Prairie Provident Resources Inc.

Management's Discussion and Analysis
For the Three Months and Year Ended December 31, 2024

Dated: March 31, 2025

Advisories

In this management's discussion and analysis ("MD&A"), unless otherwise indicated or the context otherwise requires, the terms "we", "us", "our", "PPR", "Prairie Provident" and "the Company" refers to Prairie Provident Resources Inc., as parent corporation, together with its wholly-owned subsidiaries, Prairie Provident Resources Canada Ltd., Lone Pine Resources Inc., Lone Pine Resources (Holdings) Inc., Arsenal Energy USA Inc. and Arsenal Energy Holding Ltd.

The following MD&A provides management's analysis of the Company's results of operations, financial position and outlook as at and for the three months and year ended December 31, 2024. This MD&A is dated March 31, 2025 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2024 (the "Annual Financial Statements"). Additional information relating to PPR, including the Company's December 31, 2024 Annual Information Form (the "AIF"), is available on the Company's website at www.ppr.ca or on SEDAR+ at www.sedarplus.ca.

All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Unless otherwise noted, all financial information provided herein is reported in Canadian dollars. Production volumes are presented on a working-interest basis, before royalties. Certain comparative figures have been reclassified to conform with the presentation adopted in the current period.

This MD&A contains forward-looking statements and non-IFRS measures. Readers are cautioned that the MD&A should be read in conjunction with the Company's disclosures under the headings "Forward-Looking Statements" and "Non-IFRS Measures" included at the end of this MD&A.

Abbreviations

The following is a list of abbreviations that may be used in this MD&A:

bbl	barrel	P&D	production and development
bbl/d	barrels per day	PSU	performance share unit
boe	barrels of oil equivalent	DSU	deferred restricted share unit
boe/d	barrels of oil equivalent per day	RSU	restricted share unit
Mboe	thousands of barrels of oil equivalent	WTI	West Texas Intermediate
MMboe	millions of barrels of oil equivalent	USD	U.S. dollars
Mcf	thousand cubic feet	CAD	Canadian dollars
Mcf/d	thousand cubic feet per day	US	United States
MMbtu	million British Thermal Units	CDN	Canadian
GJ	gigajoule		
AECO	AECO "C" hub price index for Alberta natural gas		
CGU	cash-generating-unit		
DD&A	depreciation, depletion and amortization		
E&E	exploration and evaluation		
GAAP	generally accepted accounting principles		
G&A	general and administrative		

Financial and Operational Summary

($000s, except per unit amounts)	Three Months Ended December 31, 2024	Three Months Ended December 31, 2023 (Restated)[1]	Year Ended December 31, 2024	Year Ended December 31, 2023 (Restated)[1]
Production Volumes				
Crude oil and condensate (bbl/d)	1,298	2,049	1,226	2,190
Natural gas (Mcf/d)	6,107	7,374	6,093	7,579
Natural gas liquids (bbl/d)	69	135	68	105
Total (boe/d)	2,385	3,413	2,310	3,558
% Liquids	57%	64%	56%	64%
Realized Prices				
Crude oil and condensate ($/bbl)	83.16	87.12	85.40	88.50
Natural gas ($/Mcf)	1.49	2.10	1.53	2.55
Natural gas liquids ($/bbl)	53.93	43.08	59.92	53.05
Total ($/boe)	50.65	58.54	51.15	61.46
Operating Netback ($/boe)				
Realized price	50.65	58.54	51.15	61.46
Royalties	(2.58)	(11.00)	(6.60)	(9.14)
Operating costs[1]	(30.02)	(36.45)	(32.98)	(34.14)
Operating netback[2]	18.05	11.09	11.57	18.18
Realized gains (losses) on derivatives	—	(0.96)	(0.57)	(0.72)
Operating netback, after realized gains (losses) on derivatives[1]	18.05	10.13	11.00	17.46

[1] *Restated - See "Restatements" section.*
[2] Operating netback, AFF, working capital (deficit), net debt and net capital expenditures are non-GAAP financial measures and are defined below under "Non-GAAP and Other Financial Measures".

2024 Annual and Fourth Quarter 2024 Financial and Operating Highlights

2024 Annual Financial and Operating Highlights

- In the first quarter of 2024, the Company sold its Evi assets in northern Alberta and certain non-core assets located in the Provost area of Central Alberta. Net proceeds of approximately CAD$24.2 million were received from these dispositions, with CAD$20.0 million used to reduce indebtedness under the Company's senior secured note facility.

- In October 2024, the Company completed a rights offering raising aggregrate proceeds of $12.0 million (the "RIghts Offering").

- The net proceeds from the Rights Offering were used to retire indebtedness and drill two Basal Quartz horizontal wells in Prairie Provident's Michichi core area. The Company reported IP60 (initial 60-day average production) rates on the two wells of approximately 333 boe/d (221 bbl/d of medium crude oil and 674 Mcf/d of natural gas) and approximately 305 boe/d (189 bbl/d of medium crude oil and 697 Mcf/d of natural gas), respectively.

- For the year ended December 31, 2024, production averaged 2,310 boe/d (56% liquids).

- Operating netback[1] for the year was $9.8 million ($11.57/boe) before the impact of derivatives in 2024, or $9.3 million ($11.00/boe) after realized losses on derivatives.

- Operating expenses were $32.98 per boe in 2024.

- As at December 31, 2024, net debt[1] totaled CAD$62.8 million, comprised of CAD$50.3 million under the senior secured note facility, CAD$5.2 million under its second lien notes (including deferred interest paid-in-kind) and a CAD$7.3 million working capital deficit.

Fourth Quarter 2024 Financial and Operating Highlights

- Production averaged 2,385 boe/d (57% liquids) for the fourth quarter of 2024.

- Fourth quarter 2024 operating netback[1] before and after the impact of derivatives was $4.0 million ($18.05/boe).

- Net capital expenditures[1] for the fourth quarter of 2024 of $9.0 million were primarily associated with the Company's Basal Quartz drilling activities.

Results of Operations

Production

	Three Months Ended December 31,		Year Ended December 31,	
	2024	2023	**2024**	2023
Crude oil and condensate (bbl/d)	**1,298**	2,049	**1,226**	2,190
Natural gas (Mcf/d)	**6,107**	7,374	**6,093**	7,579
Natural gas liquids (bbls/d)	**69**	135	**68**	105
Total (boe/d)	**2,385**	3,413	**2,310**	3,558
Liquids Weighting	**57%**	64%	**56%**	64%

Average production for the three months and year ended December 31, 2024 was 2,385 boe/d (57% liquids) and 2,310 boe/d (56% liquids), a decrease of 30% and 35%, respectively, compared to the corresponding periods in 2023 as a result of the first quarter dispositions and natural production declines. For the three months and year ended December 31, 2024, these decreases were partly offset by new production from the two Basal Quartz wells brought on production in Q4 2024.

Petroleum and Natural Gas sales

	Three Months Ended December 31,		Year Ended December 31,	
($000s, except per unit amounts)	**2024**	2023	**2024**	2023
Petroleum and natural gas sales				
Crude oil and condensate	**9,933**	16,422	**38,327**	70,732
Natural gas	**839**	1,424	**3,421**	7,041
Natural gas liquids	**339**	536	**1,498**	2,029
Petroleum and natural gas sales	**11,111**	18,382	**43,246**	79,802
Realized Prices				
Crude oil and condensate ($/bbl)	**83.16**	87.12	**85.40**	88.50
Natural gas ($/Mcf)	**1.49**	2.10	**1.53**	2.55
Natural gas liquids ($/bbl)	**53.93**	43.08	**59.92**	53.05
Total ($/boe)	**50.65**	58.54	**51.15**	61.46
Benchmark Prices				
Crude oil - WTI ($/bbl)	**98.35**	106.76	**103.72**	104.78
Crude oil - Canadian Light Sweet ($/bbl)	**92.70**	97.65	**98.15**	99.87
Crude oil - WCS ($/bbl)	**81.32**	77.04	**83.91**	79.62
Natural gas - AECO 5A ($/Mcf)	**1.32**	2.07	**1.37**	2.37
Exchange rate - US$/CDN$	**0.71**	0.73	**0.73**	0.74

PPR's fourth quarter 2024 petroleum and natural gas sales decreased by 40% or $7.3 million from the fourth quarter of 2023, driven by lower crude oil and natural gas prices, lower production and disposition of properties in the first quarter of 2024.

