SATURN OIL & GAS INC.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS

(unaudited)

As at ($000s)	**September 30, 2024**	December 31, 2023
ASSETS		
Cash	**112,979**	26,460
Accounts receivable	**100,395**	70,725
Deposits and prepaid expenses	**29,816**	16,708
Financial derivatives (note 14)	**4,347**	16,801
Total current assets	**247,537**	130,694
Property, plant and equipment (note 4)	**1,827,005**	1,197,969
Right-of-use assets (note 5)	**79,084**	6,553
Financial derivatives (note 14)	**2,006**	-
Total assets	**2,155,632**	1,335,216
LIABILITIES		
Accounts payable	**181,327**	122,133
Debt (note 8)	**84,672**	219,957
Lease liabilities (note 6)	**8,369**	5,032
Decommissioning obligations (note 7)	**5,437**	11,382
Financial derivatives (note 14)	**11,191**	31,903
Total current liabilities	**290,996**	390,407
Debt (note 8)	**756,209**	232,286
Lease liabilities (note 6)	**70,916**	735
Decommissioning obligations (note 7)	**157,605**	89,273
Deferred tax liability	**29,644**	6,741
Financial derivatives (note 14)	**12,702**	7,112
Total liabilities	**1,318,072**	726,554
SHAREHOLDERS’ EQUITY		
Share capital (note 9)	**434,217**	292,388
Contributed surplus (note 9)	**53,479**	46,834
Warrants (note 9)	**7,200**	7,200
Retained earnings	**342,664**	262,240
Total shareholders’ equity	**837,560**	608,662
Total liabilities and shareholders’ equity	**2,155,632**	1,335,216

Commitments (note 15)

See accompanying notes to the condensed consolidated interim financial statements

SATURN OIL & GAS INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
($000s, except per share amounts)	**2024**	2023	**2024**	2023
REVENUE				
Petroleum and natural gas sales (note 10)	**262,379**	201,066	**639,451**	508,507
Processing income (note 10)	**2,663**	3,641	**9,363**	8,287
Royalties	**(34,008)**	(25,045)	**(81,199)**	(56,440)
	231,034	179,662	**567,615**	460,354
Realized loss on derivatives (note 14)	**(32,364)**	(18,455)	**(56,730)**	(30,155)
Unrealized gain (loss) on derivatives (note 14)	**96,826**	(178,866)	**4,986**	(94,827)
Other income	**-**	-	**-**	246
	295,496	(17,659)	**515,871**	335,618
EXPENSES				
Operating	**73,996**	52,293	**177,951**	143,416
Transportation	**6,124**	3,242	**13,314**	8,220
General and administrative	**2,944**	5,291	**9,717**	15,350
Depletion depreciation and amortization (notes 4,5)	**63,499**	39,618	**153,878**	105,536
Share based payments (note 9)	**2,136**	2,257	**7,276**	5,308
Financing (note 11)	**29,244**	29,321	**75,716**	80,210
Foreign exchange (gain) loss	**(12,311)**	49	**(13,241)**	181
Gain on acquisitions and dispositions (note 3)	**(4,598)**	-	**(45,700)**	(183,851)
Transaction costs (note 3)	**503**	-	**14,931**	4,657
Loss on debt extinguishment (note 8)	**-**	-	**31,720**	8,265
Gain on warrant liability	**-**	-	**-**	(2,020)
	161,537	132,071	**425,562**	185,272
Net income (loss) before taxes	**133,959**	(149,730)	**90,309**	150,346
Deferred tax expense (recovery)	**32,358**	(38,574)	**9,885**	(8,821)
Net income (loss) and comprehensive income (loss)	**101,601**	(111,156)	**80,424**	159,167
Net income (loss) per share (note 9)				
Basic	**0.50**	(0.80)	**0.46**	1.31
Diluted	**0.49**	(0.80)	**0.45**	1.27

See accompanying notes to the condensed consolidated interim financial statements

SATURN OIL & GAS INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(unaudited)

($000s)	Number of Shares	Share Capital	Contributed Surplus	Warrants	Retained earnings (deficit)	Total
Balance, December 31, 2022	59,892	122,017	14,740	30,142	(28,383)	138,516
Equity financings	78,648	174,486	-	-	-	174,486
Convertible Note Conversion	679	1,358	-	-	-	1,358
Cash share issue costs	-	(8,282)	-	-	-	(8,282)
Tax impact on share issue costs	-	2,650	-	-	-	2,650
Share based payments	-	-	6,028	-	-	6,028
Stock option exercise	86	159	(190)	-	-	(31)
Broker option exercise	8	-	-	-	-	-
Warrant expiry	-	-	22,942	(22,942)	-	-
Net income for the period	-	-	-	-	159,167	159,167
Balance, September 30, 2023	**139,313**	**292,388**	**43,520**	**7,200**	**130,784**	**473,892**
Balance, December 31, 2023	139,313	292,388	46,834	7,200	262,240	608,662
Equity financings (note 9)	64,777	150,004	-	-	-	150,004
Cash share issue costs	-	(7,807)	-	-	-	(7,807)
Tax impact on share issue costs	-	1,946	-	-	-	1,946
Share based payments	-	-	8,935	-	-	8,935
Share based award exercises	108	432	(195)	-	-	237
Treasury shares, net of tax	-	-	(2,325)	-	-	(2,325)
Tax adjustment on share based payments	-	-	230	-	-	230
NCIB share repurchases	(1,095)	(2,746)	-	-	-	(2,746)
Net income for the period	-	-	-	-	80,424	80,424
Balance, September 30, 2024	**203,103**	**434,217**	**53,479**	**7,200**	**342,664**	**837,560**

See accompanying notes to the condensed consolidated interim financial statements

