Condensed Interim Statements of Financial Position

Stated in thousands of Canadian dollars

(Unaudited)

As at	September 30, 2026	December 31, 2025
Assets		
Current assets		
Cash	**$ 50,625**	$ 18,654
Accounts receivable	**79,235**	45,813
Fair value of financial contracts (note 5)	**—**	7,399
Prepaid expenses and deposits	**4,858**	3,176
	134,718	75,042
Non-current assets		
Fair value of financial contracts (note 5)	**—**	70
Property, plant and equipment (note 4)	**1,197,784**	1,178,533
Deferred income taxes	**59,949**	70,863
	1,257,733	1,249,466
	$ 1,392,451	$ 1,324,508
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ 111,814**	$ 65,018
Dividends payable (note 9)	**4,273**	4,286
Fair value of financial contracts (note 5)	**27,592**	—
Current portion of term debt (note 6)	**3,891**	2,381
Current portion of lease and other obligations	**2,123**	14,847
Current portion of decommissioning obligations (note 8)	**13,723**	10,000
	163,416	96,532
Non-current liabilities		
Fair value of financial contracts (note 5)	**470**	—
Senior unsecured notes (note 6)	**172,403**	171,745
Term debt (note 6)	**—**	3,612
Convertible debentures (note 7)	**42,675**	41,170
Decommissioning obligations (note 8)	**276,459**	276,341
Lease and other obligations	**8,569**	10,132
	500,576	503,000
Shareholders' equity		
Share capital	**1,713,854**	1,741,038
Equity component of convertible debentures (note 7)	**6,375**	6,375
Contributed surplus	**134,063**	113,467
Deficit	**(1,125,833)**	(1,135,904)
	728,459	724,976
	$ 1,392,451	$ 1,324,508

The accompanying notes are an integral part of these condensed interim financial statements.

Condensed Interim Statements of Income and Comprehensive Income

Stated in thousands of Canadian dollars, except per share amounts

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	**2026**	2025
Revenue				
Petroleum and natural gas revenue (note 10)	**$ 192,301**	$ 143,301	**$ 559,025**	$ 445,238
Processing income (note 10)	**1,696**	1,905	**5,925**	5,967
Royalties	**(39,872)**	(25,212)	**(104,156)**	(77,808)
Unrealized gain (loss) on financial contracts (note 5)	**(30,660)**	(9,492)	**(35,531)**	3,924
Realized gain (loss) on financial contracts (note 5)	**(17,575)**	3,701	**(53,155)**	11,194
	105,890	114,203	**372,108**	388,515
Expenses				
Operating	**43,299**	40,340	**124,130**	120,909
Transportation	**2,834**	2,045	**7,528**	6,658
General and administrative	**5,227**	5,344	**16,928**	16,539
Stock-based compensation (note 9)	**3,073**	1,789	**8,331**	6,938
Depletion and depreciation (note 4)	**39,725**	45,992	**129,306**	143,662
Finance expense	**9,206**	9,375	**28,026**	32,383
Loss (gain) on disposals	**727**	—	**317**	(312)
Transaction and other costs (income)	**(3,459)**	198	**(4,994)**	349
	100,632	105,083	**309,572**	327,126
Income before income taxes	**5,258**	9,120	**62,536**	61,389
Deferred income tax expense	**1,210**	1,921	**13,811**	14,037
Net income and comprehensive income	**$ 4,048**	$ 7,199	**$ 48,725**	$ 47,352
Income per share (note 9)				
Basic	**$ 0.04**	$ 0.07	**$ 0.49**	$ 0.48
Diluted	**$ 0.04**	$ 0.07	**$ 0.48**	$ 0.47

The accompanying notes are an integral part of these condensed interim financial statements.