Crude oil and condensate sales for the fourth quarter of 2024 decreased by 40%, compared to the corresponding period in 2023, due to a 37% decrease in production volume and a decrease in realized crude oil and condensate prices of 5%. PPR's product prices generally correlate to changes in the benchmark prices. In the fourth quarter of 2024, the average WTI price decreased by 8% or $8.41/bbl while the average Canadian Light Sweet price decreased by 5% or $4.95/bbl, from the average pricing in the fourth quarter of 2023. During the fourth quarter of 2024, the WCS to WTI differential was $17.03/bbl (Q4 2023 - $29.72/bbl), and the Canadian Light Sweet to WTI differential was lower at $5.65/bbl (Q4 2023 - $9.11/bbl).

Fourth quarter 2024 natural gas sales decreased by 41% or $0.6 million, compared to the same quarter in 2023, driven by a 29% decrease in realized natural gas prices.

Realized prices per boe for the fourth quarter of 2024 decreased by 13% or $7.89/boe from the same quarter of 2023, mostly due to the decrease in the oil and liquids production weighting, and realized prices of all products.

On a year-over-year basis, petroleum and natural gas sales decreased by 46% or $36.6 million, compared to the same period in 2023. The 46% decrease in crude oil and condensate sales reflected a 44% decline in production volumes and a 4% decrease in realized oil and condensate prices. For the year ended December 31, 2024, the average WTI price and the average Canadian Light Sweet price decreased by 1% or $1.06/bbl and decreased by 2% or $1.72/bbl, respectively, compared to the same period of 2023. The WCS to WTI differential was $19.81/bbl (Q4 2023 - $25.16/bbl), and the Canadian Light Sweet to WTI differential was $5.57/bbl (Q4 2023 - $4.91/bbl). The 51% decrease in natural gas sales reflected a 40% decrease in realized natural gas prices and a 20% production decrease.

Realized prices per boe for the year ended December 31, 2024 decreased by 17% or $10.31/boe, compared to the same period in 2023, correlating to a decrease in realized prices of both crude oil and natural gas commodity prices, partially offset by an increase in realized prices of natural gas liquids.

Royalties

	Three Months Ended December 31,		Year Ended December 31,	
($000s, except per boe)	**2024**	2023	**2024**	2023
Royalties	**567**	3,455	**5,578**	11,868
Per boe ($)	**2.58**	11.00	**6.60**	9.14
Percentage of petroleum and natural gas sales	**5.1%**	18.8%	**12.9%**	14.9%

The Company pays royalties to respective provincial governments and mineral owners in accordance with the established royalty regime. A large portion of PPR's royalties are paid to the Alberta Crown, which are based on sliding scales that are dependent on incentives, production volumes and commodity prices.

Fourth quarter 2024 and annual 2024 royalties decreased by $2.9 million and $6.3 million, respectively, compared to the corresponding periods in 2023, mainly due to lower production volumes of oil and condensates. The fourth quarter of 2024 includes an adjustment for higher gas cost allowance recovery than previously estimated.

Royalties per boe for the three months and year ended December 31, 2024 decreased by 77% or $8.42/boe and 28% or $2.54/boe, respectively compared to the corresponding periods in 2023. During the fourth quarter of 2024, royalties per boe were lower due to lower commodity prices and a higher gas cost allowance recovery as discussed above.

Commodity Price and Risk Management

From time-to-time, PPR enters into derivative risk management contracts to manage exposure to commodity price fluctuations and to protect and provide certainty on a portion of its cash flows.

	Three Months Ended December 31,		Year Ended December 31,	
($000s)	**2024**	2023	**2024**	2023
Realized loss on derivatives	**—**	(302)	**(485)**	(931)
Unrealized gain on derivatives	**—**	126	**416**	1,606
Total gain (loss) on derivatives	**—**	(176)	**(69)**	675

Per boe ($)				
Realized loss on derivatives	**—**	(0.96)	**(0.57)**	(0.72)
Unrealized gain on derivatives	**—**	0.40	**0.49**	1.24
Total gain (loss) on derivatives	**—**	(0.56)	**(0.08)**	0.52

Realized losses and gains on derivative risk management contracts represent the cash settlements of outstanding contracts while unrealized gains and losses on derivative risk management contracts reflect changes in the mark-to-market positions of outstanding contracts in the current period. Both realized and unrealized gains and losses on derivative contracts vary based on fluctuations related to the specific terms of outstanding contracts in the related period including contract types, contract quantities and fluctuations in underlying commodity reference prices.

The unrealized gain on derivatives recognized for the year ended December 31, 2024 was the result of the Company's remaining derivative contracts settling during the first quarter and the unwinding of the Company's mark-to-market position as of December 31, 2023.

The Company's realized prices are exposed to fluctuations in the US dollar and Canadian dollar exchange rate, which serve as natural hedges to the US dollar denominated debt.

As at December 31, 2024, the Company had no outstanding commodity derivative contracts.

Operating Expenses

	Three Months Ended December 31,		Year Ended December 31,	
($000s, except per boe)	**2024**	2023	**2024**	2023
		(Restated)[1]		(Restated)[1]
Lease operating expense[1]	**4,718**	7,911	**19,973**	33,554
Transportation and processing	**1,014**	1,302	**4,404**	5,249
Production, property and carbon taxes	**854**	2,221	**3,505**	5,506
Total operating expenses	**6,586**	11,434	**27,882**	44,309
Per boe	**30.02**	36.45	**32.98**	34.14

[1] *Restated - See "Restatements" section.*

During the three months and year ended December 31, 2024, operating expenses decreased by 42% or $4.8 million and 37% or $16.4 million, respectively, from the corresponding periods in 2023. The decrease in costs is largely a result of the Evi disposition in Q1 2024, lower production volumes and lower costs in most operating areas such as emulsion trucking and treating, salt water trucking and disposal, gas processing, power costs, rentals, labour and vehicle, repairs and maintenance and government taxes.

On a per boe basis, total operating expense for the three months and year ended December 31, 2024 decreased by 18% or $6.43/boe and 3% or $1.16/boe, respectively, compared to the same period in 2023. The decrease in costs was largely due to emulsion trucking and treating, gas processing, power costs, rentals, labour and vehicle and government taxes.

Operating Netback [1]

	Three Months Ended December 31,		Year Ended December 31,	
Per boe ($)	**2024**	2023	**2024**	2023
		(Restated)[2]		(Restated)[2]
Petroleum and natural gas sales	**50.65**	58.54	**51.15**	61.46
Royalties	**(2.58)**	(11.00)	**(6.60)**	(9.14)
Operating costs[2]	**(30.02)**	(36.45)	**(32.98)**	(34.14)
Operating netback[2]	**18.05**	11.09	**11.57**	18.18
Realized losses on derivatives	**—**	(0.96)	**(0.57)**	(0.72)
Operating netback, after realized losses on derivatives[2]	**18.05**	10.13	**11.00**	17.46

[1] *Operating Netback is a non-GAAP financial measure and is defined below under "Non-GAAP and Other Financial Measures."*
[2] *Restated - See "Restatements" section.*

PPR's operating netback after realized losses on derivatives was $18.05/boe and $11.00/boe for the three months and year ended December 31, 2024, which represents an increase of $7.92/boe or 78% and a decrease of $6.46/boe or 37%, respectively, compared with the corresponding periods of 2023.

For the three months ended December 31, 2024 the operating netback increase was due to the decreases of $8.42/boe in royalties and $6.43/boe in operating expenses; however offset by a decrease of $7.89/boe in realized pricing compared to the corresponding three-month period in 2023. The decrease in royalties is due to higher gas allowance than previously estimated and the decrease in operating expenses is due to lower expenses in major expense categories such as emulsion trucking and treating, gas processing and power costs. The decrease in realized pricing is mainly due to decreases in commodity prices and the decrease in royalties per boe was lower commodity prices and production volumes.