SATURN OIL & GAS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
($000s)	**2024**	2023	**2024**	2023
OPERATING ACTIVITIES				
Net income (loss) for the period	**101,601**	(111,156)	**80,424**	159,167
Items not affecting cash:				
Depletion, depreciation and amortization (notes 4,5)	**63,499**	39,618	**153,878**	105,536
Share based payments (note 9)	**2,136**	2,257	**7,276**	5,308
Deferred income tax expense (recovery)	**32,358**	(38,574)	**9,885**	(8,821)
Unrealized (gain) loss on financial derivatives (note 14)	**(96,826)**	178,866	**(4,986)**	94,827
Unrealized gain on foreign exchange	**(11,577)**	-	**(12,617)**	-
Gain on warrant liability	**-**	-	**-**	(2,020)
Gain on acquisition (note 3)	**(4,598)**	-	**(45,700)**	(183,851)
Loss on debt extinguishment (note 8)	**-**	-	**31,720**	8,265
Non-cash financing expenses (note 11)	**7,360**	5,466	**16,466**	15,050
Realized foreign exchange gain on repayment of Senior Notes (note 8)	**(391)**	-	**(391)**	-
Decommissioning expenditures (note 7)	**(3,984)**	(3,393)	**(9,931)**	(5,514)
Change in non-cash working capital (note 12)	**10,435**	(2,618)	**(5,244)**	20,662
Cash from operating activities	**100,013**	70,466	**220,780**	208,609
FINANCING ACTIVITIES				
Net proceeds from debt (note 8)	**(171)**	-	**874,459**	361,403
Proceeds from share issuance (note 9)	**-**	-	**150,004**	125,001
Share issue costs (note 9)	**(23)**	-	**(7,807)**	(8,282)
Repayment of debt (note 8)	**(21,876)**	(50,724)	**(479,011)**	(114,569)
Early retirement fees (note 8)	**-**	-	**(27,355)**	-
Stock option exercises (note 9)	**240**	-	**237**	(31)
Repurchase of common shares (note 9)	**(2,746)**	-	**(2,746)**	-
Purchase of treasury shares, net of tax	**(1,288)**	-	**(2,325)**	-
Lease payments (note 6)	**(4,475)**	(1,308)	**(7,454)**	(3,352)
Change in non-cash working capital (note 12)	**(4,980)**	-	**2,737**	567
Cash from (used in) financing activities	**(35,319)**	(52,032)	**500,739**	360,737
INVESTING ACTIVITIES				
Acquisitions, net of cash acquired (note 3)	**4,749**	-	**(538,396)**	(466,662)
Proceeds from dispositions (note 3)	**-**	-	**25,708**	-
Capital expenditures (note 4)	**(84,381)**	(35,271)	**(140,896)**	(73,399)
Change in non-cash working capital (note 12)	**46,681**	18,088	**18,584**	2,380
Cash used in investing activities	**(32,951)**	(17,183)	**(635,000)**	(537,681)
Change in cash, during the period	**31,743**	1,251	**86,519**	31,665
Cash, beginning of period	**81,236**	40,670	**26,460**	10,256
Cash, end of period	**112,979**	41,921	**112,979**	41,921

Cash interest paid (note 11)

See accompanying notes to the condensed consolidated interim financial statements

1. NATURE OF OPERATIONS

Saturn Oil & Gas Inc. (“Saturn” or the “Company”) is a Canadian resource company engaged in the business of acquisition, exploration and development of petroleum and natural gas resource deposits in Western Canada. The Company’s current focus is to advance the exploration and development of its oil and gas properties in Alberta and Saskatchewan. The common shares and certain warrants of the Company are listed on the Toronto Stock Exchange (“TSX”) and trade under the symbols “SOIL” and “SOIL.WT.A”.

The Company’s corporate headquarters are at 2800, 525 - 8th Ave SW, Calgary, AB, T2P 1G1, and its registered office is located at 230 – 22 Street East Suite 800, Saskatoon, SK, S7K 0E9.

2. BASIS OF PREPARATION

Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and in accordance with IAS 34 – Interim Financial Reporting. The unaudited condensed consolidated interim financial statements do not include all information required for annual consolidated financial statements and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2023. These unaudited condensed consolidated interim financial statements have been prepared following the same accounting policies as the Company’s audited consolidated financial statements for the year ended December 31, 2023. The IASB issued amendments to IAS 1 - Presentation of Financial Statements, effective January 1, 2024, related to the classification of liabilities as current and non-current. The amendment clarifies that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. These amendments to IAS 1 did not have a material impact on the Company’s financial statements.

These unaudited condensed consolidated interim financial statements were approved and authorized for issue by the Company’s Board of Directors on November 5, 2024.

Operating environment

The marketability and price of oil and natural gas that may be produced, acquired or discovered by the Company continues to be affected by global events. International conflicts, shifts in social opinion, geopolitical instability and changes to political regimes may have a significant impact on the price of crude oil and natural gas and Saturn's petroleum and natural gas sales. While the specific impact to the Company would depend on the nature of the occurrence, any major event can cast uncertainty over future financial performance.

Basis of measurement, functional and presentation currency

The unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value through profit or loss.

The unaudited condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company’s functional currency.

Significant judgments, estimates, fair values and accounting policies

The preparation of the unaudited condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the application of accounting policies impacting fair value and the reported amount of assets, liabilities, income and expenses. Actual results may differ materially from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Significant judgments, estimates and assumptions made by management in these unaudited condensed consolidated interim financial statements are outlined in note 2 of the Company's December 31, 2023 annual consolidated financial statements. There have been no changes in the Company's judgments, estimates, accounting policies or determination of fair values applied during the interim period ended September 30, 2024, relative to those described in the most recent annual consolidated financial statements as at and for the year ended December 31, 2023.

3. ACQUISITIONS AND DISPOSITIONS

South Saskatchewan acquisition

On June 14, 2024, the Company acquired certain oil and gas properties in southern Saskatchewan (the "South Saskatchewan Acquisition"). The South Saskatchewan Acquisition is comprised of two distinct asset packages that directly offset existing core properties, which include Battrum area assets located in Southwest Saskatchewan (the "Battrum Assets") and Flat Lake area assets located in Southeast Saskatchewan (the "Flat Lake Assets") (collectively, the "Acquired Assets"). The South Saskatchewan Acquisition was completed for total cash consideration of $528.7 million, subject to finalization of customary closing adjustments. The South Saskatchewan Acquisition has been accounted for as a business combination using the acquisition method of accounting, whereby the assets acquired and liabilities assumed are recorded at the estimated fair value on the acquisition date. There were $14.6 million of transaction costs incurred by the Company and expensed through earnings.

The determination of the purchase price, based on management's estimate of fair values, is as follows:

($000s)	June 14, 2024
Fair value of net assets acquired:	
Property, plant and equipment	621,381
Deferred income tax liability	(15,194)
Decommissioning obligations	(31,911)
Gain on acquisition	(45,581)
Total	**528,695**
Consideration:	
Cash	528,695
Total	**528,695**

Results from operations for the Acquired Assets are included in the Company's interim condensed financial statements from the closing date of the transaction to September 30, 2024 on a prospective basis. The estimated acquisition date fair value attributed to PP&E was calculated from a blend of discounted reserve values and relevant market metrics. The reserve values were derived from the estimate of proved developed producing oil and gas reserves and the related cash flows prepared by independent third-party reserve evaluators as at December 31, 2023 and updated internally by management to the date of the acquisition. The estimated proved developed producing oil and gas reserves and the related cash flows were discounted at a rate based on what a market participant would have paid, as well as market metrics in the prevailing area at that time. The fair value of decommissioning obligations was estimated using a credit adjusted risk free rate of 10.0%.

