loss)							
Currency translation adjustments	24(e)	(312)	413	101	(544)	413	(131)
Other comprehensive income (loss)		**(312)**	**413**	**101**	**(544)**	**413**	**(131)**
Comprehensive loss		**(6,834)**	**—**	**(6,834)**	**(11,668)**	**(343)**	**(12,011)**
Net loss per share							
Basic		$ (0.01)	$ —	$ (0.01)	$ (0.02)	$ —	$ (0.02)
Diluted		$ (0.01)	$ —	$ (0.01)	$ (0.02)	$ —	$ (0.02)

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

($000s)	**Note**	Three Months Ended June 30, 2024			Six Months Ended June 30, 2024		
		As previously presented(1)	Adjustments	Restated	As previously presented(1)	Adjustments	Restated
OPERATING ACTIVITIES							
Net loss	24(c)(d)(e)	(6,522)	(413)	(6,935)	(11,124)	(756)	(11,880)
Unrealized foreign exchange (gain) loss	24(e)(f)	(193)	413	220	328	413	741
Settlement of decommissioning liabilities	24(b)	(354)	—	(354)	(1,397)	1,002	(395)
Change in non-cash working capital(1)	24(b)(d)	522	—	522	(1,177)	(659)	(1,836)
Net cash from (used in) operating activities		**(1,085)**	**—**	**(1,085)**	**(3,653)**	**—**	**(3,653)**
Change in cash and restricted cash	24(a)(f)	553	—	553	447	—	447
Cash and restricted cash, beginning of period	24(a)(f)	5,966	(4,237)	1,729	6,072	(4,237)	1,835
Cash and restricted cash, end of period	24(a)	**6,519**	**(4,237)**	**2,282**	**6,519**	**(4,237)**	**2,282**

(1) The change in non-cash working capital for the six months ended June 30, 2024 'As previously presented' above differs from the $2,670 published as a result of reclassifications in the current period presentation. The $522 current period presentation excludes $3,847 of debt non-cash finance costs, included with other or disclosed separately as non-cash items. The change in non-cash working capital for the three months ended June 30, 2024 'As previously presented' above differs from the $2,267 published as a result of reclassifications in the current period presentation. The $(1,177) current period presentation excludes $1,745 of debt non-cash finance costs, included with other or disclosed separately as non-cash items.

2024 Q3 (Unaudited)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)

As at *($000s)*	Note	Sep 30, 2024	Sep 30, 2024	Sep 30, 2024
		As previously	Adjustments	Restated
ASSETS				
Current assets				
Restricted cash	24(a)	4,637	(4,237)	400
Restricted deposit	24(a)	—	4,237	4,237
Accounts receivable	24(e)	3,560	712	4,272
Total assets		**115,220**	**712**	**115,932**
LIABILITIES				
Non-current liabilities				
Other liabilities	24(c)	9,203	1,471	10,674
Total liabilities		**154,128**	**1,471**	**155,599**
SHAREHOLDERS' DEFICIT				
Accumulated deficit	24(c)(d)(e)	(235,708)	(2,201)	(237,909)
AOCIL	24(e)	(917)	1,442	525
Total shareholders' deficit		**(38,908)**	**(759)**	**(39,667)**

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) (Unaudited)

($000s, except as otherwise indicated)	Note	Three Months Ended September 30, 2024			Nine Months Ended September 30, 2024		
		As previously presented	Adjustments	Restated	As previously presented	Adjustments	Restated
Expenses							
Operating	24(c)(d)	5,386	—	5,386	20,953	343	21,296
Foreign exchange (gain) loss	24(e)	12	125	137	341	538	879
Net income (loss)		**5,164**	**(125)**	**5,039**	**(5,960)**	**(881)**	**(6,841)**
Other comprehensive income (loss)							
Currency translation adjustments	24(e)	367	125	492	(177)	538	361
Other comprehensive income (loss)		**367**	**125**	**492**	**(177)**	**538**	**361**
Comprehensive income (loss)		**5,531**	**—**	**5,531**	**(6,137)**	**(343)**	**(6,480)**
Net income (loss) per share							
Basic		$ 0.01	$ —	$ 0.01	$ (0.01)	$ —	$ (0.01)
Diluted		$ 0.01	$ —	$ 0.01	$ (0.01)	$ —	$ (0.01)

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

($000s, except as otherwise indicate)	Note	Three Months Ended September 30, 2024			Nine Months Ended September 30, 2024		
		As previously presented	Adjustments	Restated	As previously presented	Adjustments	Restated
OPERATING ACTIVITIES							
Net income (loss)	24(c)(d)(e)	5,164	(125)	5,039	(5,960)	(881)	(6,841)
Unrealized foreign exchange (gain) loss	24(e)	(24)	125	101	304	538	842
Settlement of decommissioning liabilities	24(b)	(539)	—	(539)	(1,936)	1,002	(934)
Change in non-cash working capital	24(b)(d)	579	—	579	(598)	(659)	(1,257)
Net cash from (used in) operating activities		**869**	**—**	**869**	**(2,784)**	**—**	**(2,784)**
Change in cash and restricted cash	24(a)	6,752	—	6,752	7,199	—	7,199
Cash and restricted cash, beginning of period	24(a)	6,519	(4,237)	2,282	6,072	(4,237)	1,835
Cash and restricted cash, end of period	24(a)	**13,271**	**(4,237)**	**9,034**	**13,271**	**(4,237)**	**9,034**

25. SUBSEQUENT EVENTS

(a) Closing of initial and final tranches of private placement

In February 2025 and March 2025, in connection with a brokered private placement, the Company raised $8.67 million in aggregate gross proceeds (Note 13).