



Financial Statements

For the years ended December 31, 2025 and 2024



Independent auditor's report

To the Shareholders of InPlay Oil Corp.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of InPlay Oil Corp. (the Company) as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's financial statements comprise:

- the statements of financial position as at December 31, 2025 and 2024;
- the statements of profit (loss) and comprehensive income (loss) for the years then ended;
- the statements of changes in equity for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

PricewaterhouseCoopers LLP
Suncor Energy Centre, 111 5th Avenue South West, Suite 2900
Calgary, Alberta, Canada T2P 5L3
T.: +1 403 509 7500, F.: +1 403 781 1825
Fax to mail: ca_calgary_main_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
The impact of proved and probable oil and natural gas reserves on net property, plant and equipment (PP&E) Refer to note 3 – Material accounting policy information, note 4 – Significant accounting judgments, estimates and assumptions, and note 6 – Property, plant and equipment to the financial statements. The Company had \$995.5 million of PP&E as at December 31, 2025. Depletion and depreciation (D&D) expense was \$96.5 million for the year then ended. A significant portion of the PP&E is depleted using the unit-of-production method based on estimated total proved and probable oil and natural gas reserves. The Company's proved and probable oil and natural gas reserves are prepared by qualified individuals (management's experts).	Our approach to addressing the matter included the following procedures, among others: The work of management's experts was used in performing the procedures to evaluate the reasonableness of the proved and probable oil and natural gas reserves used to determine the D&D expense. As a basis for using this work, the competence, capabilities and objectivity of management's experts were evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and key assumptions used by management's experts, tests of the data used by management's experts and an evaluation of their findings. Professionals with specialized skill and knowledge in the field of petroleum engineering and reserves estimation assisted in this evaluation.

Key audit matter	How our audit addressed the key audit matter
Key assumptions developed by management used to determine the proved and probable oil and natural gas reserves include estimated future commodity prices and operating expenses, expected future rates of production, and the timing and amount of future capital expenditures. We considered this a key audit matter due to (i) the significant judgment made by management, including the use of management's experts, when estimating the proved and probable oil and natural gas reserves used to determine the D&D expense; (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures relating to the key assumptions; and (iii) the audit effort which involved the use of professionals with specialized skill and knowledge in the field of petroleum engineering and reserves estimation.	• Evaluated the reasonableness of key assumptions including: (i) expected future rates of production, operating expenses and the timing and amount of future capital expenditures by considering current and past performance of the Company and whether these assumptions were consistent with evidence obtained in other areas of the audit, as applicable; and (ii) future commodity prices by comparing those forecasts with third party industry forecasts. • Recalculated the unit-of-production rates used to calculate D&D expense.
Valuation of PP&E acquired in the Obsidian Energy Ltd. business combination Refer to note 3 – Material accounting policy information, note 4 – Significant accounting judgments, estimates and assumptions, and note 5 – Acquisitions to the financial statements. On April 7, 2025, the Company closed the previously announced acquisition of assets in the Pembina area of Alberta from Obsidian Energy Ltd. for net consideration of \$291.1 million. The fair value of the identifiable assets acquired included \$476.2 million in PP&E. Management applied significant judgment in estimating the fair value of acquired PP&E. To estimate the fair value of the acquired PP&E, management used a discounted future cash flow model to determine the net present value of after tax future cash flows from the proved and probable oil and natural gas reserves. The proved and probable oil and natural gas reserves are prepared by qualified individuals (management's experts).	Our approach to addressing the matter included the following procedures, among others: • Tested how management estimated the fair value of the acquired PP&E, which included the following: – Evaluated the appropriateness of the discounted future cash flow model used by management in determining the fair value. – Tested the underlying data used by management in the discounted future cash flow model. – Evaluated the reasonableness of assumptions used in determining the underlying fair value, including: - o Operating expenses, expected future rates of production and the timing and development costs by considering the current and past performance of the Company, and whether they were consistent with evidence obtained in other areas of the audit, as applicable.

Key audit matter	How our audit addressed the key audit matter
The significant assumptions used to determine the fair value of the acquired PP&E include estimates of proved and probable oil and natural gas reserves, the discount rate, expected future rates of production, future commodity prices, operating expenses, and development costs. We considered this a key audit matter due to the significant judgment applied by management in estimating the fair value of PP&E, including the development of assumptions and the use of management's experts. This, in turn, led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the significant assumptions used by management. The audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation and in the field of petroleum engineering and reserves estimation.	- o Future commodity prices by comparing them with other reputable third party industry data. - o The discount rate, through the assistance of professionals with specialized skill and knowledge in the field of valuation. – The work of management's experts was used in performing the procedures to evaluate the reasonableness of the estimates of proved and probable oil and natural gas reserves used to determine the fair value of PP&E. As a basis for using this work, the competence, capabilities and objectivity of management's experts were evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts, tests of the data used by management's experts and an evaluation of their findings. Professionals with specialized skill and knowledge in the field of petroleum engineering and reserves estimation assisted in this evaluation.

Other information

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta

March 4, 2026

Statements of Financial Position

AS AT DECEMBER 31,

(Thousands of Canadian dollars)	Note	2025	2024
ASSETS			
Current assets			
Accounts receivable and accrued receivables	21	37,345	15,942
Prepaid expenses and deposits		10,423	3,731
Inventory		12,295	6,161
Derivative contracts	21	8,676	-
Total current assets		68,739	25,834
Derivative contracts	21	810	-
Property, plant and equipment	6, 7	995,534	417,546
Exploration and evaluation	8	22,510	14,205
Right-of-use asset	9	3,234	3,044
Deferred tax	12	13,577	15,626
Total assets		1,104,404	476,255
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	21	55,953	23,595
Lease liability	9	1,571	761
Decommissioning obligation	11	5,000	3,669
Deferred share unit liability	15	-	221
Derivative contracts	21	-	245
Total current liabilities		62,525	28,491
Credit facilities	10	222,104	63,134
Lease liability	9	2,299	3,098
Decommissioning obligation	11	447,421	90,805
Total long-term liabilities		671,824	157,037
Total liabilities		734,349	185,528
Shareholders' equity			
Share capital	13	377,935	266,259
Contributed surplus	15	25,827	23,277
Retained earnings (Deficit)		(33,707)	1,191
Total shareholders' equity		370,055	290,727
Total liabilities and shareholders' equity		1,104,404	476,255

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The above Statements of Financial Position should be read in conjunction with the accompanying notes.