Petroleum and natural gas sales of $114.4 million and net income of $32.0 million are included in the statement of income (loss) and comprehensive income (loss) for the South Saskatchewan Acquisition from the closing date of June 14, 2024 to September 30, 2024. Had the South Saskatchewan Acquisition occurred on January 1, 2024, the incremental petroleum and natural gas sales, net income for the period ended September 30, 2024 and the pro forma results would have been as follows:

($000s)	**As stated**	**Acquisition prior to close date**	*(Unaudited)* **Pro Forma**
Petroleum and natural gas sales	639,451	179,588	819,039
Net income	80,424	41,190	121,614

Swan Hills Disposition

On June 4, 2024, the Company disposed of its non-core Deer Mountain property in North Alberta (the “Deer Mountain Disposition”) for cash consideration of $25.7 million with a carrying value of $25.6 million resulting in a gain of $0.1 million.

Adonai Resources II Corp

On May 6, 2024, the Company completed the acquisition of Adonai Resources II Corp. (the “Adonai Acquisition”) for total cash consideration of $8.3 million. The Company applied the optional IFRS 3 concentration test which resulted in acquisition being accounted for as an asset acquisition recorded at cost. There were $0.3 million of transaction costs incurred by the Company and expensed through earnings.

4. PROPERTY, PLANT AND EQUIPMENT

Cost ($000s)	**Oil and gas properties**	**Exploration and evaluation assets**	**Other assets**	**Total**
As at December 31, 2022	558,475	5,633	1,139	565,247
Additions	128,779	1,033	761	130,573
Capitalized share based payments	1,120	-	-	1,120
Acquisition	718,829	-	-	718,829
Expiries	-	(1,053)	-	(1,053)
Change in decommissioning obligations	1,276	-	-	1,276
As at December 31, 2023	1,408,479	5,613	1,900	1,415,992
Additions	**140,167**	**-**	**729**	**140,896**
Acquisitions (note 3)	**631,723**	**-**	**-**	**631,723**
Disposition (note 3)	**(32,968)**	**-**	**-**	**(32,968)**
Capitalized share based payments	**1,659**	**-**	**-**	**1,659**
Expiries	**-**	**(1,297)**	**-**	**(1,297)**
Change in decommissioning obligations	**30,372**	**-**	**-**	**30,372**
As at September 30, 2024	**2,179,432**	**4,316**	**2,629**	**2,186,377**
Accumulated depletion, depreciation and amortization				
As at December 31, 2022	72,795	-	488	73,283
Depletion, depreciation and amortization	144,139	-	601	144,740
As at December 31, 2023	216,934	-	1,089	218,023
Depletion, depreciation and amortization	**147,049**	**-**	**522**	**147,571**
Disposition (note 3)	**(6,222)**	**-**	**-**	**(6,222)**
As at September 30, 2024	**357,761**	**-**	**1,611**	**359,372**
Net book value				
As at December 31, 2023	1,191,545	5,613	811	1,197,969
As at September 30, 2024	**1,821,671**	**4,316**	**1,018**	**1,827,005**

As at September 30, 2024, the calculation of depletion includes estimated forecasted future development costs relating to the development of proved and probable oil and gas reserves of $1,535.4 million (December 31, 2023 - $1,246.0 million). The Company capitalized $7.6 million of general and administrative costs for the nine months ended September 30, 2024 (December 31, 2023 - $8.6 million) and capitalized $1.7 million of share based compensation expense for the nine months ended September 30, 2024 (December 31, 2023 - $1.1 million).

At September 30, 2024 and December 31, 2023, there were no indicators of impairment identified. Accordingly, an impairment test was not performed.

5. RIGHT-OF-USE ASSETS

The Company recognizes right-of-use assets and corresponding lease liabilities related to certain office facilities and vehicles. See note 6 for additional information regarding the Company's leases.

Cost ($000s)	**Gas Processing**	**Offices**	**Vehicles**	**Total**
As at December 31, 2022	-	3,644	1,595	5,239
Additions	-	1,573	244	1,817
Acquired	-	3,308	1,156	4,464
As at December 31, 2023	-	8,525	2,995	11,520
Additions	**61,293**	**8,559**	**7,689**	**77,541**
As at September 30, 2024	**61,293**	**17,084**	**10,684**	**89,061**

Accumulated depreciation		**Offices**	**Vehicles**	**Total**
As at December 31, 2022	-	1,275	574	1,849
Depreciation	-	2,205	913	3,118
As at December 31, 2023	-	3,480	1,487	4,967
Depreciation	**1,916**	**1,777**	**1,317**	**5,010**
As at September 30, 2024	**1,916**	**5,257**	**2,804**	**9,977**

Net book value				
As at December 31, 2023	-	5,045	1,508	6,553
As at September 30, 2024	**59,377**	**11,827**	**7,880**	**79,084**

6. LEASES

The following table reconciles the changes in the lease liability for the periods:

($000s)	**September 30, 2024**	December 31, 2023
Balance, beginning of period	**5,767**	3,163
Additions	**77,541**	6,281
Lease payment	**(7,454)**	(4,745)
Interest expense	**3,431**	1,068
Carrying value, end of period	**79,285**	5,767
Current	**8,369**	5,032
Long-term	**70,916**	735

As at September 30, 2024, the estimated undiscounted cash flows required to settle the Company's lease liability was $120.7 million (December 31, 2023 - $12.2 million).

7. DECOMMISSIONING OBLIGATIONS

The decommissioning obligation represents costs to reclaim and abandon the Company's wells and facilities and the estimated timing of the costs to be incurred in future periods. Management of the Company has estimated that the total undiscounted cash flows required to settle the obligations will be $562.4 million (December 31, 2023 - $434.7 million) which has been inflated at 2.0% (December 31, 2023 - 2.0%) and discounted using the credit adjusted risk-free rate of 10.0% (December 31, 2023 - 14.5%) with an estimated timeline to abandoned between 1 and 49 years.

($000s)	**September 30, 2024**	December 31, 2023
Balance, beginning of period	**100,655**	52,626
Acquired (note 3)	**32,213**	43,706
Disposed (note 3)	**(1,157)**	-
Obligations incurred	**229**	48
Change in estimates	**(7,662)**	1,228
Change in discount rate	**37,805**	-
ASCP settlements	**-**	(226)
Cash settlements	**(9,931)**	(10,486)
Accretion	**10,890**	13,759
Balance, end of period	**163,042**	100,655
Current	**5,437**	11,382
Long-term	**157,605**	89,273

The Company's assets in both Saskatchewan and Alberta are subject to provincial programs that mandate the minimum spend targets on the Company's decommissioning obligations. These amounts have been moved to current decommissioning obligations, net of current year spend.