For the year ended December 31, 2024, the operating netback decrease was primarily due to realized prices decreasing by $10.31/boe; however offset by decreases in royalties of $2.54/boe and decreases in operating expenses of $1.16/boe compared to the corresponding twelve-month period in 2023.

General and Administrative ("G&A") Expense

	Three Months Ended December 31,		Year Ended December 31,	
($000s, except per boe)	**2024**	2023	**2024**	2023
G&A costs	**2,697**	2,937	**8,870**	10,369
Share-based compensation expense	**(61)**	154	**98**	306
Gross G&A expense	**2,636**	3,091	**8,968**	10,675
Less amounts capitalized	**(99)**	(64)	**(186)**	(188)
Net G&A expenses	**2,537**	3,027	**8,782**	10,487
Per boe ($)	**11.56**	9.64	**10.39**	8.05

For the three months ended December 31, 2024, gross cash G&A decreased by $0.5 million or 15% compared to the corresponding three-month period in 2023. For the year ended December 31, 2024, gross cash G&A decreased by $1.7 million or 16%, compared to the corresponding twelve month period in 2023.

For the three months ended December 31, 2024, the decrease is mainly due to decreases in salary and benefits due to decreased staffing levels and other office costs; however offset by increases in professional fees and bad debt expense. For the year ended December 31, 2024, the decrease is mainly due to the decrease in staffing levels compared to 2023, however offset by an increase in professional fees and an increase of bad debt due to increasing the allowance for doubtful accounts.

Changes in gross share-based compensation expense relate to the number of units granted, the timing of grants, the fair value of units on the grant date, the vesting period over which the related expense is recognized and timing and quantity of forfeitures. Gross stock-based compensation decreased by 140% and 64% for the three months and year ended December 31, 2024, respectively compared with the same periods in 2023 given reduced staffing levels.

Capitalized G&A varies with the composition and compensation levels of technical departments and their time attributed to capital projects.

Finance Costs

	Three Months Ended December 31,		Year Ended December 31,	
($000s, except per boe)	**2024**	2023	**2024**	2023
Interest expense and finance costs - Debt	**3,472**	2,431	**11,980**	10,362
Interest expense - Lease liabilities	**126**	1	**657**	19
Interest expense - Other	**7**	1,202	**84**	3,857
Interest expense - Debt modification and warrant liabilities	**—**	21	**—**	1,386
Total interest expense	**3,605**	3,655	**12,721**	15,624
Interest income	**(53)**	—	**(240)**	(114)
Amortization of financing costs	**—**	—	**—**	34
Accretion expense – Decommissioning liabilities	**592**	845	**2,597**	3,320
Accretion expense – Other liabilities	**69**	49	**69**	53
Finance costs	**4,213**	4,549	**15,147**	18,917
Per boe ($)	**19.20**	14.49	**17.92**	14.57

The Company's finance costs include interest expense and accretion expense, net of interest income. The decrease in interest expense of $0.1 million and $3.0 million for the three months and year ended December 31, 2024, as compared to the respective periods in 2023, is primarily related to the repayment of $20.0 million (US$14.8 million) of the USD Senior Lien Loan during the first quarter of 2024 as well as the recapitalization of senior debt amounts in May 2023.

Accretion expense on decommissioning liabilities decreased by $0.3 million and $0.7 million during the three months and year ended December 31, 2024, compared to the same periods in 2023, due to dispositions in the first quarter of 2024.

Foreign Exchange Loss (Gain)

	Three Months Ended December 31,		Year Ended December 31,	
($000s)	**2024**	2023	**2024**	2023
		(Restated)[1]		(Restated)[1]
Loss (gain) on foreign exchange	**211**	(501)	**1,090**	(318)

[1]Restated - See "Restatements" section.

Foreign exchange losses incurred in the three months and year ended December 31, 2024 are related to the change in exchange rates on the translation of US dollar denominated borrowings to CAD (see "Capital Resources and Liquidity" section below).

Exploration and Evaluation ("E&E") Expense

	Three Months Ended December 31,		Year Ended December 31,	
($000s, except per boe)	**2024**	2023	**2024**	2023
Exploration and evaluation expense	**19**	378	**19**	406
Per boe ($)	**0.08**	0.29	**0.02**	0.31

Exploration and evaluation expenses are comprised of undeveloped land expiries, derecognized seismic and surrendered leases.

Depletion and Depreciation

	Three Months Ended December 31,		Year Ended December 31,	
($000s, except per boe)	**2024**	2023	**2024**	2023
Depletion and depreciation of property and equipment	**2,318**	3,026	**8,979**	16,533
Depreciation on right-of-use assets	**75**	48	**330**	460
Total depletion expense	**2,393**	3,074	**9,309**	16,993
Per boe ($)	**10.91**	9.79	**11.01**	13.09

Depletion and depreciation rates are subject to change based on changes in the carrying value of the asset base, changes in future development costs, reserve updates and changes in production by area. Depletion expenses are calculated using depletion rates and production volumes applicable to each depletable asset. The change in depletion expense and per boe expense during the three months and year ended December 31, 2024, compared to the same periods of 2023, was primarily due to the disposition of the Company's Evi CGU and certain non-core Provost assets, as well as production declines.

Impairment Expense (Impairment Reversal)

	Three Months Ended December 31,		Year Ended December 31,	
($000s)	**2024**	2023	**2024**	2023
E&E impairment – Decommissioning asset impairment (reversal)	**(2,333)**	3,906	**(2,388)**	3,906
P&D impairment – Decommissioning and P&D asset impairment	**7,249**	2,178	**7,905**	14,024
AHFS impairment loss	**—**	3,008	**—**	3,008
Total impairment expense	**4,916**	9,092	**5,517**	20,938

During the three months and year ended December 31, 2024, the Company recognized a $4.9 million impairment expense and $5.5 million impairment expense (three months and year ended December 31, 2023 - $9.1 million impairment expense and $20.9 million impairment expense), respectively. In the fourth quarter of 2024, the Company recognized a $9.7 million impairment of its Wheatland CGU with the balance in the current quarter and in 2024 due to changes in decommissioning liabilities of certain properties that had zero carrying amount.

At December 31, 2024, the Company assessed its P&D assets 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 evaluation of the recoverable amount pertaining to the Evi CGU centered on the fair value less costs of disposal ("FVLCD"). This assessment constitutes a non-recurring instance of fair value measurement, categorized as level 3 within the fair value hierarchy. This classification arises from the fact that specific vital assumptions stem from the Company's best estimation rather than being grounded in observable market data. 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.

As at December 31, 2023, the Company assessed its P&D assets and found indicators of impairment on its Evi CGU. An impairment test was performed and the CGU was written down by $14.5 million. The evaluation of the recoverable amount pertaining to the Evi CGU centered on the fair value less costs of disposal ("FVLCD"). This assessment constitutes a non-recurring instance of fair value measurement, categorized as level 3 within the fair value hierarchy. This classification arises from the fact that specific vital assumptions stem from the Company's best estimation rather than being grounded in observable market data. During the three months and year ended December 31, 2023, the Company recognized non-cash impairment loss of $5.1 million and $2.4 million, respectively, related to changes in decommissioning liabilities of certain properties that had zero carrying amount.

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.

The Company classified its Evi CGU as assets held for sale following the announcement of the two strategic asset sales on October 30, 2023. 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 recorded to property, plant and equipment, bringing the total impairment recorded with respect to the Evi CGU in 2023 to $17.5 million.

The Company assessed and concluded there were no indicators of impairment or impairment reversal for its E&E assets as at December 31, 2024 or 2023.