On behalf of the Board of Directors:

(signed) "Steve Nikiforuk"
 Steve Nikiforuk
 Director

(signed) "Doug Bartole"
 Doug Bartole
 Director

Statements of Profit (Loss) and Comprehensive Income (Loss)

FOR THE YEARS ENDED DECEMBER 31,

(Thousands of Canadian dollars, except
per share amounts)

	Note	2025	2024
Oil and natural gas sales	17	291,407	153,713
Royalties		(39,583)	(19,964)
Revenue		251,824	133,749
Gain on derivative contracts	17	14,197	2,299
Revenue and gain on derivative contracts		266,021	136,048
Operating expenses		102,128	48,198
Transportation expenses		5,565	3,083
Exploration and evaluation expenses	8	3,294	1,732
General and administrative expenses	18	14,654	9,744
Share-based compensation	15	5,654	2,863
Depletion and depreciation	6, 9	98,052	48,209
Finance expenses	19	31,251	9,950
Transaction and integration costs	5	10,839	-
Total expenses		271,437	123,779
Profit (loss) before tax		(5,416)	12,269
Deferred income tax expense	12	2,426	2,800
Profit (loss) and comprehensive income (loss)		(7,842)	9,469
PROFIT (LOSS) PER COMMON SHARE			
Basic	16	(0.32)	0.11
Diluted	16	(0.32)	0.10

⁽¹⁾ Common share, per common share, dividend, stock option, DSU, RSU and PSU amounts have been updated to reflect the six for one common share consolidation. Further details are disclosed in note 3.

The above Statements of Profit (Loss) and Comprehensive Income (Loss) should be read in conjunction with the accompanying notes.

Statements of Changes in Equity

(Thousands of Canadian dollars, except share amounts)	Note	Number of Common Shares (net of shares in trust) ⁽¹⁾	Share capital	Contributed surplus	Retained earnings (Deficit)	Total shareholders' equity
Balance at December 31, 2023		15,051,294	266,701	19,530	8,121	294,352
Share-based compensation	15	-	-	3,790	-	3,790
Option exercises	15	10,368	95	(31)	-	64
Profit for the year		-	-	-	9,469	9,469
Dividends	14	-	-	-	(16,399)	(16,399)
Shares purchased and held in trust	13, 15	(42,513)	(549)	-	-	(549)
Shares released from trust on vesting of share awards	13	744	12	(12)	-	-
Balance at December 31, 2024		15,019,893	266,259	23,277	1,191	290,727
Balance at December 31, 2024		15,019,893	266,259	23,277	1,191	290,727
Share-based compensation	15	-	-	7,315	-	7,315
Option exercises	15	133,925	668	(213)	-	455
Issued pursuant to acquisition	5	9,139,784	78,419	-	-	78,419
Bought deal prospectus offering	13	3,524,272	32,776	-	-	32,776
Share issue costs, net of deferred tax	13	-	(1,264)	-	-	(1,264)
Loss for the year		-	-	-	(7,842)	(7,842)
Dividends	14	-	-	-	(27,056)	(27,056)
Shares purchased and held in trust	13, 15	(237,522)	(2,099)	-	-	(2,099)
Shares released from trust on vesting of share awards	13	292,154	3,176	(4,552)	-	(1,376)
Balance at December 31, 2025		27,872,506	377,935	25,827	(33,707)	370,055

⁽¹⁾ Common share, per common share, dividend, stock option, DSU, RSU and PSU amounts have been updated to reflect the six for one common share consolidation. Further details are disclosed in note 3.

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31,

(Thousands of Canadian dollars)

2025

2024

Cash flows provided by (used in):

OPERATING ACTIVITIES

Profit (loss) for the period		(7,842)	9,469
Non-cash items:			
Depletion and depreciation	6	98,052	48,209
Unrealized loss (gain) on derivative contracts	17	(9,732)	451
Accretion on decommissioning obligation	11	11,753	2,956
Share-based compensation	15	5,582	2,907
Exploration expense	8	3,294	1,732
Deferred income tax expense	12	2,426	2,800
Decommissioning expenditures	11	(4,207)	(3,357)
Funds flow		99,326	65,167
Net change in non-cash working capital	20	(15,678)	5,715
Net cash flow provided by operating activities		83,648	70,882

FINANCING ACTIVITIES

Principal portion of finance lease payments	9	(1,802)	(310)
Proceeds from exercise of stock options	15	437	64
Issuance of shares, net of issue costs	13	31,137	-
Dividends	14	(27,056)	(16,399)
Shares purchased and held in trust	15	(3,475)	(549)
Increase in credit facilities	10	158,970	15,973
Net cash flow provided by (used in) financing activities		158,211	(1,221)

INVESTING ACTIVITIES

Capital expenditures – Property, plant and equipment	6	(51,848)	(59,162)
Capital expenditures – Exploration and evaluation	8	(193)	(3,907)
Property dispositions (acquisitions)	5	(203,405)	37
Net change in non-cash working capital	20	13,587	(6,629)
Net cash flow (used in) investing activities		(241,859)	(69,661)

Increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of the year	-	-
Cash and cash equivalents, end of the year	-	-

Interest paid in cash	19,498	6,994
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The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

DECEMBER 31, 2025 AND DECEMBER 31, 2024

(Tabular amounts in thousands of Canadian dollars, unless otherwise stated)

1. CORPORATE INFORMATION

InPlay Oil Corp. (“**InPlay**” or the “**Company**”) is actively engaged in the acquisition, exploration and development of petroleum and natural gas properties, and the production and sale of crude oil, natural gas and natural gas liquids. InPlay is a publicly traded company incorporated and domiciled in Alberta, Canada. InPlay’s common shares are listed on the Toronto Stock Exchange (the “**TSX**”) and trade under the symbol IPO. InPlay’s corporate office is located at 2000, 350 - 7th Avenue SW, Calgary, Alberta, its registered office is located at 2400, 525 - 8th Avenue SW, Calgary, Alberta, and its petroleum and natural gas operations are located in the Province of Alberta.