8. DEBT

($000s)	**September 30, 2024**	December 31, 2023
Senior Notes [(1)]	**855,499**	-
Senior Term Loan	**-**	456,023
Convertible notes	**-**	1,090
Principal outstanding	**855,499**	457,113
Unamortized original issue discount	**-**	(4,870)
Unamortized debt issue costs	**(14,618)**	-
Total Debt	**840,881**	452,243
Current	**84,672**	219,957
Long-term	**756,209**	232,286

(1) As at September 30, 2024, the Senior Notes were translated into Canadian dollars at the period end exchange rate of US $1.00 = CA $1.3499

Senior Secured Notes

On June 14, 2024, Saturn issued US$650 million of Senior Secured Notes (the "Senior Notes"). The Senior Notes bear interest at 9.625% per annum, payable semi-annually in arrears, have mandatory repayments of 10% per annum, payable quarterly, and have a 5-year term maturing on June 15, 2029. As at September 30, 2024, the principal balance on the Senior Notes was $855.5 million (US$633.8 million).

The Senior Notes are not subject to any financial covenants and are secured by a second priority lien on substantially all of the assets of the Company. Subject to certain exceptions and qualifications, the Senior Notes contain certain covenants that limit the Company's ability to, among other things, incur additional indebtedness, create or permit liens to exist, and make certain restricted payments, dispositions and transfers of assets. In addition, the Company is subject to certain minimum hedging requirements that are consistent with the Company's risk management policy. As at September 30, 2024, the Company is in compliance with all covenants.

The Senior Notes have mandatory prepayments equal to 10% per annum of principal amount of the notes outstanding on the Issue Date, paid quarterly no later than 30 days after the end of each fiscal quarter, beginning September 30, 2024 at a redemption price of 104.813%. The Company may redeem up to an additional 10% of the aggregate principal amount during any 12-month period at a redemption price equal to 103%. Additionally, at any time prior to June 15, 2026, the Company may redeem up to 35% of the aggregate principal amount of the Senior Notes at a redemption rate of 109.625% via proceeds from an equity offering; provided that at least 50% of the aggregate principal amount of the notes remain outstanding immediately following the redemption. On or after June 15, 2026, the Company may redeem all or a part of the notes at the following redemption prices: June 15, 2026 to June 14, 2027 at 104.813%, June 15, 2027 to June 14, 2028 at 102.406% and June 15, 2028 to June 15, 2029 at 100%.

As at September 30, 2024, the fair value of the Senior Notes was $847.1 million (US$627.5 million) based on observable market quoted prices (Level 1).

Revolving Credit Facility

On June 14, 2024, Saturn entered into a $150.0 million credit facility (the "Credit Facility") with a syndicate of banks. The Credit Facility consists of a $100.0 million reserve-based credit facility and a $50.0 million operating facility. The Credit Facility is a committed facility available on a revolving basis until June 14, 2026, at which time it may be extended at the lenders' option. If the revolving period is not extended, the undrawn portion of the facility will be cancelled and any amounts outstanding would be repayable at the end of the non-revolving term. The Credit Facility is subject to a semi-annual borrowing base review, occurring by June 30th and November 30th of each year, with the first borrowing base review to occur by June 30, 2025. The borrowing base is determined based on the lenders' evaluation of the Company's petroleum and natural gas reserves and their commodity price outlook at the time of each renewal.

The Credit Facility is secured by a first priority security interest on all present and after acquired property of the Company and is senior in priority to the Senior Notes. The Credit Facility contains certain covenants that limit the Company's ability to, among other things, incur additional indebtedness, create or permit liens to exist, make certain restricted payments, and dispose of or transfer assets. As at September 30, 2024, the Company is in compliance with all covenants.

As at September 30, 2024, amounts borrowed under the Credit Facility bear interest at a floating rate based on the applicable Canadian prime rate, US base rate, Canadian Overnight Repo Rate Average ("CORRA"), or Secured Overnight Financing Rate ("SOFR") plus a margin and standby fee based on the Company's Net Debt to Consolidated EBITDA Ratio as defined in the Credit Agreement, currently between 2.50% to 3.50% and 0.88%, respectively.

As at September 30, 2024, the Company had no amounts drawn nor any of letters of credit outstanding under the Credit Facility.

Unsecured letter of credit facility

The Company has a $20.0 million unsecured demand letter of credit facility (the "LC Facility") with a Canadian bank. Saturn's obligations under the LC Facility are supported by a performance security guarantee ("PSG") from Export Development Canada. At September 30, 2024, $9.7 million was drawn under the LC Facility (December 31, 2023 - $8.6 million). The PSG is subject to annual renewal with the next scheduled renewal date of August 30, 2025.

Senior Term Loan

On June 14, 2024, the Company early retired its Senior Term Loan with a principal amount outstanding of $364.7 million and associated early retirement fees of $27.4 million paid to the lender. In addition, $4.4 million of non-cash original issue discount and debt issue costs were accelerated and expensed in profit or loss.

($000s)	**Amount**
Senior Term Loan principal outstanding as at December 31, 2023	456,023
Principal Repayments	(91,289)
Senior Term Loan principal outstanding as at June 14, 2024	364,734
Unamortized original issue discount and debt issue costs	(4,365)
Senior Term Loan carrying value	360,369
Senior Term Loan extinguished	(364,734)
Early retirement fees	(27,355)
Loss on debt extinguishment	**(31,720)**
Comprised of:	
Accelerated original issue discount and debt issue costs, non-cash	(4,365)
Early retirement fees	(27,355)
Loss on debt extinguishment	**(31,720)**

9. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares with no par value. As at September 30, 2024 there are 203,103,405 common shares outstanding.

Issued and outstanding

	September 30, 2024		December 31, 2023	
(000s)	**Shares**	**Amount**	Shares	Amount
Balance, beginning of period	**139,313**	**292,388**	59,892	122,017
Common shares issued for cash proceeds	**64,777**	**150,004**	59,242	125,001
Cash share issue costs, net of tax recovery	**-**	**(5,861)**	-	(5,632)
Normal Course Issuer Bid	**(1,095)**	**(2,746)**	-	-
Restricted share unit exercise	**8**	**(3)**	8	35
Stock option exercise	**100**	**435**	86	123
Common shares issued as consideration	**-**	**-**	19,406	49,486
Convertible note conversion	**-**	**-**	679	1,358
Balance, end of period	**203,103**	**434,217**	139,313	292,388

On August 23, 2024, the TSX approved the commencement of the Company's Normal Course Issuer Bid ("NCIB"). Pursuant to the NCIB, the Company will purchase for cancellation, from time to time, as it considers advisable, up to a maximum of 11,306,825 common shares of the Company between August 27, 2024 and August 26, 2025.

For the three and nine months ended September 30, 2024, the Company repurchased 1,095,236 under its NCIB at a weighted average price of $2.50 per share for a total cost of $2.7 million. Subsequent to September 30, 2024, the Company repurchased an additional 1,150,800 shares at a weighted average price of $2.33 per share for a total cost of $2.7 million.