Condensed Interim Statements of Changes in Shareholders' Equity

Stated in thousands of Canadian dollars, except share amounts

(Unaudited)

	Number of common shares	Share capital	Equity component of convertible debentures	Contributed surplus	Deficit	Total equity
Balance at December 31, 2024	100,381,957	$ 1,767,739	$ 6,375	$ 88,970	$ (1,124,576)	$ 738,508
Net income	—	—	—	—	47,352	47,352
Repurchase of common shares for cancellation, including tax (note 9)	(1,397,900)	(24,801)	—	16,886	—	(7,915)
Transfer on exercise of RSAs and PSAs [(1)] (note 9)	—	—	—	(6,940)	—	(6,940)
Stock-based compensation, including tax recovery of $0.4 million (note 9)	—	—	—	10,619	—	10,619
Dividends (note 9)	—	—	—	—	(38,729)	(38,729)
Balance at September 30, 2025	98,984,057	$ 1,742,938	$ 6,375	$ 109,535	$ (1,115,953)	$ 742,895
Balance at December 31, 2025	98,877,257	$ 1,741,038	$ 6,375	$ 113,467	$ (1,135,904)	$ 724,976
Net income	—	—	—	—	48,725	48,725
Share issue costs	—	(57)	—	—	—	(57)
Repurchase of common shares for cancellation, including tax (note 9)	(2,170,000)	(38,921)	—	17,287	—	(21,634)
Transfer on exercise of RSAs and PSAs [(1)] (note 9)	1,911,662	11,794	—	(11,794)	—	—
Stock-based compensation, including tax recovery of $2.9 million (note 9)	—	—	—	15,103	—	15,103
Dividends (note 9)	—	—	—	—	(38,654)	(38,654)
Balance at September 30, 2026	**98,618,919**	**$ 1,713,854**	**$ 6,375**	**$ 134,063**	**$ (1,125,833)**	**$ 728,459**

(1) RSA and PSA defined as restricted share and performance share awards, respectively.

The accompanying notes are an integral part of these condensed interim financial statements.

Condensed Interim Statements of Cash Flows

Stated in thousands of Canadian dollars

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	**2026**	2025
Cash provided by (used in)				
Operating				
Net income	**$ 4,048**	$ 7,199	**$ 48,725**	$ 47,352
Loss (gain) on disposals	**727**	—	**317**	(312)
Unrealized (gain) loss on financial contracts (note 5)	**30,660**	9,492	**35,531**	(3,924)
Finance expense	**9,206**	9,375	**28,026**	32,383
Interest expense	**(5,229)**	(5,916)	**(16,670)**	(17,572)
Depletion and depreciation (note 4)	**39,725**	45,992	**129,306**	143,662
Decommissioning expenditures (note 8)	**(3,670)**	(4,025)	**(8,688)**	(9,636)
Transaction and other costs	**108**	124	**95**	436
Stock-based compensation (note 9)	**3,073**	1,789	**8,331**	6,938
Deferred income tax expense	**1,210**	1,921	**13,811**	14,037
Change in non-cash working capital (note 11)	**(6,330)**	441	**(9,993)**	(7,158)
Cash flow from operating activities	**73,528**	66,392	**228,791**	206,206
Financing				
Term debt (note 6)	**—**	—	**(2,381)**	(715)
Dividends paid (note 9)	**(12,868)**	(12,878)	**(38,664)**	(38,790)
Purchase of common shares for cancellation, including tax (note 9)	**(6,116)**	(545)	**(21,634)**	(7,915)
Payments on lease and other obligations	**(464)**	(1,391)	**(13,719)**	(3,907)
Share issue costs	**(3)**	—	**(57)**	—
Cash-settled stock-based compensation	**—**	—	**—**	(6,940)
Cash flow used in financing activities	**(19,451)**	(14,814)	**(76,455)**	(58,267)
Investing				
Expenditures on property, plant and equipment (note 4)	**(60,666)**	(32,805)	**(138,107)**	(118,034)
Proceeds from dispositions	**477**	—	**477**	116
Expenditures on acquisitions	**(2,965)**	(5,677)	**(4,050)**	(5,777)
Change in non-cash working capital (note 11)	**14,005**	(1,036)	**21,315**	(11,344)
Cash flow used in investing activities	**(49,149)**	(39,518)	**(120,365)**	(135,039)
Change in cash	**4,928**	12,060	**31,971**	12,900
Cash, beginning of the period	**45,697**	8,434	**18,654**	7,594
Cash, end of the period	**$ 50,625**	$ 20,494	**$ 50,625**	$ 20,494

The accompanying notes are an integral part of these condensed interim financial statements.