The Company’s operations are conducted entirely within Canada. All revenues are generated from Canadian customers and all non-current assets are located in Canada.

2. BASIS OF PRESENTATION

2(a) Compliance with IFRS

These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IFRS Accounting Standards**”).

The financial statements were approved and authorized for issuance by the Board of Directors on March 4, 2026.

2(b) Historical cost convention

These financial statements have been prepared on the historical cost basis, except for derivative financial instruments, which are measured at fair value. The methods used to measure fair values are discussed in note 21.

2(c) Functional and presentation currency

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

2(d) Function and nature of expenses

Expenses in the statements of profit and comprehensive income are presented as a combination of function and nature in conformity with industry practice. Transportation expenses, share-based compensation, depletion and depreciation, and impairment of property, plant and equipment are presented in separate lines by their nature, while operating expenses, general and administrative expenses and transaction and integration costs are presented on a functional basis. Significant general and administrative are presented by their nature in note 17.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3(a) Joint arrangements

Many of the Company’s petroleum and natural gas operations are conducted under joint operating agreements whereby two or more parties jointly control the assets. These joint arrangements are classified as joint operations, and the financial statements include the Company’s ownership-interest share of the assets, liabilities, revenue and expenses of these joint operations.

3(b) Business combinations

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. The excess of the cost of the acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets acquired, the difference is recognized immediately in profit or loss. Transaction costs associated with a business combination are expensed as incurred.

3(c) Cash and cash equivalents

Cash and cash equivalents include short-term investments with original maturities of less than 90 days.

3(d) Inventory

Inventory is primarily comprised of oil and gas field equipment. Inventories are carried at the lower of cost and net realizable value. Cost consists of the costs incurred to purchase the inventory. Net realizable value is based on current market prices as at the date of the statements of financial position.

3(e) Financial instruments

InPlay recognizes a financial asset or liability when it becomes a party to the contractual provisions of a financial instrument. Financial assets and liabilities within the scope of IFRS 9 “Financial Instruments” are classified as amortized cost, fair value through other comprehensive income or fair value through profit or loss (“FVTPL”). IFRS 9 uses a single approach to determine the classification of a financial asset. InPlay does not designate derivative instruments as hedges. Transaction costs are included in the initial carrying amount of financial instruments except for fair value through profit and loss items, in which case they are expensed as incurred.

(i) Financial assets and liabilities at fair value through profit or loss

The Company classifies its derivative contracts as measured at FVTPL. All of the Company’s derivative contracts currently in place are derivatives not designated for hedge accounting and are therefore measured at FVTPL. Financial assets and liabilities classified as FVTPL are subsequently measured at fair value with changes in fair value charged immediately to the statements of profit and comprehensive income.

(ii) Financial assets and liabilities at amortized cost

The Company classifies its cash and cash equivalents, accounts receivable and accrued receivables and accounts payable and accrued liabilities at amortized cost. These financial instruments are measured at fair value on initial recognition, which is typically the relevant transaction price unless the transaction contains a significant financing component. The contractual cash flows received from the financial assets are solely payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. These financial assets and financial liabilities are subsequently measured at amortized cost using the effective interest method. The carrying values of the Company’s cash and cash equivalents, accounts receivable and accrued receivables, and accounts payable and accrued liabilities approximate their fair values.

The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

(iii) Fair value

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the valuation date. For financial instruments that have no active market, fair value is determined using valuation techniques including the use of recent arm's length market transactions, reference to the current market value of equivalent financial instruments and discounted cash flow analysis.

(iv) Impairment of financial assets

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivable and accrued receivables. The Company's accounts receivable and accrued receivables are the only financial assets that are subject to IFRS 9's expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss is immaterial given the low risk associated with its collectability.

3(f) Exploration and evaluation ("E&E") expenditures

Expenditures incurred to explore for and evaluate proved and probable oil and natural gas reserves may include costs to acquire unproven oil and natural gas properties or licenses to explore, drill exploratory wells, geological and geophysical costs to evaluate the underlying resource, and directly-attributable general and administrative costs. E&E expenditures are recognized and measured as follows:

(i) Prior to obtaining the right to explore

Expenditures are recognized as an expense in profit or loss when incurred.

(ii) Subsequent to acquiring the right to explore, and before technical feasibility and commercial viability have been established

Expenditures incurred are accumulated on an area-by-area basis and are measured at cost as E&E assets. E&E assets are not subject to depletion and depreciation; however, E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount. Any impairment loss is recognized as an expense in profit or loss. E&E assets are assessed for impairment independently from property, plant and equipment.

(iii) Upon demonstration of technical feasibility and commercial viability

An E&E asset is assessed for impairment, and any impairment loss is recognized immediately in profit or loss. The carrying amount of the E&E assets, net of any impairment loss, is reclassified to property, plant and equipment.

3(g) Property, plant and equipment

Property, plant and equipment carrying amounts are measured at cost less accumulated depreciation and depletion, and accumulated impairment losses.

(i) Development and production expenditures

All costs directly associated with the development of proved and probable oil and natural gas reserves are recognized as property, plant and equipment assets if the expenditures extend or enhance the recoverable reserves of the underlying assets. Such costs include property acquisitions, carrying amounts reclassified from E&E assets to property, plant and equipment, drilling and completion costs, gathering and processing infrastructure, capitalized decommissioning obligations, and directly attributable general and administration costs.