On June 14, 2024, the Company completed a bought-deal equity offering for gross proceeds of $100.0 million resulting in the issuance of 42,554,000 common shares at a price of $2.35 per common share and incurred associated share issue costs of $5.2 million.

On February 22, 2024, the Company completed a bought-deal equity offering for gross proceeds of $50.0 million resulting in the issuance of 22,223,000 common shares at a price of $2.25 per common share and incurred associated share issue costs of $2.6 million.

Warrants

	September 30, 2024		December 31, 2023	
(000s, except per warrant price)	**Warrants**	**Weighted average exercise price**	Warrants	Weighted average exercise price
Balance, beginning of period	**6,871**	**4.00**	36,520	3.35
Expired	**-**	**-**	(29,649)	3.20
Balance, end of period	**6,871**	**4.00**	6,871	4.00

As at September 30, 2024, the following TSX listed share purchase warrants are outstanding and exercisable:

(000s, except per warrant price) **Expiry date**	**Type**	**Exercise price**	**Warrants outstanding and exercisable**
March 10, 2025	SOIL.WT.A	4.00	6,871

Broker options

(000s, except per broker option price)	September 30, 2024 Broker options	September 30, 2024 Weighted average exercise price	December 31, 2023 Broker options	December 31, 2023 Weighted average exercise price
Balance, beginning of period	**399**	**2.71**	2,532	2.71
Expired	**(399)**	**2.71**	(2,133)	2.67
Balance, end of period	**-**	**-**	399	2.71

Stock options

The Company has an omnibus long term incentive plan ("LTIP") under which it is authorized to grant stock options to directors, officers, employees and consultants enabling them to acquire common shares of the Company upon exercise. The stock options are generally granted for maximum term of five years, and vest in thirds on each of the first, second and third anniversary after the grant date. Vesting conditions are determined by the Board of Directors.

(000s, except per option price)	September 30, 2024 Stock options	September 30, 2024 Weighted average exercise price	December 31, 2023 Stock options	December 31, 2023 Weighted average exercise price
Balance, beginning of period	**1,048**	**2.52**	1,687	2.52
Exercised	**(100)**	**2.40**	(280)	0.19
Expired	**-**	**-**	(175)	3.74
Forfeited	**-**	**-**	(184)	2.74
Balance, end of period	**948**	**2.53**	1,048	2.52

As at September 30, 2024, the following stock options were outstanding and exercisable:

(000s, except per option price and life remaining)	Stock options outstanding Number outstanding	Stock options outstanding Weighted average exercise price	Stock options outstanding Weighted average life remaining (years)	Stock options exercisable Number exercisable	Stock options exercisable Weighted average exercise price	Stock options exercisable Weighted average life remaining (years)
2.00	125	2.00	0.8	125	2.00	8.0
2.01 - 2.40	509	2.40	1.8	509	2.40	1.8
2.41 - 3.00	314	2.96	0.7	-	-	-
	948	**2.53**	**1.3**	**634**	**2.32**	**1.6**

Restricted Share Units

In accordance with the LTIP, the Company is authorized to grant Restricted Share Units ("RSUs") to directors, officers, employees and consultants. The RSUs are granted for a term of three years and vest in thirds on each of the first, second and third anniversary after the grant date. The RSUs may be cash or equity settled upon vesting as determined by the Board of Directors. The fair value per RSU is equivalent to the market price at which the common shares of the Company traded on the day immediately preceding the grant date.

(000s, except life remaining)	September 30, 2024 RSUs	December 31, 2023 RSUs
Balance, beginning of period	**2,282**	45
Issued	**2,922**	2,548
Exercised	**(924)**	(15)
Forfeited	**(189)**	(296)
Balance, end of period	**4,091**	2,282
Weighted average life remaining (years)	**1.2**	1.3

Performance share units

In accordance with the LTIP, the Company is authorized to grant Performance Share Units ("PSUs") to directors, officers, employees and consultants. The PSUs are granted for a term of one year with certain performance measures specified at the grant date and may be cash or equity settled upon vesting as determined by the Company's Board of Directors. Based upon the achievement of the performance measures, a pre-determined adjustment factor between 0.5-1.5x is applied to the PSUs eligible to vest at the end of the performance period. The fair value per PSU is equivalent to the market price at which the common shares of the Company traded on the day immediately preceding the grant date.

(000s, except life remaining)	**September 30, 2024** **PSUs**	December 31, 2023 PSUs
Balance, beginning of period	**667**	-
Issued	**622**	667
Balance, end of period	**1,289**	667
Weighted average life remaining (years)	**0.3**	0.5

Performance warrants

The Company has issued performance warrants to certain officers and directors enabling them to acquire common shares of the Company upon exercise. The performance warrants will vest upon certain vesting threshold conditions, based on the 5-day volume weighted average trading price ("VWAP") of the Company's common shares listed on the TSX. Once vested, the performance warrants may be exercised by the holder at any time from the date of vesting to the expiry date. A summary of the changes in performance warrants outstanding is as follows:

	September 30, 2024		December 31, 2023	
(000s, except per performance warrant price)	**Performance warrants**	**Weighted average exercise price**	Performance warrants	Weighted average exercise price
Balance, beginning of period	**7,000**	**2.50**	-	-
Issued	**-**	**-**	7,000	2.50
Balance, end of period	**7,000**	**2.50**	7,000	2.50

As at September 30, 2024, the following performance warrants were outstanding:

(000s, except per performance warrant price, years and VWAP)	**Performance warrants outstanding**			**Performance warrants exercisable**		
Exercise Price	**Number outstanding**	**Vesting threshold VWAP**	**Weighted average life remaining (years)**	**Number exercisable**	**Vesting threshold VWAP**	**Weighted average life remaining (years)**
2.50	2,333	4.00	5.3	-	-	-
2.50	2,333	6.00	5.3	-	-	-
2.50	2,334	8.00	5.3	-	-	-
	7,000		**5.3**	**-**		**-**

Per share amounts

Basic net income (loss) per share is calculated using the weighted-average number of common shares outstanding during the reporting period. Diluted net income (loss) per share is calculated using the weighted-average number of common shares outstanding adjusted for the dilutive effect of all potentially dilutive securities, including stock options, broker options, warrants, RSUs and convertible notes. Where applicable, diluted net loss per share is equal to basic net loss per share as the effect of all potential dilutive securities are anti-dilutive. The components of basic and diluted net income (loss) per share are as follows:

(000s, except per share amounts)	Three months ended September 30, 2024	2023	Nine months ended September 30, 2024	2023
Weighted average shares outstanding				
Basic	**203,916**	139,261	**173,940**	121,821
Diluted	**209,359**	142,382	**179,377**	124,905
Per share income (loss)				
Basic	**0.50**	(0.80)	**0.46**	1.31
Diluted	**0.49**	(0.80)	**0.45**	1.27