Net Loss

	Three Months Ended December 31,		Year Ended December 31,	
($000s except per share)	**2024**	2023	**2024**	2023
		(Restated)[1]		(Restated)[1]
Net loss	**(10,123)**	(16,333)	**(16,964)**	(21,439)
Per share – Basic ($)	**(0.01)**	(0.02)	**(0.02)**	(0.04)
Per share – Diluted ($)	**(0.01)**	(0.02)	**(0.02)**	(0.04)

[1] *Restated - See "Restatements" section.*

Net loss for the fourth quarter of 2024 was $10.1 million, compared to a net loss of $16.3 million in the same period of 2023. The $6.2 million increase in the net income was primarily due to decreases in operating expenses of $4.8 million, impairment (recovery) loss amount of $4.2 million and royalties of $2.9 million offset by a decrease in petroleum and natural gas revenue of $7.3 million.

Net loss for the twelve months of 2024 was $17.0 million , compared to a $21.4 million loss in the same period of 2023. The $4.5 million decrease in net loss was primarily due to a $36.6 million decrease in petroleum and natural gas revenue, offset by associated reductions in operating expenses of $16.4 million and decreases in the impairment (recovery) loss amount of $15.4 million.

Net Capital Expenditures[1,2]

	Three Months Ended December 31,		Year Ended December 31,	
($000s)	**2024**	2023	**2024**	2023
Drilling and completion	**5,832**	52	**6,570**	181
Equipment, facilities and pipelines	**3,134**	324	**3,212**	14
Land and seismic	**120**	251	**860**	493
Capitalized overhead and other	**(3)**	32	**115**	38
Total Capital Expenditures	**9,083**	659	**10,757**	726
Asset dispositions (net of acquisitions)	**(60)**	(44)	**(24,413)**	(669)
Net Capital Expenditures	**9,023**	615	**(13,656)**	57

[1] *Net Capital Expenditures include expenditures on the Company's E&E assets and property and equipment, net of the proceeds on asset dispositions and acquisitions.*
[2] *Net Capital Expenditures are non-IFRS measures and are defined below under "Other Advisories".*

Capital expenditures prior to acquisitions or dispositions for the three months and year ended December 31, 2024 were $9.1 million and $10.8 million, respectively. During 2024, the Company focused its capital activities on drilling two gross (2.0 net) wells in the Michichi area for $8.6 million.

Capital expenditures prior to acquisitions or dispositions for the three months and year ended December 31, 2023 was $0.7 and $0.7 as the Company focused on refinancing its debt in 2023. During 2023, minimum capital expenditures were incurred in comparison to the prior period as the Company focused on its Recapitalization transaction and managing its working capital. No wells were drilled in 2023.

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.

Decommissioning Liabilities

PPR's decommissioning liabilities at December 31, 2024 were $71.8 million (December 31, 2023 – $70.8 million, excluding liabilities associated with assets held for sale) to provide for future remediation, abandonment and reclamation of PPR's oil and gas properties. The increase of $1.0 million from year-end 2023 was due to additions of $0.1 million, accretion expense of $2.6 million and a change in estimate increase of $2.7 million, offset by dispositions of $0.8 million and settlements of decommissioning obligations of $3.6 million.

Changes in estimates result in a corresponding increase or decrease in the carrying amount of the related assets except for certain assets with a zero carrying value, in which case, the amount is immediately recognized in the income statement.

The Company estimated the undiscounted and inflation-adjusted future liabilities of approximately $194.0 million (December 31, 2023 - $186.7 million) spanning over the next 55 years, based on an inflation rate of 1.9% (December 31, 2023 - 1.8%). Of the estimated undiscounted future liabilities, $6.3 million is estimated to be settled over the next five years. While the provision for decommissioning liabilities is based on management's best estimates of future costs, discount rates, timing and the economic lives of the assets, there is uncertainty regarding the amount and timing of incurring these costs.

Income Tax

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 difference would be generated to utilize the existing deferred tax assets.

Capital Resources and Liquidity

Capital Resources

The Company considers its capital structure to include working capital, debt and shareholders' equity (deficit).

Working Capital

At December 31, 2024, the Company had working capital deficit (as defined in “Other Advisories” below) of $7.3 million (December 31, 2023 – $8.0 million working capital deficit). The decrease in the working capital deficit from December 31, 2023 resulted from the equity raise in 2024 and proceeds on the disposition of the Evi and other properties offset by debt settlement and an increase in capital expenditures related to its drilling program.

Debt

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

	Principal Debt[1]		**Carrying Amount of Debt**	
($000s)	**December 31, 2024**	December 31, 2023	**December 31, 2024**	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 'Shareholders' Equity (Deficit)' section below); 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 (see 'Shareholders' Equity (Deficit)' section below). 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 of the Annual Financial Statements 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. 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.

Shareholders' Equity (Deficit)

The Company had the following outstanding securities as at the years ended:

(000s)	December 31, 2024	December 31, 2023
Common Shares	1,197,401	715,579
Stock Option	64,902	4,457
RSUs	6,690	2,072
DSUs	2,000	3,465
Warrants		
Purchaser Warrants - 2023 Equity Offering	44,444	44,444
Broker Warrants - 2023 Equity Offering	3,556	3,556

Common Shares - 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 (see 'Debt' section above).

Common Shares - 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.

(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 (see 'Debt' section above), 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.

Common Shares - 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.

Equity Incentive Plans

Stock options granted to management and directors of the Company and vest evenly over a three-year period and expire five years after the grant date.

RSUs are granted to management and vest in three tranches, with the first and second tranches vesting on the first and second anniversary of the grant date, respectively. The third tranche vests on December 15th following the vesting of the second tranche.

DSUs are granted to non-management directors of the Company and 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.

For a detailed breakdown of the activity in the Company's stock options, DSUs and RSUs, refer to Note 14 of the Annual Financial Statements.

Outstanding securities at March 31, 2025

As of the date of this MD&A, the following securities were outstanding:

(000s)	March 31, 2025
Common Shares	1,401,335
Stock Option	63,975
RSUs	6,690
DSUs	2,000
Warrants	
Purchaser Warrants - 2023 Equity Offering	44,444
Broker Warrants - 2023 Equity Offering	3,556
Purchaser Warrants - 2025 Equity Offering	86,267
Broker Warrants - 2025 Equity Offering	2,509

Capital Management, Liquidity and Going Concern

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

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company addresses its liquidity risk through its capital management of cash, working capital, credit facility capacity and equity issuance along with its planned capital expenditure program. The Company's objective when managing capital is to maintain a flexible capital structure and sufficient liquidity to meet its financial obligations and to execute its business plans. The Company considers its capital structure to include shareholders' equity, borrowing under its credit facilities and working capital.

The Annual 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 'Debt' section above). 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 the 'Debt' section above, the 'Shareholders' Equity (Deficit)' section above and the 'Subsequent Events' section below, 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.

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. 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.

Off Balance Sheet Transactions

There were no off-balance sheet transactions entered into during the period, nor are there any outstanding as of the date of this MD&A.

Contractual Obligations and Commitments

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

	2025	2026	2027	2028	2029	Thereafter	Total
Debt - 'Principal Debt'	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

Contractual obligations and commitments are outlined in Note 23 of the Annual Financial Statements. The table above excludes contractual obligations for lease payments which are recorded as lease liabilities (see Note 11 of the Annual Financial Statements).

In addition to contractual commitments, the Company has estimated future decommissioning liabilities of $194.0 million (2023 - $186.7 million which excludes the Evi CGU and certain non-core Provost assets reclassified as liabilities associated with assets held for sale), on an undiscounted basis, inflated at 1.9% (2023 - 1.8%), of which $6.3 million is estimated to be spent in the next year.

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.

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 of the Annual Financial Statements 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 of the Annual Financial Statements.

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 of the Annual Financial Statements.

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.

Subsequent Events

In February 2025 and March 2025, in connection with a brokered private placement, the Company raised $8.67 million in aggregate gross proceeds (see "Shareholders Equity (Deficit)" section above).