Repairs and maintenance and operational expenditures that do not extend or enhance recoverable reserves are charged to profit or loss when incurred.

(ii) Impairment and reversals of impairment

Oil and natural gas assets are grouped into cash generating units (“CGUs”) for impairment testing. The Company has one CGU: West Central Alberta.

At the end of each reporting date, the Company considers various external and internal sources of information when assessing whether any indication exists that a CGU may be impaired or that an impairment loss recognized in prior periods may no longer exist or may have decreased. If any such indication exists, the Company estimates the CGU’s recoverable amount. A CGU’s recoverable amount is the higher of its value in use and its fair value less costs of disposal.

When the carrying amount of a CGU exceeds its recoverable amount, the carrying value is reduced to its recoverable amount. That reduction is an impairment loss, which is recognized immediately in profit or loss.

When the recoverable amount exceeds the carrying amount of a CGU, and the carrying value had been reduced in a prior period due to an impairment loss, the carrying amount of the CGU is increased to the revised estimate of its recoverable amount not exceeding the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior periods. That increase in carrying value is a reversal of an impairment loss, which is recognized immediately in profit or loss.

3(h) Depletion and depreciation

The net carrying amount of oil and natural gas producing properties, including tangible equipment associated with these oil and natural gas properties, is depleted using the unit-of-production method based on estimated total proved and probable reserves taking into account the estimated future development and decommissioning expenditures required to produce these proved and probable oil and natural gas reserves and salvage values of the tangible equipment. For other assets, depreciation is recognized in profit or loss on a straight-line or declining basis over the assets’ estimated useful lives.

3(i) Leases

The Company assesses whether a contract is a lease based on whether the contract conveys the right to control the use of an underlying asset for a period of time in exchange for consideration. The Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Leases are recognized as a right-of-use asset and a corresponding lease liability at the date on which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be paid by the lessee under residual value guarantees, the exercise price of purchase options if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, less any lease incentives receivable. These payments are discounted using the Company’s incremental borrowing rate when the rate implicit in the lease is not readily available. The Company uses a single discount rate for a portfolio of leases with reasonably similar characteristics.

Lease payments are allocated between the liability and finance costs. The finance cost is charged to net income over the lease term. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the amount expected to be payable under a residual value guarantee or if there is a change in the assessment of whether the Company will exercise a purchase, extension or termination option that is within the control of the Company. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the statements of profit and comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease payments made at or before the commencement date. The right-of-use asset is depreciated, on a straight-line basis, over the shorter of the estimated useful life of the asset or the lease term. The right-of-use asset may be adjusted for certain remeasurements of the lease liability and impairment losses. Leases that have terms of less than twelve months or leases on which the underlying asset is of low value are recognized as an expense in the statements of profit and comprehensive income on a straight-line basis over the lease term.

A lease modification will be accounted for as a separate lease if the modification increases the scope of the lease and if the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope. For a modification that is not a separate lease or where the increase in consideration is not commensurate, at the effective date of the lease modification, the Company will remeasure the lease liability using the Company's incremental borrowing rate, when the rate implicit to the lease is not readily available, with a corresponding adjustment to the right-of-use asset. A modification that decreases the scope of the lease will be accounted for by decreasing the carrying amount of the right-of-use asset, and recognizing a gain or loss in net income that reflects the proportionate decrease in scope.

3(j) Decommissioning obligations

The Company has regulatory obligations for the future decommissioning of the Company's oil and gas locations following the end of the assets' useful lives. Decommissioning activities include abandonment of wellbores, dismantling and decommissioning surface equipment and remediating site disturbance. Provision is made for the estimated costs of decommissioning and site restoration and capitalized in the relevant E&E asset or property, plant and equipment category.

Decommissioning obligations are measured at the present value of management's estimation of the amount and timing of expenditures using a liability-specific risk-free discount rate. Changes in the estimated timing of decommissioning and restoration or related cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The accretion on the decommissioning and restoration provision is classified as a finance cost.

3(k) Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the acquisition affects neither accounting, nor taxable, profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable income will be available to utilize those temporary differences and losses.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statements of profit and comprehensive income. Deferred tax assets and liabilities are offset, if legally enforceable rights exist to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3(l) Share capital

Shares, consisting of common shares, are classified as equity.

When the Company repurchases its own common shares, share capital is reduced by the average carrying value of the shares repurchased. If the average carrying value of the shares exceeds the purchase price, the difference will be recognized as contributed surplus. If the purchase price exceeds the average carrying value of the shares, any previous contributed surplus related to such transactions is reversed. To the extent there is none, the difference is recognized as a reduction to retained earnings. Shares are cancelled upon repurchase.

Common shares, from time to time, are acquired in the open market by an independent trustee and are held in trust for the potential future settlement of award values and are netted out of share capital, including the cumulative purchase cost, until they are distributed for future settlements.

3(m) Profit per common share

Basic profit per common share is calculated by dividing the income or loss for the period by the weighted average number of common shares outstanding during the period.

Diluted profit per common share is calculated using the treasury stock method by adjusting the weighted average number of common shares outstanding for dilutive instruments.

3(n) Share-based compensation plans

The Company's share-based compensation plans include both cash-settled and equity-settled awards.

Liabilities associated with cash-settled awards are determined based on the fair value of the award at grant date and are subsequently revalued at each statement of financial position date. This valuation incorporates the share price and outstanding awards at the statement of financial position date. Share-based compensation expense is recognized in the statements of profit and comprehensive income over the vesting period with a corresponding increase or decrease in accounts payable and accrued liabilities.

Share-based compensation expense associated with equity-settled awards is determined based on the fair value of the award at grant date and is recognized over the vesting period, with a corresponding increase to contributed surplus. At the time the awards are exercised, the associated contributed surplus amount is recognized in share capital.