NOTES TO FINANCIAL STATEMENTS

Tabular amounts are in thousands of Canadian dollars, except share and per share data

1. REPORTING ENTITY

Surge Energy Inc. (the “Corporation” or “Surge”) is a corporation existing under the laws of Alberta. Surge's business consists of the exploration, development and production of oil and gas from properties in western Canada. Surge's common shares are traded on the Toronto Stock Exchange (“TSX”) under the symbol SGY. The address of Surge’s registered office is 1200, 520-3rd Avenue SW, Calgary, Alberta, Canada, T2P 0R3.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as issued by the International Accounting Standard Board ("IASB") and using the accounting policies outlined by the Corporation in its annual financial statements for the year ended December 31, 2025. These condensed interim financial statements do not include all of the information required for full annual financial statements. These condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2025.

The condensed interim financial statements were authorized for issuance by the board of directors (the "Board") on November 4, 2026.

Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS Accounting Standards ("IFRS") requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ materially from these estimates. The significant estimates and judgments made by management in the preparation of these condensed interim financial statements were consistent with those applied to the annual financial statements for the year ended December 31, 2025.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and for any future periods affected.

3. MATERIAL ACCOUNTING POLICIES

These condensed interim financial statements at September 30, 2026 have been prepared following the same accounting policies as the annual financial statements as at December 31, 2025.

New Accounting Pronouncements

On January 1, 2026, the Corporation adopted amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* relating to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets. These amendments to IFRS 9 and IFRS 7 did not have a material impact on the Corporation's financial statements.

Future Accounting Pronouncements

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in the Financial Statements* which replaces IAS 1 *Presentation of Financial Statements.* IFRS 18 introduces new presentation and disclosure requirements including changes to the structure of the Statement of Income (Loss) and Comprehensive Income (Loss) and the classification of income and expenses into operating, investing and financing categories, required disclosures for certain management-defined performance measures and additional requirements for the grouping of information in the financial statements. The standard is effective for annual reporting periods beginning on or after January 1, 2027, with retrospective application required. The Corporation expects that as a result of the adoption of IFRS 18, that certain line items in the Statement of Income (Loss) and Comprehensive Income (Loss) will be moved to newly defined categories and that interest expense will be reclassified from operating activities to financing activities in the Statement of Cash Flows. The Corporation will continue to evaluate the impacts of IFRS 18 on its financial statements until adoption, including the identification of management-defined performance measures and implementing the related presentation and disclosure requirements.

4. PROPERTY, PLANT AND EQUIPMENT

	Total
Property, plant and equipment	
Balance at December 31, 2024	$ 2,654,982
Acquisitions	14,677
Dispositions	(116)
Additions	159,706
Right-of-use assets and other	8,406
Change in decommissioning obligations (note 8)	(10,487)
Capitalized stock-based compensation (note 9)	4,241
Balance at December 31, 2025	$ 2,831,409
Acquisitions	6,491
Dispositions	(7,340)
Additions	138,107
Right-of-use assets and other	126
Change in decommissioning obligations (note 8)	2,392
Capitalized stock-based compensation (note 9)	3,887
Balance at September 30, 2026	**$ 2,975,072**

	Total
Accumulated depletion, depreciation and impairment	
Balance at December 31, 2024	$ (1,448,703)
Depletion and depreciation expense	(188,762)
Impairment	(18,419)
Change in decommissioning obligations	3,008
Balance at December 31, 2025	$ (1,652,876)
Depletion and depreciation expense	(127,802)
Dispositions	4,894
Change in decommissioning obligations	(1,504)
Balance at September 30, 2026	**$ (1,777,288)**

	Total
Carrying amounts	
At December 31, 2025	$ 1,178,533
At September 30, 2026	**$ 1,197,784**

The calculation of depletion and depreciation expense as at September 30, 2026 included an estimated $687.2 million (December 31, 2025 - $754.7 million) for future development costs associated with proved and probable oil and gas reserves.