Supplemental Information

Financial – Quarterly extracted information

($000 except per unit amounts)	**2024 Q4**	2024 Q3	2024 Q2	2024 Q1	2023 Q4	2023 Q3	2023 Q2	2023 Q1
Production Volumes		(Restated)[1]	(Restated)[1]	(Restated)[1]	(Restated)[1]	(Restated)[1]	(Restated)[1]	
Crude oil and condensate (bbl/d)	**1,298**	1,118	993	1,495	2,049	2,155	2,292	2,270
Natural gas (Mcf/d)	**6,107**	5,846	5,923	6,498	7,374	7,685	7,518	8,180
Natural gas liquids (bbl/d)	**69**	81	65	58	135	88	97	100
Total (boe/d)	**2,385**	2,173	2,045	2,636	3,413	3,523	3,641	3,733
% Liquids	**57 %**	55 %	52 %	59 %	64 %	64 %	66 %	63 %
Financial								
Petroleum and natural gas sales	**11,111**	9,651	9,488	12,996	18,382	21,701	19,614	20,105
Royalties	**(567)**	(1,623)	(1,517)	(1,871)	(3,455)	(3,217)	(1,764)	(3,432)
Unrealized gain/ (loss) on derivatives	**—**	—	—	416	126	(551)	(79)	2,110
Realized gain/(loss) on derivatives	**—**	—	—	(485)	(302)	(320)	285	(594)
Revenue net of realized and unrealized gains (losses) on derivatives	**10,544**	8,028	7,971	11,056	14,751	17,613	18,056	18,189
Net income (loss)[1]	**(10,123)**	5,039	(6,935)	(4,945)	(16,333)	(2,924)	(10,035)	7,853
Per share – Basic ($)	**(0.01)**	0.01	(0.01)	(0.01)	(0.02)	—	(0.02)	0.06
Per share – Diluted ($)	**(0.01)**	0.01	(0.01)	(0.01)	(0.02)	—	(0.02)	0.05
AFF[2]	**(192)**	264	(1,577)	27	(2,221)	81	302	(1,340)
Per share – Basic ($)	**—**	—	—	—	—	—	—	(0.02)
Per share – Diluted ($)	**—**	—	—	—	—	—	—	(0.02)
AFF excluding decommissioning settlements[2]	**1,499**	803	(1,223)	68	533	4,602	1,863	(810)
Per share – Basic ($)	**—**	—	—	—	—	0.01	—	(0.01)
Per share – diluted	**—**	—	—	—	—	0.01	—	(0.01)

[1] *Restated - See "Restatements" section.*
[2] *AFF and AFF excluding decommissioning settlements are non-GAAP measure and are defined below under "Non-GAAP and Other Financial Measures".*

Over the past eight quarters, the Company's petroleum and natural gas sales has fluctuated primarily due to changes in production and movement in commodity prices. The Company's production has varied due to its capital development, property dispositions and workover program at its core areas and natural declines. Movements in petroleum and natural gas sales attributable to fluctuations in commodity prices were partially offset by realized gains/losses on derivatives. Significant swings in unrealized gains/losses on derivatives occurred due to fluctuations in forward prices at each period end.

During the fourth quarter of 2024, petroleum and natural gas sales increased from the prior quarter mainly due to the two new drills and the workover program, offset partially by lower oil and condensate realized prices.

During the third quarter of 2024, petroleum and natural gas sales increased from the prior quarter mainly to the workover program of the previous quarter, offset partially by lower realized prices.

First and second quarter 2024 petroleum and natural gas sales decreased from the prior quarter largely due to the disposition of the Company's Evi CGU and certain non-core Provost assets, as well as production declines and lower realized prices. This was partially offset by decreased hedge losses. The decrease in net income for the quarter was driven by lower petroleum and natural gas revenue, partially offset by lower expenses and a gain on property dispositions.

Fourth quarter 2023 petroleum and natural gas sales decreased from the prior quarter due to lower realized prices per boe and lower production. The Company realized a net loss of $16.5 million in the fourth quarter of 2023, largely as a result of lower realized pricing and production volumes as well as impairment losses recorded related to changes in decommissioning liabilities of certain properties that had zero carrying value and on the Evi CGU which was impaired upon classification as assets held for sale.

Third quarter 2023 petroleum and natural gas sales increased from the prior quarter due to higher realized prices partially offset by lower production volumes in the period. Net loss was reduced by higher realized and unrealized derivative losses in the quarter due to the position of the Company’s hedges compared to market pricing.

Second quarter 2023 petroleum and natural gas sales decreased from the prior quarter largely due to lower realized prices, this was partially offset by realized hedge gains. Net loss for the quarter was driven by decreased revenue, impairment expense, and other non-cash items recognized as part of the Recapitalization announced March 29, 2023.

First quarter 2023 petroleum and natural gas sales from the prior quarter largely due to lower realized prices, this was partially offset by decreased realized hedge losses. Net income for the quarter was driven by the non-cash gain recognized on the extinguishment of financial liabilities arising from the Company's Recapitalization.

Annual Selected Financial and Operational Information

($000s, except per unit amounts)	**2024**	2023	2022
Financial		(Restated)[1]	
Oil and natural gas revenue	43,246	79,802	120,598
Net income (loss)	(16,964)	(21,439)	(2,402)
Per share - basic	(0.02)	(0.04)	(0.02)
Per share - diluted	(0.02)	(0.04)	(0.02)
AFF[2]	(2,137)	(3,178)	10,021
Per share - basic	—	(0.01)	0.08
Per share - diluted	—	(0.01)	0.06
AFF - excluding decommissioning settlements[2]	1,490	6,188	15,526
Per share - basic & diluted	—	0.01	0.12
Per share - diluted	—	0.01	0.09
Net capital expenditures[2]	(13,541)	55	19,204
Total assets	117,867	168,046	223,130
Total liabilities	166,908	211,352	292,243
Debt (including current portion)	55,572	72,631	126,350
Weighted average shares outstanding			
Basic	830,576	497,283	129,295
Diluted	830,576	497,283	129,295
Operating			
Production Volumes			
Oil & condensate (bbls/d)	1,226	2,190	2,511
Natural gas (Mcf/d)	6,093	7,579	8,653
Natural gas liquids (bbls/d)	68	105	119
Total (boe/d)	2,310	3,558	4,072
% Liquids	56 %	64 %	65 %
Realized Prices			
Oil & condensate ($/bbl)	85.40	88.50	108.82
Natural gas ($/Mcf)	1.53	2.55	5.52
Natural gas liquids ($/bbl)	59.92	53.05	79.41
Total ($/boe)	51.15	61.46	81.14
Operating Netback ($/boe)[2]			
Realized price	51.15	61.46	81.14
Royalties	(6.60)	(9.14)	(13.72)
Operating costs	(32.98)	(34.14)	(30.88)
Operating netback	11.57	18.18	36.54
Realized gains (losses) on derivative instruments	(0.57)	(0.72)	(17.16)
Operating netback, after realized (losses) gains on derivative instruments	11.00	17.46	19.38

(1) *Restated - See "Restatements" section.*
(2) *AFF, net capital expenditures and operating netback are non-GAAP measures and are defined below under "Non-GAAP and Other Financial Measures".*

Revenue decreased during 2024 mainly due to decreases in production of 1,248 boe/d or 35% as a result of the first quarter dispositions and decreases in benchmark pricing resulting in the realized average price to decrease by $10.31/boe or 17% when compared to 2023.

Revenue decreased during 2023 primarily due to decreases in benchmark prices and decreases in production of 514 boe/d or 13% from 2022 due to natural decline and limited capital activity while the Company focused on its recapitalization efforts.

Disclosure Controls and Procedures

Disclosure controls and procedures ("DC&P") seek to ensure that information to be disclosed by Prairie Provident is accumulated and communicated to management, as appropriate, to allow timely decisions regarding required disclosures. The Executive Chairman and Interim Chief Financial Officer have maintained, designed, or caused to be designed under their supervision, disclosure controls and procedures, as defined by National Instrument 52-109 Certification, to provide reasonable assurance that (i) material information relating to the Company is made known to the Company's Executive Chairman by others, particularly during the period in which the annual and interim filings are prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation. As at December 31, 2024, the Executive Chairman and Interim Chief Financial Officer evaluated the effectiveness of the design and operation of the Company's DC&P. Based on their evaluation, the Executive Chairman and Interim Chief Financial Officer concluded that the Company's DC&P were effective as at December 31, 2024. All control systems by their nature can only provide reasonable, but not absolute, assurance that the objectives of the control system are met.