3(o) Revenue recognition

Revenue from the sale of oil, natural gas and NGLs is recognized when control of the product is transferred, which is, generally, when title passes to the customer in accordance with the terms of the sales contract. These sales contracts represent a series of distinct transactions. The Company considers its performance obligations under these contracts to be satisfied and control to be transferred when all the following conditions are satisfied:

- InPlay has transferred title and physical possession of the commodity to the buyer;
- InPlay has transferred the significant risks and rewards of ownership of the commodity to the buyer; and
- InPlay has the present right to payment.

Revenue is measured based on the consideration specified in the contract with the customer. Payment terms for InPlay's sales contracts are on the 25th of the month following delivery. InPlay does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a result, the Company does not adjust its revenue transactions for the time value of money.

The Company sells its production of crude oil, natural gas and NGLs pursuant to variable price contracts. The transaction price for variable price contracts is based on the commodity price, adjusted for quality,

location and other factors. The amount of revenue recognized is based on the agreed transaction price with any variability in transaction price recognized in the same period. Fees associated with marketing, transportation and other items are based on fixed price contracts.

Revenue from the production of oil, natural gas and NGLs from properties in which InPlay has an ownership interest with other producers is recognized on a net working interest basis.

The Company applies a practical expedient of IFRS 15 and does not disclose information about remaining performance obligations that have an original expected duration of one year or less and it does not have any long-term contracts with unfulfilled performance obligations. In addition, the Company also applies a practical expedient of IFRS 15 that allows any incremental costs of obtaining contracts with customers to be recognized as an expense when incurred rather than being capitalized where the expected amortization period is one year or less.

3(p) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

3(q) Changes in accounting policies

There were no new accounting policies adopted during the year ended December 31, 2025.

3(r) Future accounting pronouncements not yet adopted

The Company has reviewed the following reporting and accounting standards that have been issued, but are not yet effective:

(i) IFRS 18 “Presentation and Disclosure in Financial Statements”

The IASB has issued IFRS 18 – Presentation and Disclosure in Financial Statements to achieve comparability of the financial performance of similar entities. The standard, which replaces IAS 1, impacts the presentation of primary financial statements and notes, mainly the income statement where companies will be required to present separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. IFRS 18 will require management-defined performance measures to be explained and included in a separate note within the financial statements. The standard is effective for financial statements beginning on January 1, 2027, including interim financial statements and requires retrospective application. The Company is currently assessing the impact of this standard.

(ii) IFRS 7 “Financial Instruments” & IFRS 9 “Financial Instruments: Disclosures”

On May 30, 2024, the IASB issued amendments to IFRS 9, “Financial Instruments”, and IFRS 7, “Financial Instruments: Disclosures”. The amendments include clarifications on the derecognition of financial liabilities and the classification of certain financial assets. In addition, new disclosure requirements for equity instruments designated as fair value through other comprehensive income were added. The amendments are effective for annual periods beginning on or after January 1, 2026, and are to be applied retrospectively. The Company is currently assessing the impact of this standard.

3(s) Common Share Consolidation and Comparative Figures

At the Company's Special Meeting of Shareholders held on April 4, 2025, shareholders approved a six for one common share consolidation effective for shareholders of record as of April 14, 2025. Effective April 14, 2025, shareholders of record received one share for every six common shares held, with common shares trading on a consolidation basis beginning April 17, 2025. Common share, per common share, dividend,

stock option, DSU, RSU and PSU amounts for periods prior to the six for one common share consolidation have been updated to reflect the common share consolidation.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

4(a) Significant judgements in applying accounting policies

The judgements made in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements are as follows:

(i) Exploration and evaluation expenditures

The application of the Company's policy for exploration and evaluation expenditures requires management to make certain judgements as to the nature of the expenditures and the technical and commercial feasibility of the underlying resource property.

E&E assets remain capitalized as long as sufficient progress is being made in assessing whether the recovery of the petroleum products is technically feasible and commercially viable. The concept of "sufficient progress" is a judgmental area, and it is possible to have E&E assets remain classified as such for several years while additional E&E activities are carried out or the Company seeks government, regulatory or internal approval for development plans. E&E assets are subject to ongoing technical, commercial and Management review to confirm the continued intent to establish the technical feasibility and commercial viability of the discovery. When Management is making this assessment, changes to project economics, expected capital expenditures and production costs, results of other operators in the region and access to infrastructure and potential infrastructure expansions are important factors.

(ii) Identification of CGUs

A CGU is defined as the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The classification of assets into CGUs requires judgement with respect to similarity of sales points, shared infrastructure, geographical proximity, commodity type and similarity of exposures to market risks.

(iii) Impairment / reversal of impairment of non-financial assets

Judgement is required to select, consider and interpret various external and internal sources of information to assess when impairment or reversal of impairment indicators exist.

4(b) Major sources of estimation uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(i) Estimation of proved and probable oil and natural gas reserves

Depletion and depreciation of property, plant and equipment costs, and amounts used in impairment calculations are based on estimates of proved and probable oil and natural gas reserves. At least once per year, the Company's independent reserves evaluator prepares a reserves assessment and evaluation of the Company's oil and natural gas properties. Reserves estimates are based on estimated future commodity prices and operating expenses, expected future rates of production, and the timing and amount of future capital expenditures, all of which are subject to many uncertainties and interpretations. Refer to note 7 for additional information relating to this estimate.

(ii) Impairment of non-financial assets

Value in use is determined by estimating the present value of the future net cash flows from the continued use of the CGU, and is subject to the risks associated with estimating the value of reserves.

Fair value less costs of disposal refers to the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. The Company uses a discounted future cash flow model to measure fair value of the CGU. The future cash flows were based on level 3 fair value hierarchy inputs: the Company's reserves prepared by its independent reserves evaluator, including key assumptions regarding the discount rate, expected future rates of production, future commodity prices, operating expenses, and future development costs.

The key assumptions and estimates of the value of proved and probable oil and natural gas reserves and the existing and potential markets for the Company's oil and natural gas assets are made at the time of reserves estimation and market assessment and are subject to change as new information becomes available. Changes in international and regional factors including supply and demand of commodities, inventory levels, drilling activity, currency exchange rates, weather, geopolitical and general economic environment factors may result in significant changes to the estimated recoverable amounts of the CGU.