As at September 30, 2026, the Corporation determined that there were no indicators of impairment or historical impairment reversals on any of its cash-generating units and, therefore, impairment tests were not performed.

5. RISK MANAGEMENT

At September 30, 2026, the following risk management contracts were outstanding with a liability fair market value of $28.1 million (December 31, 2025 – asset of $7.5 million):

West Texas Intermediate (WTI) Crude Oil Derivative Contracts

	Swaps		Three-way collars			
Period	Volumes (bbls/d)	Average Price (CAD/bbl) [1]	Volumes (bbls/d)	Average Sold Put (CAD/bbl) [1]	Average Bought Put (CAD/bbl) [1]	Average Sold Call (CAD/bbl) [1]
Qtr. 4 2026	6,000	$95.06	2,000	$84.21	$101.62	$128.98
Qtr. 1 2027	4,000	$98.35	500	$82.44	$99.49	$127.95
Qtr. 2 2027	4,000	$102.96	—	—	—	—
Qtr. 3 2027	1,000	$101.34	1,000	$85.28	$102.33	$123.37
Qtr. 4 2027	1,000	$101.34	—	—	—	—

(1) The implied CAD Average Price per bbl was calculated using the September 30, 2026 exchange rate of USD $1.00 = CAD $1.4213.

Western Canadian Select (WCS) Differential Derivative Contracts

	Swaps	
Period	Volumes (bbls/d)	Average Price (CAD/bbl) [1]
Qtr. 4 2026	3,000	$(19.28)

(1) The implied CAD Average Price per bbl was calculated using the September 30, 2026 exchange rate of USD $1.00 = CAD $1.4213.

Mixed Sweet Blend (MSW) Differential Derivative Contracts

	Swaps	
Period	Volumes (bbls/d)	Average Price (CAD/bbl) [1]
Qtr. 4 2026	3,000	$(3.01)

(1) The implied CAD Average Price per bbl was calculated using the September 30, 2026 exchange rate of USD $1.00 = CAD $1.4213.

Natural Gas Derivative Contracts

	AECO Swaps	
Period	Volumes (GJ/d)	Average Price (CAD/GJ)
Qtr. 4 2026	4,011	$3.00

Foreign Currency Exchange Derivative Contracts

Type	Term	Notional Amount (USD)	Floor	Ceiling	Forward Rate
Average Rate Collar	Oct 2026 - Dec 2026	$5,000,000	1.3800	1.4450	—
Average Rate Swap	Oct 2026 - Dec 2026	$3,000,000	—	—	1.3775
Average Rate Swap	Jan 2027 - Dec 2027	$5,000,000	—	—	1.3685

The following table summarizes the sensitivity of the fair value of the Corporation's market risk management positions to fluctuations in natural gas prices, crude oil prices and foreign exchange rates. All such fluctuations were evaluated independently, with all other variables held constant. Fluctuations in the following on the respective derivative contracts would have had the following impact on net income:

Net income impact for the nine months ended September 30, 2026	Increase	Decrease
Crude Oil - Change of +/- $1.00 per bbl	$ (1,773)	$ 1,773
Natural Gas - Change of +/- $0.10 per GJ	$ (28)	$ 28
Foreign Exchange - Change of +/- $0.01	$ 99	$ (99)

A reconciliation of the financial contracts gain (loss) reflected within these condensed interim financial statements is provided below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	**2026**	2025
Financial contracts gain (loss)				
Unrealized gain (loss) on financial contracts	**$ (30,660)**	$ (9,492)	**$ (35,531)**	$ 3,924
Realized gain (loss) on financial contracts	**(17,575)**	3,701	**(53,155)**	11,194
Total financial contracts gain (loss)	**$ (48,235)**	$ (5,791)	**$ (88,686)**	$ 15,118