The following securities were excluded from the calculation of diluted earnings per share as their effect was anti-dilutive:

	Three months ended September 30, 2024	2023	Nine months ended September 30, 2024	2023
Warrants	**6,871,000**	6,871,000	**6,871,000**	6,871,000
Stock options	**313,750**	339,582	**313,750**	339,582
Performance warrants	**7,000,000**	7,000,000	**7,000,000**	7,000,000
Broker options	**-**	798,330	**-**	798,330

10. REVENUE

($000s)	Three months ended September 30, 2024	2023	Nine months ended September 30, 2024	2023
Crude oil	**246,781**	184,952	**594,014**	472,123
NGLs	**12,991**	8,800	**31,777**	19,890
Natural gas	**2,607**	7,314	**13,660**	16,494
Petroleum and natural gas sales	**262,379**	201,066	**639,451**	508,507
Processing income	**2,663**	3,641	**9,363**	8,287
	265,042	204,707	**648,814**	516,794

Petroleum and natural gas sales represent the proceeds received from the sale of oil, natural gas, and NGLs production under variable price contracts. The transaction price is based on a benchmark commodity price, adjusted for quality, location, processing charges or other factors, whereby each component of the pricing formula (apart from the benchmark commodity price) can be either fixed or variable, depending on the contract terms. Revenue is typically collected on the 25th day of the month following the prior month's production, with revenue being recorded once the product is delivered to a contractually agreed upon delivery point.

Included in accounts receivable as at September 30, 2024 is $78.3 million (December 31, 2023 - $53.7 million) of accrued petroleum and natural gas sales related to September 30, 2024 production.

Saturn generates oil treating, gas processing, and other services revenue from fees charged to third parties provided at facilities where Saturn has an ownership interest. This revenue is recorded as processing income.

11. FINANCING

($000s)	Three months ended September 30, 2024	2023	Nine months ended September 30, 2024	2023
Interest expense	**22,863**	24,384	**61,055**	66,718
Interest income	**(979)**	(529)	**(1,805)**	(1,558)
Amortization of original issue discount and debt issue costs	**759**	1,508	**2,123**	4,031
Accretion, debt instruments	**-**	13	**22**	83
Accretion, leases (note 6)	**2,526**	283	**3,431**	826
Accretion, decommissioning obligations (note 7)	**4,075**	3,662	**10,890**	10,110
Financing expenses	**29,244**	29,321	**75,716**	80,210

12. SUPPLEMENTAL CASH FLOW INFORMATION

($000s)	Three months ended September 30, 2024	2023	Nine months ended September 30, 2024	2023
Change in non-cash working capital:				
Accounts receivable	**(9,243)**	(13,773)	**(29,670)**	(42,537)
Deposits and prepaid expenses	**(6,310)**	(1,605)	**(13,108)**	12,932
Accounts payable	**67,689**	30,848	**59,194**	57,457
Non-cash working capital deficit acquired	**-**	-	**(339)**	(4,243)
	52,136	15,470	**16,077**	23,609
Related to:				
Operating activities	**10,435**	(2,618)	**(5,244)**	20,662
Financing activities	**(4,980)**	-	**2,737**	567
Investing activities	**46,681**	18,088	**18,584**	2,380
Total change in non-cash working capital	**52,136**	15,470	**16,077**	23,609

13. CAPITAL MANAGEMENT

The Company manages its capital to safeguard its ability to continue as a going concern, so that it may provide adequate returns to shareholders, benefits to other stakeholders and have sufficient funds on hand for business opportunities as they arise. The Company's capital structure may be adjusted by issuing or repurchasing equity instruments, issuing or repurchasing debt, modifying capital spending programs and disposing of assets; the availability of any such means being dependent upon market conditions. Management reviews its approach to capital management on an ongoing basis and believes that this approach is appropriate. The Company uses the terms adjusted EBITDA, adjusted funds flow, free funds flow, net debt, capital expenditures and adjusted working capital as key capital management measures which are described and calculated below. These capital management measures are not standardized and therefore may not be comparable with the calculation of similar measures by other entities.

Adjusted EBITDA

The Company considers Adjusted EBITDA ("Adjusted EBITDA") (defined in the credit agreement as Consolidated EBITDA) to be a key capital management measure as it is both used within certain covenants prescribed under the Company's Credit Facility (note 8) and demonstrates Saturn's standalone profitability, operating and financial performance in terms of cash flow generation, adjusting for interest related to its capital structure. Adjusted EBITDA is defined by the Company as earnings before interest, taxes, depreciation, amortization and other non-cash or extraordinary items.

Adjusted funds flow

The Company considers adjusted funds flow to be a key capital management measure as it demonstrates Saturn's ability to generate the necessary funds to manage production levels and fund future growth through capital investment. Management believes that this measure provides an insightful assessment of Saturn's operations on a continuing basis by eliminating certain non-cash charges, actual settlements of decommissioning obligations, of which the nature and timing of expenditures may vary based on the stage of the Company's assets and operating areas, and transaction costs which vary based on the Company's acquisition and disposition activity.

Free funds flow

The Company considers free funds flow to be a key capital management measure as it is used to determine the efficiency and liquidity of Saturn's business, measuring its funds available after capital investment available for debt repayment, pursue acquisitions and gauge optionality to pay dividends and/or return capital to shareholders through share repurchases. Saturn calculates free funds flow as adjusted funds flow in the period less expenditures on property, plant and equipment and exploration and evaluation assets, together "capital expenditures". By removing the impact of current period capital expenditures from adjusted funds flow, management monitors its free funds flow to inform its capital allocation decisions.

The following table reconciles adjusted EBITDA, adjusted funds flow and free funds flow to cash flow from operating activities:

($000s)	Three months ended September 30, 2024	2023	Nine months ended September 30, 2024	2023
Cash flow from operating activities	**100,013**	70,466	**220,780**	208,609
Change in non-cash working capital	**(10,435)**	2,618	**5,244**	(20,662)
Decommissioning expenditures(1)	**3,984**	3,393	**9,931**	5,288
Transaction costs	**503**	-	**14,931**	4,657
Terminated derivative contracts	**19,893**	-	**19,893**	-
Net interest(2)	**21,884**	23,855	**59,250**	65,160
Adjusted EBITDA	**135,842**	100,332	**330,029**	263,052
Terminated derivative contracts	**(19,893)**	-	**(19,893)**	-
Net interest(2)	**(21,884)**	(23,855)	**(59,250)**	(65,160)
Adjusted funds flow	**94,065**	76,477	**250,886**	197,892
Capital expenditures(3)	**(84,381)**	(35,271)	**(140,896)**	(73,399)
Free funds flow	**9,684**	41,206	**109,990**	124,493

(1) Excludes ASCP settlements (note 7).
(2) Calculated as interest expense, net of interest revenue.
(3) Calculated as expenditures on PP&E and E&E assets on the consolidated statements of cash flows.