Internal Control Over Financial Reporting and Officer Certifications

Internal control over financial reporting ("ICFR") is a process designed to provide reasonable assurance that all of the Company's assets are safeguarded and transactions are appropriately authorized, and to facilitate the preparation of relevant, reliable and timely information. Due to inherent limitations, ICFR may not prevent or detect all misstatements due to fraud or error.

The Company's Executive Chairman and/or Chief Executive Officer has maintained, designed, or caused to be designed under their supervision, internal control over financial reporting as defined in National Instrument 52-109. The control framework used by PPR's officer to design and evaluate the Company's ICFR is the Internal Control – Integrated Framework (2013) published by The Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on their evaluation, the Company's Executive Chairman has concluded that the Company's ICFR was effective as of December 31, 2024. There have been no changes in the Company's ICFR during the period from January 1, 2024 to December 31, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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 Annual 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 Annual 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 Annual Financial Statements.

Critical Accounting Estimates

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 Annual 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 Annual 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 of the Annual Financial Statements; and

- The Annual 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.

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 from previously published financial statements due to rounding differences.

The prior period comparative information in this MD&A and the Annual Financial Statements has been restated to reflect these adjustments. For more details on prior period restatements, refer Note 24 in the Annual Financial Statements.

Operational and Other Risk Factors

PPR's operations are conducted in the same business environment as most other Canadian oil and gas operators and the business risks are very similar. Significant risks are summarized in the Annual MD&A and have remained unchanged during the fourth quarter of 2024.

Subsequent to December 31, 2024, the United States government announced tariffs of 10% on Canadian imports of crude oil and natural gas produced in Canada. These tariffs will impact Canadian production of crude oil and natural gas and pose a risk to the global supply. To date, these tariffs will remain in place and don't know what impact it will have on prices of Canadian crude oil and natural gas prices in the future.

Additional risks are provided in the "Risk Factors" section of the 2024 Annual Information Form filed on SEDAR+ at www.sedarplus.ca.

Risks Associated with Commodity Prices

- PPR's operational results and financial condition, and therefore the amount of capital expenditures, are dependent on the prices received for crude oil and natural gas production. Decreasing crude oil and natural gas prices and/or widening of oil price differentials will affect the Company's cash flows, impact its level of capital expenditures and may result in the shut-in of certain producing properties. Longer-term adverse forward pricing outlook could also result in write-down of the Company's carrying values of its oil and gas assets.
- The Revolving Facility has a reserves-based borrowing capacity. Decreases in future commodity prices may negatively impact the borrowing capacity and restrict PPR's liquidity and impact the Company's ability to meet the associated covenants.
- PPR may manage the risk associated with changes in commodity prices by entering into crude oil or natural gas price derivative contracts. If PPR engages in activities to manage its commodity price exposure, it may forego the benefits it would otherwise experience if commodity prices were to increase. In addition, activities related to commodity derivative contracts could expose the Company to losses. To the extent that PPR engages in risk management activities related to commodity prices, it would be subject to the credit risks associated with the counterparties with which it contracts.

Risks Associated with Operations

- The markets for crude oil and natural gas produced in Western Canada are dependent upon available capacity to refine crude oil and process natural gas as well as pipeline or other methods to transport the products to consumers. Pipeline capacity and natural gas liquids fractionation capacity in Alberta have not kept pace with the drilling of liquids-rich gas properties in some areas of the province which may limit production periodically.
- Exploration and development activities may not yield anticipated production, and the associated cost outlay may not be recovered. In addition, the costs and expenses of drilling, completing and operating wells are often uncertain.
- Continuing production from a property is largely dependent upon the ability of the operator of that property. A portion of PPR's production is either operated by third parties or dependent on third-party infrastructure and PPR has limited ability to influence costs on partner-operated properties. To the extent the operator fails to perform their duties properly, PPR's operating income from such properties may be reduced.
- Exploration and development activities are dependent on the availability of drilling, completion and related equipment in the particular areas where the activities are conducted. Demand for limited equipment or access restrictions may negatively impact the availability of such equipment to PPR and delay exploration and development activities.
- The operations of oil and gas properties involves a number of operating and natural hazards which may result in health and safety incidents, environmental damage and other unexpected and/or dangerous conditions.
- The operations of oil and gas properties are subject to environmental regulation pursuant to local, provincial and federal legislation. Changes in these regulations could have a material adverse effect on operating and capital costs. A breach of such legislation may result in the imposition of fines as well as higher operating standards that may increase costs. Public support for climate change action has grown in recent years. Governments in Canada and globally have responded to these shifting societal attitudes by adopting ambitious emissions reduction targets and supporting legislation. Existing and future laws and regulations may impose significant compliance costs or liabilities on failure to comply with requirements. Additionally, the impact of climate change results in physical risks as extreme variability of weather patterns could result is the damage of physical assets, significant downtime or other operational disruptions.

- PPR's corporate environment, health and safety program has a number of specific policies and practices to minimize the risk of safety hazards and environmental incidents. It also includes an emergency response program should an incident occur. If areas of higher risk are identified, PPR will undertake to analyze and recommend changes to reduce the risk including replacement of specific infrastructure. In addition to the above, PPR maintains business interruption insurance, commercial general liability insurance as well as specific environmental liability insurance, in amounts consistent with industry standards. Although PPR carries industry standard property and liability insurance on its properties, losses associated with potential incidents could potentially exceed insurance coverage limits.

Risks Associated with Reserve Estimates

- The reservoir and recovery information in reserve reports prepared by independent reserve evaluators are estimates and actual production and recovery rates may vary from the estimates and the variations may be significant. The reserves estimation process is inherently complex and subjective. 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 judgement of those preparing the estimate. Reserves data impacts not only PPR's financial statements, but also business decisions such as those pertaining to merger and acquisitions, and the assessment of capital projects for development and budgeting. Uncertainties around reserves estimates could have a profound impact on PPR's financial position, operating performance and strategic plans.

Risks Associated with Capital Resources

- Absent capital reinvestment or acquisition, PPR's reserves and production levels from petroleum and natural gas properties will decline over time as a result of natural declines. As a result, cash generated from operating these properties may decline. A decrease in reserves levels will also negatively impact the borrowing base under outstanding credit facilities.
- PPR is required to comply with covenants under outstanding debt agreements. In the event the Company does not comply with the covenants, its access to capital may be restricted. Any additional indebtedness brings the Company closer to its financial covenant limits, which increases the possibility of adverse changes in revenues, expenses, assets or liabilities resulting in non-compliance with financial covenants. Any such future non-compliance could result in adverse action by the lenders, including the imposition of limits on further borrowing.
- There have been high levels of price and volume volatility of publicly-traded securities in the last couple of years, particularly in the oil and natural gas exploration and development industry. Fluctuations in prices have not necessarily been related to the operating performance, underlying asset values or prospect of such companies. Market fluctuations may hinder the Company's ability to raise equity.
- To the extent that external sources of capital become limited or unavailable or available on unfavourable terms, PPR's ability to make capital investments, meet its capital commitments, and maintain or expand existing assets and reserves may be impaired and PPR's assets, liabilities, business, financial condition, and results of operations may be materially or adversely affected as a result.
- Fluctuations in interest rates could result in increases in the amount PPR pays to service future debt. World oil prices are quoted in US dollars and the price received by Canadian producers is therefore affected by the Canadian/US dollar exchange rate. A material increase in the value of the Canadian dollar may negatively impact PPR's net production revenue.
- PPR is exposed to exchange rate risk from its US dollar denominated long-term debt. Material adverse changes to the Canadian dollar and US dollar exchange rate could negatively impact PPR's cash flow related to interest and principal payments.
- Although the Company monitors the credit worthiness of third parties with which it contracts, there can be no assurance that the Company will not experience a loss for nonperformance by any counterparty with whom it has a commercial relationship. Such events may result in material adverse consequences to the business of the Company.

Risks Associated with Acquisitions

- Acquisitions of oil and gas properties or companies are based in large part on engineering, environmental and economic assessments made by the acquirer, independent engineers and consultants. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and natural gas, environmental restrictions and prohibitions regarding releases and emissions of various substances, future prices of oil and natural gas and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the Company's control.