As at September 30, 2026, the Corporation's net fair value of financial contracts is as follows:

	Commodity contracts	Foreign exchange contracts	Total
Net financial contracts asset, December 31, 2025	$ 4,758	$ 2,711	$ 7,469
Unrealized change in fair value	(30,287)	(5,244)	(35,531)
Net financial contracts liabilities, September 30, 2026	**$ (25,529)**	**$ (2,533)**	**$ (28,062)**

6. DEBT

Bank Debt

As at September 30, 2026, the Corporation had a total commitment of $225.0 million, being the aggregate of a committed revolving first-lien term facility of $175.0 million and an operating loan facility of $50.0 million (collectively, the "Facilities"), with a syndicate of banks. The Corporation also has an uncommitted accordion feature which allows the Corporation to draw upon an additional $25.0 million, subject to certain conditions including approval of the syndicate. A review and redetermination of the borrowing base is scheduled to occur semi-annually on or before May 31 and November 30 of each year. The Facilities are available on a revolving basis until May 31, 2028.

As at September 30, 2026, the Corporation had $3.4 million of outstanding letters of credit (December 31, 2025 - $3.4 million), which are included within the $50.0 million operating loan facility and reduces the lending capacity available. As at September 30, 2026, the Corporation had nil drawn on its $225.0 million Facilities with access to an additional $25.0 million pursuant to the uncommitted accordion feature of the credit agreement.

Senior Unsecured Notes

As at September 30, 2026, the Corporation had $175.0 million of senior unsecured notes (the "Notes") outstanding. The Notes bear interest at a fixed rate of 8.500% per annum, payable semi-annually, with a due date of September 5, 2029, and rank equally with all other present unsecured and subordinated debt of the Corporation. The Notes were priced at 100% of par to yield 8.500% per annum.

The Notes were non-callable by the Corporation prior to September 5, 2026. On or after September 5, 2026, the Corporation may redeem all or part of the Notes at the redemption prices set forth below, plus any accrued and unpaid interest, for the twelve month period beginning on:

i. September 5, 2026: 104.250%

ii. September 5, 2027: 102.125%

iii. September 5, 2028 and thereafter: 100.000%

Emissions Reduction Fund

As at September 30, 2026, the Corporation had a $3.9 million (December 31, 2025 - $6.0 million) loan repayable relating to the Government of Canada Emissions Reduction Fund ("ERF"), which is included as term debt within these condensed interim financial statements. As at September 30, 2026, the Corporation had received $10.9 million (December 31, 2025 – $10.9 million) of funds from the ERF for the Corporation's planned gas emissions reduction program, of which a total of $4.8 million (December 31, 2025 - $2.4 million) has been repaid.

The final repayment of $4.1 million is due on March 31, 2027. As a result, the $3.9 million (December 31, 2025 - $2.4 million) loan repayable, net of remaining accretion, has been reflected as current term debt.

A summary of outstanding debt is as follows:

	Senior unsecured notes	Term debt	Total
Balance at December 31, 2024	$ 170,872	$ 6,224	$ 177,096
Repayment	—	(715)	(715)
Accretion	873	484	1,357
Balance at December 31, 2025	$ 171,745	$ 5,993	$ 177,738
Repayment	—	(2,381)	(2,381)
Accretion	658	279	937
Balance at September 30, 2026	**$ 172,403**	**$ 3,891**	**$ 176,294**
Current liabilities	**$ —**	**$ 3,891**	**$ 3,891**
Non-current liabilities	**$ 172,403**	**$ —**	**$ 172,403**

7. CONVERTIBLE DEBENTURES

	Number of convertible debentures	Liability component	Equity component
Balance at December 31, 2024	48,300	$ 39,401	$ 6,375
Accretion of discount	—	1,769	—
Balance at December 31, 2025	48,300	41,170	6,375
Accretion of discount	—	1,505	—
Balance at September 30, 2026	**48,300**	**$ 42,675**	**$ 6,375**

The fair value of the convertible debentures at September 30, 2026 was $52.8 million using quoted market prices on the TSX (level 1 fair value).