Refer to note 7 for additional information relating to this estimate.

(iii) Business combinations

The amounts recorded for identifiable assets acquired, liabilities assumed, goodwill or a gain from a bargain purchase will depend on management's assumptions and estimates of future events, in particular, those assumptions and estimates used in the estimation of the fair value of proved and probable oil and natural gas reserves. Key assumptions developed by management used to determine the fair value of the PP&E assets acquired included estimates of proved and probable oil and natural gas reserves, the discount rates, expected future rates of production, future commodity prices, operating expenses, and development costs.

Management applies significant judgment in estimating the fair value of the PP&E assets acquired in a business combination. To estimate the fair value of the PP&E assets, management uses a discounted future cash flow model to determine the net present value of after tax future cash flows from the proved and probable oil and natural gas reserves. The proved and probable oil and natural gas reserves are prepared by qualified individuals (management's experts). The fair values of identifiable assets and liabilities acquired are estimated based on information available at the time of preparation of the financial statements and could be subject to change.

(iv) Decommissioning obligation

The decommissioning obligation is estimated based on the Company's net ownership interest in all wells and facilities, current estimated costs to reclaim and abandon these wells and facilities, government regulations and industry practices to decommission the Company's exploration and production assets and the estimated timing of the costs to be incurred in future years, based on current legal and constructive requirements and technology. The estimated obligations and actual costs may change significantly due to changes in regulations, technology, timing of the expenditure and the discount rates used to determine the net present value of the obligations. Refer to note 10 for additional information relating to this estimate.

There are material uncertainties about the amount and timing of the decommissioning obligation, which include the future market prices for services and equipment required to undertake decommissioning activities, the government regulations and industry practices that

set out the relevant standards, and the lifespan of the Company's portfolio of exploration and production assets.

(v) Deferred tax

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates at the reporting date in effect for the period in which the temporary differences are expected to be recovered or settled. The deferred tax asset is supported by the expected future utilization of tax attributes based upon future cash flows derived from the Company's updated forecasts and independent year end reserve report using the total proved cash flows and expenditures and factoring in expected corporate general and administrative and interest expenses. The recognition of deferred tax assets is based on the significant assumptions and estimations regarding future revenues and expenses and the probability that the deductible temporary differences will reverse in the foreseeable future. The key assumptions developed by management used to determine the recoverability of the deferred tax assets included expected future rates of production, future commodity prices, operating expenses, development costs, and corporate general and administrative expenses. Changes in the tax rates or assumptions and estimates used in the recognition of deferred taxes may result in material adjustment to the amount recognized. Refer to note 11 for additional information relating to this estimate.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

5. ACQUISITIONS

On April 7, 2025, the Company closed the previously announced acquisition of Cardium light oil focused assets in the Pembina area of Alberta (the "**Pembina Asset Acquisition**") from Obsidian Energy Ltd. ("**Obsidian**") for consideration of approximately \$291.1 million. Consideration consisted of \$203 million cash payment, the issuance of 9,139,784 common shares of InPlay to Obsidian valued at \$8.58 per share based on the closing price of InPlay shares on April 6, 2025, and the inclusion of InPlay's non-operated assets at Willesden Green Unit 2 (the "**Unit Interest**").

The transaction has been accounted for as a business combination under IFRS 3.

The fair value at April 7, 2025 of the total consideration transferred (net of adjustments) and the amounts recognized attributed to the assets acquired was as follows:

Consideration:	(\$'000s)
Cash consideration	203,062
Share consideration	78,419
Unit Interest	9,656
Total Consideration	291,137
Recognized amounts of assets acquired and liabilities assumed:	
Property, plant and equipment	476,164
Exploration and evaluation	11,628
Right-of-use asset	1,723
Decommissioning obligation	(196,655)
Lease liability	(1,723)
Total identifiable net assets	291,137

During the year ended December 31, 2025, the acquired amount of property, plant and equipment was decreased by \$2.1 million as a result of adjustments relating to the acquisition, with a corresponding decrease in the amount of cash consideration.

The fair value of the decommissioning obligation at April 7, 2025 was based on the estimated future cash flows to decommission the acquired property, plant and equipment at the end of its useful life. The discount rate used to determine the net present value of the decommissioning obligation was a credit adjusted risk-free rate of 7.4%. At June 30, 2025 the decommissioning liability was revalued at risk-free discount rates of 2.5% to 3.4%, depending on the estimated timing of the future settlement of the obligations, resulting in incremental additions of \$191.1 million of decommissioning obligation and corresponding additions to property, plant and equipment.

The acquired assets contributed revenues consisting of oil and natural gas sales net of royalties of approximately \$141.2 million and operating income, which is defined as oil and natural gas sales net of royalties less operating and transportation costs, of \$83.8 million to InPlay for the period from April 7, 2025 to December 31, 2025. Had the asset acquisition occurred on January 1, 2025, an additional pro-forma oil and natural gas sales net of royalties of approximately \$58.9 million and operating income of \$39.3 million would have been recognized over the year ended December 31, 2025.

For the year ended December 31, 2025, \$10.8 million of transaction and integration costs were incurred for advisory and professional fees associated with the transaction.

The fair values of the identifiable assets and liabilities acquired as reported in the table above were estimated based on information available at the time of preparation of the financial statements and could be subject to change.

6. PROPERTY, PLANT AND EQUIPMENT

Cost (\$'000s)	Total
Balance at December 31, 2023	761,885
Additions	60,045
Revisions to decommissioning obligation	(151)
Dispositions	(1,077)
Balance at December 31, 2024	820,702
Additions	53,583
Revisions to decommissioning obligation	155,772
Acquisitions	476,270
Dispositions	(21,853)
Balance at December 31, 2025	1,484,474

Accumulated Depletion (\$'000s)	Total
Balance at December 31, 2023	356,369
Depletion and depreciation ⁽¹⁾	47,273
Dispositions	(486)
Balance at December 31, 2024	403,156
Depletion and depreciation ⁽¹⁾	96,519
Dispositions	(10,735)
Balance at December 31, 2025	488,940

⁽¹⁾ Excludes \$1.5 million of depreciation relating to Right-of-use assets (December 31, 2024: \$0.9 million).