All such assessments involve a measure of geological, engineering, environmental and regulatory uncertainty that could result in lower production and reserves or higher operating or capital expenditures than anticipated.

- Although select title and environmental reviews are conducted prior to any purchase of resource assets, such reviews cannot guarantee that any unforeseen defects in the chain of title will not arise to defeat the Company's title to certain assets or that environmental defects, liabilities or deficiencies do not exist or are greater than anticipated. Such deficiencies or defects could adversely affect the value of the assets and the Company's securities.
- There may be liabilities that the Company failed to discover or was unable to quantify in its due diligence review conducted prior to the execution of an acquisition, and which could have a material adverse effect on the Company's business, financial condition or future prospects.
- Achieving the benefits of an acquisition depends in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as the Company's ability to realize the anticipated growth opportunities and synergies from integrating the assets into its existing portfolio of properties. The integration of the assets requires the dedication of substantial management effort, time and resources, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the disruption of ongoing business, customer and employee relationships that may adversely affect its ability to achieve the anticipated benefits of the acquisition.

General Business Risks

- The operations of PPR are conducted under permits issued by the federal and provincial governments and these permits must be renewed periodically. The federal and provincial governments may make operating requirements more stringent, which may require additional spending.
- Provincial programs, including royalty regimes and environmental regulations, related to the oil and gas industry may change in a manner that adversely impacts the Company. Future amendments to any of these programs could result in reduced cash flow and operating results.
- The use of fracture stimulations has been ongoing safely in an environmentally responsible manner in Western Canada for decades. With the increase in the use of fracture stimulations in horizontal wells, there is increased communication between the oil and natural gas industry and a wider variety of stakeholders regarding the responsible use of this technology. This increased attention to fracture stimulations may result in increased regulation or changes of law, which may make the conduct of PPR’s business more expensive or prevent the Company from conducting its business as it currently does.
- The operation of oil and gas properties requires physical access for people and equipment on a regular basis, which could be affected by weather, accidents, government regulations or third-party actions.
- Skilled labor is necessary to run operations (both those employed directly by PPR and by the Company’s contractors) and there is a risk that it may have difficulty sourcing skilled labor which could lead to increased operating and capital costs.
- The loss of a member of PPR’s senior management team and/or key technical operations employee could result in a disruption to the Company’s operations.
- Income tax laws, other laws or government incentive programs relating to the oil and gas industry, may in the future be changed or interpreted in a manner that affects PPR or its stakeholders.
- The Company has become increasingly dependent on the availability, capacity, reliability and security of its information technology (IT) systems and infrastructure. Should access to these systems be significantly interrupted, the operations of the Company could be disrupted.

Forward-Looking Statements

Certain statements and information in this MD&A may constitute forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond the Company's control. All statements regarding the Company's strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. The words "could," "believe," "anticipate," "intend," "plan," "estimate," "expect," "may," "continue," "predict," "potential," "project" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words.

Forward-looking statements may include statements with respect to, among other things:

- estimates of the Company's oil and natural gas reserves;
- estimates of the Company's future oil, natural gas and NGL production, including estimates of any increases or decreases in the Company's production;
- estimates of future capital expenditures;
- estimates and judgements related to common share and warrants valuations;
- the Company's future financial condition and results of operations;
- the source of funding for the Company's activities, including development costs;
- the Company's future revenues, cash flows and expenses;
- the Company's access to capital and expectations with respect to liquidity and capital resources;
- the Company's future business strategy and other plans and objectives for future operations;
- the Company's future development opportunities and production mix;
- the Company's outlook on oil, natural gas and NGL prices;
- the anticipated benefits of merger and acquisitions, including prospective operating synergies, G&A cost savings, improved economies of scale, risk of drilling opportunities and marketplace liquidity;
- the anticipated timeframe for the closing of mergers and acquisitions;
- the amount, nature and timing of future capital expenditures, including future development costs;
- the Company's ability to access the capital markets to fund capital and other expenditures;
- the Company's expectations regarding the its's ability to raise capital and to add reserves and grow production through acquisitions, exploration and development;
- the Company's assessment of the it's counterparty risk and the ability of the Company's counterparties to perform their future obligations; and
- the impact of federal, provincial, territorial and local political, legislative, regulatory and environmental developments in Canada.

The Company believes the expectations and forecasts reflected in the Company's forward-looking statements are reasonable, but the Company can give no assurance that they will prove to be correct. Readers are cautioned that these forward-looking statements can be affected by inaccurate assumptions and are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond the Company's control, incident to the exploration for and development, production and sale of oil and natural gas. When considering forward-looking statements, you should keep in mind the assumptions, risk factors and other cautionary statements that include, among other things:

- the volatility of oil, natural gas and NGL prices, and the related differentials between realized prices and benchmark prices;
- a continuation of depressed natural gas prices;
- the availability of capital on economic terms to fund the Company's capital expenditures and potential acquisitions;
- the Company's ability to obtain adequate financing to pursue other business opportunities;
- the Company's ability to reach an agreement with counterparties to new financing arrangements on terms and conditions that are acceptable to the Company or at least as favorable to the Company than those of the existing credit facilities, or will improve PPR's liquidity profile;
- the Company's ability to generate sufficient cash flow from operations or obtain adequate financing to fund the Company's capital expenditures and meet working capital needs;
- the Company's ability to replace and sustain production;
- a lack of available drilling and production equipment, and related services and labor;
- increases in costs of drilling, completion and production equipment and related services and labor;
- unsuccessful exploration and development drilling activities;
- regulatory and environmental risks associated with exploration, drilling and production activities;
- declines in the value of the Company's oil and natural gas properties, resulting in impairments;
- the adverse effects of changes in applicable tax, environmental and other regulatory legislation;

- a deterioration in the demand for the Company's products;
- the risks and uncertainties inherent in estimating proved oil and natural gas reserves and in projecting future rates of production and the timing of expenditures;
- intense competition with companies with greater access to capital and staffing resources;
- the risks of conducting operations in Canada and the impact of pricing differentials, fluctuations in foreign currency exchange rates and political developments on the financial results of the Company's operations; and
- the uncertainty related to pending litigation against the Company.

Should one or more of the risks or uncertainties described above or elsewhere in this MD&A occur, or should underlying assumptions prove incorrect, the Company's actual results and plans could differ materially from those expressed in any forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A, and the Company undertakes no obligation to update this information to reflect events or circumstances after the delivery of this MD&A. All forward-looking statements, expressed or implied, included in this MD&A are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that the Company may make or persons acting on the Company's behalf may issue.

Other Advisories

Volumetric Conversion

The oil and gas industry commonly expresses production volumes and reserves on a "barrel of oil equivalent" basis ("boe") whereby natural gas volumes are converted at the ratio of six thousand cubic feet to one barrel of oil. The intention is to sum oil and natural gas measurement units into one basis for improved analysis of results and comparisons with other industry participants.

Throughout the MD&A, PPR has used the 6:1 boe measure, which is the approximate energy equivalency of the two commodities at the burner tip. Boe does not represent a value equivalency at the wellhead nor at the plant gate, which is where PPR sells its production volumes and therefore may be a misleading measure, particularly if used in isolation. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a 6:1 conversion may be misleading as an indication of value.

Non-GAAP and Other Financial Measures

PPR uses terms within the MD&A that do not have a standardized prescribed meaning under IFRS and these measurements may not be comparable with the calculation of similar measurements used by other companies. Non-GAAP and other financial measures are provided as supplementary information by which readers may wish to consider the Company's performance but should not be relied upon for comparative or investment purposes. Readers must not consider non-GAAP and other financial measures in isolation or as a substitute for analysis of the Company's financial results as reported under IFRS. Non-GAAP and other financial measures may include non-GAAP measures, non-GAAP ratios, capital management measures, supplementary measures and total of segment measures. The non-GAAP and other financial measures used in this report are summarized as follows:

Working Capital (Deficit)

Working capital (deficit) is a non-GAAP financial measure, calculated as current assets excluding the current portion of derivative instruments, less accounts payable and accrued liabilities and corresponds with the terms defined under the Company's debt agreements for the calculation of the Current Ratio covenant (see "*Capital Resources and Liquidity - Covenants*" section above). In addition to measuring covenant compliance, this measure is used to assist management and investors in understanding liquidity at a specific point in time.