8. DECOMMISSIONING OBLIGATIONS

The Corporation's decommissioning obligations result from net ownership interests in petroleum and natural gas assets including well sites, gathering systems and processing facilities. The Corporation estimates the total uninflated and undiscounted amount of cash flows required to settle its decommissioning obligations is approximately $477.9 million (December 31, 2025 – $469.9 million). These payments are expected to be made between 2026 and 2082. A risk free rate of 4.30 percent (December 31, 2025 – 3.85 percent) and an implied inflation rate of 2.27 percent (December 31, 2025 – 1.94 percent) was used to calculate the decommissioning obligations.

A reconciliation of the decommissioning obligations is provided below:

	September 30, 2026	December 31, 2025
Balance, beginning of period	**$ 286,341**	$ 291,624
Liabilities related to acquisitions	**3,537**	8,900
Liabilities related to dispositions	**(2,313)**	—
Change in estimate [(1)]	**329**	(12,384)
Liabilities incurred	**2,063**	1,897
Accretion expense	**8,913**	10,403
Decommissioning expenditures	**(8,688)**	(14,099)
Balance, end of period	**$ 290,182**	$ 286,341
Expected to be incurred within one year	**13,723**	10,000
Expected to be incurred beyond one year	**$ 276,459**	$ 276,341

(1) As at September 30, 2026 and December 31, 2025 the change in estimate was the result of the change in abandonment cost estimates, timing, discount and inflation rates and revaluation of the acquired decommissioning obligations using a risk free rate. At the date of acquisition, acquired decommissioning obligations are measured at fair value using a credit-adjusted risk free rate.

9. SHARE CAPITAL

(a) Restricted and Performance Share Award Incentive Plan

The Corporation has a Stock Incentive Plan which authorizes the Board to grant restricted share awards ("RSAs") and performance share awards ("PSAs") to directors, officers, employees and certain consultants of Surge.

The number of restricted and performance share awards outstanding are as follows:

	Number of restricted share awards	Number of performance share awards
Balance at December 31, 2024	1,487,375	2,001,340
Granted [(1)]	1,209,536	1,330,737
Reinvested	153,552	207,713
Exercised	(739,053)	(748,869)
Forfeited	(43,098)	—
Balance at December 31, 2025	2,068,312	2,790,921
Granted [(1)]	697,948	909,180
Reinvested	86,842	121,755
Exercised	(950,901)	(960,761)
Forfeited	(39,079)	(15,494)
Balance at September 30, 2026	**1,863,122**	**2,845,601**

(1) Includes payout multiplier adjustments for performance share awards.

The weighted average fair value of awards granted for the nine months ended September 30, 2026 is $8.89 (September 30, 2025 - $4.80) per PSA and $8.90 (September 30, 2025 - $4.82) per RSA. In the case of PSAs, the award value is adjusted for a payout multiplier which can range from 0.0 to 2.0 and is dependent on the performance of the Corporation relative to pre-defined corporate performance measures for a particular period. On the vesting dates, the Corporation has the option of settling the award value in cash or common shares of the Corporation.

(b) Normal Course Issuer Bid ("NCIB") Share Repurchases

On June 16, 2026, the Toronto Stock Exchange ("TSX") approved the renewal of the Corporation's NCIB. Pursuant to the NCIB, the Corporation will purchase for cancellation, from time to time, as it considers advisable, up to a maximum of 9,696,283 common shares of the Corporation. The NCIB became effective on June 19, 2026, and will terminate on June 18, 2027 or such earlier time as the NCIB is completed or terminated at the option of the Corporation.

For the three months ended September 30, 2026, the Corporation repurchased for cancellation 569,400 common shares under its NCIB at a weighted average price of $10.53 per share for a total cost of $6.0 million. For the nine months ended September 30, 2026, the Corporation repurchased for cancellation 2,170,000 common shares under its NCIB at a weighted average price of $9.77 per share and a total cost of $21.2 million. For the nine months ended September 30, 2026, share capital was further reduced by $17.3 million, reflecting the average carrying value of $17.66 per share. Contributed surplus was increased by the same amount for the repurchase price of shares below the carrying value.