Net book value (\$'000s)	Total
At December 31, 2024	417,546
At December 31, 2025	995,534

For the year ended December 31, 2025, additions to property, plant and equipment included capitalized general and administrative expenses of \$2.4 million (December 31, 2024: \$1.7 million) and costs related to share-based compensation of \$1.7 million (December 31, 2024: \$0.9 million). Future development costs in the amount of \$862 million were included in the depletion calculation for the three months ended December 31, 2025 (December 31, 2024: \$485 million).

7. IMPAIRMENT

At December 31, 2025 there were no indicators of impairment. All previously recorded impairments have been fully reversed.

Indicators of impairment relating to property, plant and equipment were considered to exist as at December 31, 2024 as the Company's net assets were greater than its market capitalization. An impairment test was performed for the Company's CGU which did not result in an impairment loss being recorded in the Company's statements of profit and comprehensive income. The Company measured the fair value less costs of disposal of the CGU whereby the net present value of the after tax future cash flows were calculated using a discount rate of 13%. The future cash flows were based on level 3 fair value hierarchy inputs: the Company's reserves prepared by its independent reserves evaluator, including key assumptions regarding the discount rate, expected future rates of production, future commodity prices, operating expenses, and future development costs.

If the discount rate used was one percent higher, no impairment would have been recorded for the year ended December 31, 2024. If the commodity prices used in the impairment tests were five percent lower, no impairment would have been recorded for the year ended December 31, 2024.

The following table shows the benchmark commodity prices used in the impairment calculation of property, plant and equipment at December 31, 2024 which is based on an average of independent reserve evaluator pricing estimates.

	Light, Sweet Crude Edmonton (\$Cdn/bbl)	AECO Gas Price (\$Cdn/MMBtu)
Year	December 31, 2024	December 31, 2024
2025	71.58	2.36
2026	74.48	3.33
2027	75.81	3.48
2028	77.66	3.69
2029	79.22	3.76
2030	80.80	3.83
2031	82.42	3.91
2032	84.06	3.99
2033	85.74	4.07

8. EXPLORATION AND EVALUATION

(\$'000s)	December 31, 2025	December 31, 2024
Opening balance	14,205	12,030
Additions	193	3,907
Acquisitions	11,971	-
Dispositions	(565)	
Transfers to exploration and evaluation expense	(3,294)	(1,732)
Ending balance	22,510	14,205

At December 31, 2025 and December 31, 2024, the Company evaluated its remaining exploration and evaluation assets for indicators of any potential impairment. As a result of these assessments, no indicators were identified and no additional impairment was recorded relating to the Company's exploration and evaluation assets. Included within exploration and evaluation expense is the expiry of undeveloped land leases during the year, anticipated near term undeveloped land lease expiries and/or expensed exploratory drilling.

9. LEASES**9(a) Right-of-use asset**

(\$'000s)	December 31, 2025	December 31, 2024
Opening balance	3,044	3,931
Acquisitions	1,722	49
Depreciation	(1,532)	(936)
Ending balance	3,234	3,044

9(b) Lease liability

The following table details the movement in lease liabilities for the years ended December 31, 2025 and December 31, 2024.

(\$'000s)	Total
Balance at December 31, 2023	4,125
Additions	49
Repayments	(1,606)
Interest	1,291
Balance at December 31, 2024	3,859
Acquisitions	1,723
Repayments	(2,710)
Interest	998
Balance at December 31, 2025	3,870
Expected to be incurred within one year	1,571
Expected to be incurred beyond one year	2,299

The Company does not have any lease contracts that are entered into by a joint arrangement, or on behalf of the joint arrangement, at December 31, 2025.

10. CREDIT FACILITIES

(\$'000s)	December 31, 2025	December 31, 2024
Revolving Credit Facility	129,145	63,134
Term Facility	92,959	-
Total Credit Facilities	222,104	63,134

Concurrent with completion of the Acquisition on April 7, 2025, InPlay entered into an amended and restated credit agreement with a syndicate of lenders (the “**Lenders**”) pursuant to which the aggregate available borrowing capacity under InPlay's Senior Credit Facility was increased from \$110 million to \$330 million by way of an increased \$190 million revolving credit facility (the “**Revolving Credit Facility**”) with a term out date extended to June 30, 2026, a \$110 million two-year amortizing term loan (the “**Term Facility**”) and a letter of credit facility of up to \$30 million, which was subsequently reduced to \$5.5 million upon the required placement of a letter of credit in the third quarter of 2025.

10(a) Revolving Credit Facility

The Revolving Credit Facility consists of a \$140 million revolving line of credit and a \$50 million operating line of credit. The Revolving Credit Facility has a term out date of June 30, 2026, and if not extended, additional advances would not be permitted and any outstanding advances would become repayable one year later on June 30, 2027. The Revolving Credit Facility is secured by a floating charge debenture of \$800 million and a general security agreement on the assets of the Company. At December 31, 2025, the Company had drawn \$129.1 million on the Revolving Credit Facility. There are standard reporting covenants under the Revolving Credit Facility and no financial covenants. In addition, there is an additional affirmative covenant to satisfy certain prescribed hedging requirements under the Revolving Credit Facility. The Company was in compliance with these covenants as at December 31, 2025.

Under the Revolving Credit Facility, advances can be drawn as prime rate loans and bear interest at the bank's prime lending rate plus interest rates between 2.00% and 5.50%. Advances may also be drawn as Canadian Overnight Repo Rate Average (“CORRA”) loans, Secured Overnight Finance Rate (“SOFR”) loans, and letters of credit, subject to the CORRA rate plus margins ranging from 3.00% to 6.50%. These interest rates, fees and margins vary based on adjusted debt to earnings metrics determined at each quarter end for the preceding 12 months.