Market capitalization and net debt

Management considers net debt a key capital management measure in assessing the Company's liquidity. Total market capitalization and net debt to annualized quarterly adjusted funds flow are used by management and the Company's investors in analyzing the Company's balance sheet strength and liquidity. The summary of total market capitalization, net debt, annualized quarterly adjusted funds flow and net debt to annualized quarterly adjusted funds flow is as follows:

($000s)	September 30, 2024	December 31, 2023
Total common shares outstanding (000s)	**203,103**	139,313
Share price(1)	**2.34**	2.20
Total market capitalization	**475,261**	306,489
Adjusted working capital(2)	**(61,863)**	8,240
Senior Term Loan	**-**	451,153
Senior Notes	**840,881**	-
Convertible notes	**-**	1,090
Net debt	**779,018**	460,483
Current quarter adjusted funds flow	**94,065**	80,247
Terminated derivative contracts	**19,893**	-
Normalized current quarter adjusted funds flow	**113,958**	-
Annualized factor	**4**	4
Annualized quarterly normalized adjusted funds flow	**455,832**	320,988
Net debt to annualized quarterly normalized adjusted funds flow	**1.7x**	1.4x

(1) Represents the closing share price on the TSX on the last day of trading of the period.
(2) Adjusted working capital is calculated as cash, accounts receivable, deposits and prepaids net of accounts payable.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, currency risk, interest rate risk and price risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Financial derivatives

($000s)	Commodity contracts	FX contracts	Total
As at December 31, 2023	(22,214)	-	(22,214)
Realized loss on settlement[1]	(56,730)	-	(56,730)
Change in fair market value	61,716	(312)	61,404
As at September 30, 2024	**(17,228)**	**(312)**	**(17,540)**

(1) Includes derivative contract termination payments of $19.9 million.

Saturn manages the risks associated with changes in commodity prices by entering into a variety of risk management commodity contracts classified as financial derivatives. The Company assesses the effects of movement in commodity prices on income (loss) before tax. A ten percent increase or decrease in commodity prices would have resulted in a $63.1 million change to unrealized gains (losses) on risk management contracts and net income (loss) before tax assuming all other variables remain constant.

The Company had the following outstanding financial derivative commodity contracts as at September 30, 2024:

	WTI Collars		WTI Swaps				Natural Gas Swaps	
Period	Volume bbls/d	Price[1][2] US$/bbl	Volume bbls/d	Price[1] US$/bbl	Volume bbls/d	Price[1] CA$/bbl	Volume GJ/d	Price[1] CA$/GJ
Q4 2024	11,692	67.16-89.90	3,054	64.50	1,606	101.16	-	-
Q1 2025	9,265	63.31-83.06	1,206	72.24	5,663	93.40	10,000	2.73
Q2 2025	8,456	63.41-83.51	1,707	70.52	5,226	91.93	10,000	2.73
Q3 2025	6,729	67.23-84.37	2,753	69.05	4,923	89.10	10,000	2.73
Q4 2025	1,684	65.00-68.10	2,637	68.99	4,674	89.05	10,000	2.73
Q1 2026	1,080	65.00-68.10	3,077	67.21	4,481	85.46	10,000	2.73
Q2 2026	-	-	4,028	67.30	4,320	85.47	10,000	2.73
Q3 2026	-	-	-	-	8,048	83.08	10,000	2.73
Q4 2026	-	-	-	-	7,733	83.06	10,000	2.73
Q1 2027	-	-	-	-	5,150	79.85	-	-

(1) Weighted average prices for the period.
(2) For the reporting periods Q4 2024 to Q3 2025, the Company has a weighted average option premium of US$2.52/bbl.

	WTI/WCS Differential		WTI/MSW Differential	
Period	Volume bbls/d	Price[1] US$/bbl	Volume bbls/d	Price[1] US$/bbl
Q4 2024	2,432	(16.85)	14,580	(4.68)
Q1 2025	2,360	(16.85)	13,795	(4.93)
Q2 2025	2,283	(16.85)	13,097	(4.93)
Q3 2025	1,900	(13.30)	12,500	(3.50)

(1) Weighted average prices for the period.

The Company had the following outstanding foreign exchange contracts as at September 30, 2024:

	Forward Rate Contracts- USD/CAD		
Period	**Notional Amount ($000s, US$)**	**Rate**	**Contract Type**
Q4 2024	48,100	1.33935	Average rate currency swap
Q1 2025	17,100	1.33935	Average rate currency swap
Q2 2025	46,600	1.33935	Average rate currency swap
Q3 2025	17,100	1.33935	Average rate currency swap
Q4 2025	45,000	1.33935	Average rate currency swap
Q1 2026	17,100	1.33935	Average rate currency swap
Q2 2026	43,500	1.33935	Average rate currency swap
Q3 2026	17,100	1.33935	Average rate currency swap
Q4 2026	41,900	1.33935	Average rate currency swap
Q1 2027	17,100	1.33935	Average rate currency swap
Q2 2027	23,300	1.33935	Average rate currency swap

Subsequent to September 30, 2024, the Company entered into the following financial derivative commodity contracts:

	WTI Collars		WTI/WCS Differential	
Period	**Volume bbls/d**	**Price[(1)] US$/bbl**	**Volume bbls/d**	**Price[(1)] US$/bbl**
Q4 2024	2,500	70.00 - 90.00	-	-
Q1 2025	2,500	70.00 - 90.00	-	-
Q2 2025	-	-	-	-
Q3 2025	-	-	-	-
Q4 2025	-	-	1,700	(15.85)

(1) Weighted average prices for the period.

Financial derivative assets and liabilities are only offset if the Company has the legal right to offset and intends to settle on a net basis. The Company offsets financial instrument assets and liabilities when the counterparty, commodity, currency and timing of settlement are the same. The following table summarizes the gross asset and liability positions of the Company's financial derivative commodity contracts that are offset on the balance sheet as at September 30, 2024:

($000s)	Gross financial derivative instruments	Amount offset	Net financial derivative instruments
Current asset	11,482	(7,135)	4,347
Long term asset	5,035	(3,029)	2,006
Current liability	(18,326)	7,135	(11,191)
Long term liability	(15,731)	3,029	(12,702)
Net liability position	**(17,540)**	**-**	**(17,540)**

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company actively manages its liquidity risk through strategies such as prudent capital spending, an active commodity risk management program and by continuously monitoring forecast and actual cash flows from operating, financing and investing activities. Management believes it will have sufficient funding to meet foreseeable liquidity requirements. The Company has the following maturities of financial liabilities at September 30, 2024:

($000s)	Less than 1 year	1-3 years	3-5 years	Greater than 5 years	Total
Senior Notes[1]	87,744	175,487	592,268	-	855,499
Interest payments[2]	85,861	146,386	110,845	-	343,092
Lease liabilities[3]	6,522	9,339	6,228	1,252	23,341
Gas processing contracts	13,764	24,676	21,974	55,222	115,636
Accounts payable	181,327	-	-	-	181,327
	375,218	**355,888**	**731,315**	**56,474**	**1,518,895**

(1) Represents the remaining principal repayments of US$633.8 million on the Company's Senior Notes converted at the period end exchange rate of 1.3499.