The following table provides a calculation of working capital:

($000s)	**December 31, 2024**	December 31, 2023
		(Restated)[1]
Current assets	**18,261**	67,098
Less: assets held for sale	**—**	(50,431)
Current assets excluding current derivatives instruments	**18,261**	16,667
Less: accounts payable and accrued liabilities	**(25,514)**	(24,623)
Working capital deficit	**(7,253)**	(7,956)

[1]Restated - See "Restatements" section.

Operating Netback

Operating netback is a non-GAAP financial measure commonly used in the oil and gas industry, which the Company believes is a useful measure to assist management and investors to evaluate operating performance. Operating netback included in this report were determined by taking oil and gas revenues less royalties and operating costs. Operating netback, after realized gains (losses) on derivatives, adjusts the operating netback for only realized portion of gains and losses on derivatives. Operating netback may be expressed in absolute dollar terms or on a per boe basis. Per boe amounts are determined by dividing the absolute value by working interest production. Operating netback per boe and operating netback, after realized gains (losses) on derivatives per boe are non-GAAP financial ratios.

The following table provides a calculation of operating netback:

	Three Months Ended December 31,		Year Ended December 31,	
($000s)	**2024**	2023	**2024**	2023
		(Restated)[1]		(Restated)[1]
Petroleum and natural gas sales	**11,111**	18,382	**43,246**	79,802
Royalties	**(567)**	(3,455)	**(5,578)**	(11,868)
Operating expenses[1]	**(6,586)**	(11,434)	**(27,882)**	(44,309)
Operating netback[1]	**3,958**	3,493	**9,786**	23,625
Realized losses on derivatives	**—**	(302)	**(485)**	(931)
Operating netback, after realized gains (losses) on derivatives[1]	**3,958**	3,191	**9,301**	22,694

[1]Restated - See "Restatements" section.

Adjusted Funds Flow ("AFF")

AFF is a non-GAAP financial measure calculated based on net cash from operating activities before changes in non-cash working capital, transaction costs, restructuring costs and other non-recurring items. The Company believes that AFF provides a useful measure of PPR's operational performance on a continuing basis by eliminating certain non-cash charges and charges that are non-recurring or discretionary. Management utilizes the measure to assess PPR's ability to finance capital expenditures and debt repayments. AFF as presented is not intended to represent cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS. AFF per share is calculated based on the weighted average number of common shares outstanding consistent with the calculation of earnings per share. AFF per share is a non-GAAP ratio.

The following table reconciles cash flow from operating activities to AFF and AFF excluding decommissioning settlements:

	Three Months Ended December 31,		Year Ended December 31,	
($000s)	**2024**	2023	**2024**	2023
		(Restated)[(1)]		(Restated)[(1)]
Net cash from (used in) operating activities	**2,802**	2,819	**18**	(10,647)
Changes in non-cash working capital	**(2,948)**	(5,415)	**(2,350)**	6,390
Transaction, restructuring and other costs	**(46)**	375	**195**	1,079
Adjusted funds flow ("AFF")	**(192)**	(2,221)	**(2,137)**	(3,178)
Decommissioning liability settlements	**1,691**	2,754	**3,627**	9,366
AFF - excluding decommissioning liability settlements	**1,499**	533	**1,490**	6,188

[(1)]Restated - See "Restatements" section.

Bank Adjusted EBITDAX

The Company monitors its capital structure and liquidity based on the ratio of Debt to Bank Adjusted EBITDAX, which is a capital management measure, as defined below. The ratio provides a measure of the Company's ability to manage its debt levels under current operating conditions. "Debt" refers to the Company's borrowings under its First Lien Loan and Second Lien Notes. "Bank Adjusted EBITDAX" corresponds to defined terms in the Company's debt agreements and means net income (loss) before financing charges, foreign exchange gain (loss), E&E expense, income taxes, depreciation, depletion, amortization, other non-cash items of expense and non-recurring items, adjusted for major acquisitions and material dispositions assuming that such transactions had occurred on the first day of the applicable calculation period. As transaction costs related to business combinations are non-recurring costs, Bank Adjusted EBITDAX is calculated excluding transaction costs, as a meaningful measure of continuing net income. For purposes of calculating covenants under long-term debt, Bank Adjusted EBITDAX is determined using financial information from the most recent four consecutive fiscal quarters.

The following is a reconciliation of Bank Adjusted EBITDAX to the nearest IFRS measure, net earnings (loss) before income tax:

	Three Months Ended December 31,		Year Ended December 31,	
($000s)	**2024**	2023	**2024**	2023
		(Restated)[(1)]		(Restated)[(1)]
Net income (loss) before income tax	**(10,123)**	(16,333)	**(16,964)**	(21,439)
Add (deduct):				
Finance costs	**4,213**	4,549	**15,147**	18,917
Depletion and depreciation of property and equipment	**2,318**	3,026	**8,979**	16,533
Depreciation on right-of-use assets	**75**	48	**330**	460
Exploration and evaluation expense	**19**	378	**19**	406
Unrealized loss (gain) on derivatives	**—**	(126)	**(416)**	(1,606)
Impairment expense	**4,916**	9,091	**5,517**	20,938
Foreign exchange (gain) loss	**211**	(501)	**1,090**	(318)
Change in other liabilities	**268**	178	**821**	2,092
Share–based compensation expense	**(72)**	154	**98**	306
Gain on sale of properties	**(138)**	—	**(2,440)**	—
Gain (loss) on warrant liability	**—**	—	**—**	(1,870)
Non-cash other income	**—**	—	**—**	(139)
Transaction and restructuring costs	**(46)**	375	**195**	1,079
Gain on extinguishment and settlement of financial liabilities	**(1)**	558	**(10,855)**	(9,811)
Gain on revaluation of financial liabilities	**—**	—	**—**	(10,042)
Bank Adjusted EBITDAX	**1,640**	1,397	**1,521**	15,506

[(1)]Restated - See "Restatements" section.

Net Capital Expenditures

Net capital expenditures are a non-GAAP financial measure commonly used in the oil and gas industry, which the Company believes is a useful measure to assist management and investors to assess PPR's investment in its existing asset base. Net capital expenditures is calculated by taking total capital expenditures, which is the sum of property and equipment expenditures and exploration and evaluation expenditures from the Consolidated Statement of Cash Flows, plus capitalized stock-based compensation, plus acquisitions from business combinations, which is the outflow cash consideration paid to acquire oil and gas properties, less asset dispositions (net of acquisitions), which is the cash proceeds from the disposition of producing properties and undeveloped lands.

The following table provides a calculation of Net Capital Expenditures:

	Three Months Ended December 31,		Year Ended December 31,	
($000s)	**2024**	2023	**2024**	2023
		(Restated)[1]		(Restated)[1]
Exploration and evaluation expenditures	**—**	493	**—**	493
Property and equipment expenditures	**9,083**	227	**10,757**	233
Capitalized overhead and other	**(3)**	32	**115**	38
Asset disposition (net of acquisitions)	**(60)**	(44)	**(24,413)**	(669)
Net capital expenditures	**9,020**	708	**(13,541)**	95

[1]Restated - See "Restatements" section.

Net Debt

Net debt is a non-IFRS measure, defined as debt, plus working capital surplus or deficit. Net debt is a measure commonly used in the oil and gas industry for assessing the liquidity of a company.

The following table provides a calculation of net debt:

($000s)	**December 31, 2024**	December 31, 2023
		(Restated)[1]
Working capital (deficit)[1][2]	**(7,253)**	(7,956)
Debt	**(55,572)**	(72,631)
Total net debt	**(62,825)**	(80,587)

[1]Restated - See "Restatements" section.
[2]Working capital (deficit) is a non-IFRS measure and is defined above under "Other Advisories".