Effective January 1, 2024, the Government of Canada introduced a 2% federal tax on equity repurchases. During the three and nine months ended September 30, 2026, the Corporation recorded a $0.1 million and a $0.4 million liability, respectively, charged to share capital, related to the federal tax on equity repurchases.

(c) Stock-based Compensation

A reconciliation of the stock-based compensation expense is provided below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	**2026**	2025
Stock-based compensation on PSAs and RSAs	**$ 4,526**	$ 2,692	**$ 12,218**	$ 10,250
Capitalized stock-based compensation (note 4)	**(1,453)**	(903)	**(3,887)**	(3,312)
Total stock-based compensation expense	**$ 3,073**	$ 1,789	**$ 8,331**	$ 6,938

(d) Per Share Amounts

The following table summarizes the shares used in calculating income per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	**2026**	2025
Weighted average number of shares - basic	**98,986,324**	99,054,424	**99,222,928**	99,447,617
Effect of dilutive instruments	**2,975,125**	2,105,261	**2,889,498**	1,288,766
Weighted average number of shares - basic and diluted	**101,961,449**	101,159,685	**102,112,426**	100,736,383

In computing diluted per share amounts for the three months ended September 30, 2026, 16,250 PSAs and 18,143 RSAs (September 30, 2025 - nil PSAs and RSAs) were excluded from the calculation as their effect was anti-dilutive. In computing diluted per share amounts for the nine months ended September 30, 2026, 20,720 PSAs and 18,143 RSAs (September 30, 2025 - nil PSAs and RSAs) were excluded from the calculation as their effect was anti-dilutive. The common shares potentially issuable on the conversion of the convertible debentures were also excluded as they were determined to be anti-dilutive.

(e) Dividend

The Board declared a dividend of $0.043333 per share for the months of January through September 2026, a total of $0.39 per share for a total of $38.7 million (January - September 2025 - $0.043333 per share, a total of $0.39 per share for a total of $38.7 million). Dividends of $0.043333 per share were declared and outstanding at September 30, 2026 and were paid in October 2026. These amounts are included as dividends payable as at September 30, 2026. Dividends for the month of October 2026 have been declared at $0.043333 per share for a total of $4.3 million.

10. REVENUE

The following table presents the Corporation's petroleum and natural gas revenues disaggregated by revenue source:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	**2026**	2025
Oil	**$ 186,955**	$ 140,788	**$ 543,195**	$ 435,139
Natural gas liquids	**3,613**	2,238	**10,428**	5,549
Natural gas	**1,733**	275	**5,402**	4,550
Total petroleum and natural gas revenue	**$ 192,301**	$ 143,301	**$ 559,025**	$ 445,238
Processing	**1,696**	1,905	**5,925**	5,967
Total petroleum, natural gas and processing revenue	**$ 193,997**	$ 145,206	**$ 564,950**	$ 451,205

The Corporation's revenue was generated entirely in the provinces of Alberta, Saskatchewan, and Manitoba. The majority of revenue resulted from sales whereby the transaction price was based on the index prices.

11. SUPPLEMENTARY CASH FLOW INFORMATION

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	**2026**	2025
Accounts receivable	**$ (14,816)**	$ (2,860)	**$ (33,461)**	$ 5,586
Prepaid expenses and deposits	**729**	777	**(1,682)**	(1,339)
Accounts payable and accrued liabilities	**21,946**	1,489	**46,796**	(23,060)
Working capital on disposition and other	**(184)**	(1)	**(331)**	311
Change in non-cash working capital	**$ 7,675**	$ (595)	**$ 11,322**	$ (18,502)
These changes relate to the following activities:				
Operating	**$ (6,330)**	$ 441	**$ (9,993)**	$ (7,158)
Investing	**14,005**	(1,036)	**21,315**	(11,344)
	$ 7,675	$ (595)	**$ 11,322**	$ (18,502)