(2) The Senior Notes bear interest at 9.625% per annum, payable semi-annually in arrears, have mandatory prepayments of 10% per annum, payable quarterly.

(3) Represents the remaining undiscounted minimum lease payments on the Company's lease liabilities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations that arise principally from the Company's accounts receivable from oil and natural gas marketers and joint operators in the oil and gas industry. Receivables from oil and natural gas marketers are normally collected on the 25th day of the month following production.

The Company's policy to mitigate credit risk going forward is to maintain marketing relationships with large, established and reputable purchasers that are considered to be creditworthy. The Company attempts to mitigate the risk from joint venture receivables by obtaining partner approval of significant capital and operating expenditures prior to expenditure and in certain circumstances may require cash deposits in advance of incurring financial obligations on behalf of joint venture partners. Joint venture receivables are from partners in the petroleum and natural gas industry who are subject to the risks and conditions of the industry. Significant changes in industry conditions and risks that negatively impact partners' ability to generate cash flow will increase the risk of not collecting receivables. The Company does not request letters of credit in its favor from joint venture partners; however, the Company has the ability to withhold production from joint operating partners in the event of non-payment or is able to register security on the assets of joint operating partners.

Currency risk

Currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. All of the Company's petroleum and natural gas sales are conducted in Canada and are denominated in Canadian dollars. Canadian commodity prices are influenced by fluctuations in the Canada to United States dollar exchange rate. Prices for oil are determined in global markets and generally denominated in United States dollars. The Company is exposed to currency risk in relation to its US dollar denominated financial derivatives and Senior Notes. A ten percent change in the US dollar would have resulted in a $1.3 million change to net income (loss) before tax (December 31, 2023 – $3.6 million) assuming all other variables remain constant. The exposure of realized prices fluctuations of the US dollar and Canadian dollar exchange rate, serves as natural hedges to the US dollar denominated financial derivatives.

Price risk

The Company is exposed to price risk related to commodity and equity prices. Equity price risk is the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is the potential adverse impact on earnings and economic value due to commodity price movements and volatility. The Company's commodity price risk is also impacted by its derivative contracts. The ability of the Company to explore its resource properties and future profitability of the Company are directly related to the market price of commodities. Prices for oil are impacted not only by the relationship between the Canadian and United States dollars but also worldwide economic events that influence supply and demand.

Net debt and capital structure

Management considers net debt a key measure in assessing the Company's liquidity. The Company's net debt and capital structure is as follows:

($000s)	**September 30, 2024**	December 31, 2023
Net debt	**779,018**	460,483
Shareholders' equity	**837,560**	608,662
Total capitalization	**1,616,578**	1,069,145

The Company manages its capital structure to support current and future business plans and periodically adjusts the structure in response to changes in economic conditions, acquisitions or divestitures and the risk characteristics of the Company's underlying assets and operations. The capital structure may be adjusted by issuing or repurchasing shares, issuing or repurchasing debt, modifying capital spending programs and acquisition or disposal of assets, the availability of any such means being dependent upon market conditions.

15. COMMITMENTS

The Company has the following contractual obligations and commitments as at September 30, 2024:

($000s)	**Less than 1 year**	**1-3 years**	**3-5 years**	**Greater than 5 years**	**Total**
Senior Notes[(1)]	87,744	175,487	592,268	-	855,499
Interest payments[(2)]	85,861	146,386	110,845	-	343,092
Lease liabilities[(3)]	6,522	9,339	6,228	1,252	23,341
Gas processing contracts	13,764	24,676	21,974	55,222	115,636
	193,891	**355,888**	**731,315**	**56,474**	**1,337,568**

(1) Represents the remaining principal repayments of US$633.8 million on the Company's Senior Notes converted at the period end exchange rate of 1.3499.

(2) The Senior Notes bear interest at 9.625% per annum, payable semi-annually in arrears, have mandatory prepayments of 10% per annum, payable quarterly.

(3) Represents the remaining undiscounted minimum lease payments on the Company's lease liabilities.

16. SUBSEQUENT EVENTS

On October 1, 2024, the Company closed an asset acquisition of certain oil and gas properties with production of approximately 700 boe/d in the Brazeau area of Alberta targeting the cardium formation. The assets were purchased for total cash consideration of $20.5 million, prior to customary closing adjustments.

CORPORATE INFORMATION

LEADERSHIP TEAM

John Jeffrey
Chief Executive Officer and Chairman

Scott Sanborn
Chief Financial Officer

Justin Kaufmann
Chief Development Officer

Grant MacKenzie
Chief Legal Officer

BOARD OF DIRECTORS

John Jeffrey(2)(3)(4)
Chief Executive Officer and Chairman

Ivan Bergerman(1)(3)
Director

Andrew Claugus(2)
Director

Dr. Thomas Gutschlag(1)(3)
Director

Grant MacKenzie(4)
Chief Legal Officer and Director

Jim Payne(4)
Director

Christopher Ryan(2)(4)
Director

S. Janet Yang(1)(3)
Director

(1) Member of the Audit Committee
(2) Member of the Reserve Committee
(3) Member of the Compensation Committee
(4) Member of the Health, Safety, and Environment Committee

BANKERS
National Bank of Canada Financial Inc.
Goldman Sachs
ATB Securities Inc.

TRANSFER AGENT - COMMON SHARES
Odyssey Trust Company
1230, 300 5th Avenue S.W.
Calgary, Alberta T2P 3C4
Tel: (587) 885-0960

U.S. CO-INDENTURE TRUSTEE
Computershare Trust Company, N.A.
1505 Energy Park Drive
St. Paul, Minnesota 55108
Tel: 1 (800) 344-5128

CANADIAN CO-INDENTURE TRUSTEE
Computershare Trust Company of Canada
600, 530 - 8th Avenue S.W.
Calgary, Alberta T2P 3S8
Tel: (403) 267-6800

AUDITORS
KPMG LLP
Calgary, Alberta

RESERVE EVALUATORS
Ryder Scott Company LP
Calgary, Alberta

STOCK EXCHANGES
Toronto Stock Exchange - TSX: "SOIL", "SOIL.WT.A"
OTC Markets Group - OTCQX: "SOILSF"
Frankfurt Stock Exchange - FSE: "SKMA"