The available lending limit of the Revolving Credit Facility is scheduled for annual renewal on or before June 30, 2026 and is based on the Lenders' interpretation of the Company's proved and probable oil and natural gas reserves and future commodity prices. There can be no assurance that the amount or terms of the Revolving Credit Facility will not be adjusted at the next semi-annual review. In the event that the lenders reduce the borrowing base under the Revolving Credit Facility below the amount drawn at the time of the redetermination, the Company would have 60 days to eliminate any borrowing base shortfall by repaying the amount drawn in excess of the re-determined borrowing base or by providing additional security or other consideration satisfactory to the lenders. Repayments of principal are not required provided that the borrowings under the Revolving Credit Facility do not exceed the authorized borrowing amount and the Company is in compliance with all covenants, representations and warranties.

10(b) Term Facility

The Term Facility has a maturity date of April 7, 2027 and is secured by a floating charge debenture of \$800 million and a general security agreement on the assets of the Company. The Term Facility includes quarterly amortization payments of \$4.1 million and quarterly payments equating to 50% of excess cash flow as defined by the Term Facility credit agreement. The \$110 million Term Facility was fully drawn upon of the Acquisition. At December 31, 2025, \$93.0 million was drawn on the Term Facility. The covenant and security package under the Term Facility is substantially the same as the Revolving Credit Facility, with the exception of the Term Facility having a Debt to Earnings before interest, taxes,

depreciation and amortization ("EBITDA") covenant whereby this ratio is not to exceed 2.00:1.00, and a fixed charge coverage ratio covenant whereby this ratio is not to be less than 1.75:1.00. The Company was in compliance with these standard reporting covenants and financial covenants as at December 31, 2025.

Under the Term Facility, advances can be drawn as prime rate loans and CORRA loans and bear interest at the bank's applicable prime lending or CORRA loan rates plus margins ranging from 2.25% to 3.75% of which these margins are dependent upon amounts drawn on the Term Facility.

The Company had letters of credit in the amount of \$5.5 million outstanding at December 31, 2025 (December 31, 2024 - nil).

Subsequent to year end, on February 11, 2026, InPlay closed an offering of 550 million New Israeli Shekels ("NIS") (approximately CAD\$242 million) principal amount of senior unsecured bonds (the "**Bonds**") bearing an interest rate of 6.23% per annum payable semi-annually and due December 15, 2030 (the "**Offering**"). Further, details on this bond offering are provided in note 24.

The Company was in compliance with all debt covenants at December 31, 2025.

11. DECOMMISSIONING OBLIGATION

(\$'000s)	December 31, 2025	December 31, 2024
Opening balance	94,474	95,575
Provisions incurred	821	1,822
Provisions acquired	196,655	-
Revaluation of liabilities acquired based on discount rate	191,130	-
Provisions settled	(4,207)	(3,357)
Dispositions	(2,026)	(554)
Change in estimates	(36,179)	(1,968)
Accretion expense	11,753	2,956
Ending balance	452,421	94,474
Expected to be incurred within one year	5,000	3,669
Expected to be incurred beyond one year	447,421	90,805

The Company used an inflation rate of 2.5% per annum (December 31, 2024 – 2.5%) until settlement of the decommissioning obligation, which is assumed to occur over the next 6 to 52 years, to determine the future estimated cash flows. The net present value of the future estimated cash flows have been determined using risk-free discount rates of 2.6% to 3.9% depending on the estimated timing of the future settlement of the obligations (December 31, 2024 – 3.1% to 3.3%). The total inflation adjusted undiscounted amount of estimated future cash flows required to settle the decommissioning obligation at December 31, 2025 was approximately \$889.1 million (December 31, 2024 - \$216.7 million). The total uninflated undiscounted amount of estimated future cash flows required to settle the decommissioning obligation at December 31, 2025 was approximately \$549.6 million (December 31, 2024 - \$113.6 million).

Refer to note 5 for further information relating to the provisions acquired and revaluation of liabilities acquired based on discount rate.

Changes to the risk-free discount rate or the inflation rate would have the following impact on the decommissioning obligation.

(\$'000s)	Sensitivity	2025		2024	
		Increase	Decrease	Increase	Decrease
Risk-Free Rate	1%	(63,727)	80,524	(18,570)	24,746
Inflation Rate	1%	80,676	(64,917)	24,690	(18,853)

12. INCOME TAX

The following table reconciles the income tax expense (recovery) calculated using the statutory tax rates to the income tax expense per the statement of profit (loss) and comprehensive income (loss):

(\$'000s)	December 31, 2025	December 31, 2024
Profit (loss) before tax	(5,416)	12,269
Expected income tax rate	23%	23%
Expected income tax expense (recovery)	(1,245)	2,822
Increase (decrease) in income taxes resulting from:		
Non-taxable permanent differences – stock based comp.	116	131
Other	14	11
Change in opening tax pools	-	(20)
Revaluation of deferred tax asset	3,541	(144)
Deferred income tax expense	2,426	2,800

Deferred tax asset and (liability) components and continuity:

(\$'000s)	December 31, 2023	Profit or loss	Directly to balance sheet	December 31, 2024
PP&E, and E&E	(28,327)	(6,390)	-	(34,717)
Decommissioning obligation	21,982	(253)	-	21,729
Non-capital losses	23,663	3,867	-	27,530
Derivative contract	(48)	104	-	56
Other	1,036	(97)	-	939
Share issue costs	120	(31)	-	89
Total	18,426	(2,800)	-	15,626

(\$'000s)	December 31, 2024	Profit or loss	Directly to balance sheet	December 31, 2025
PP&E, and E&E	(34,717)	(83,575)	-	(118,292)
Decommissioning obligation	21,729	82,328	-	104,057
Non-capital losses	27,530	1,213	-	28,743
Derivative contract	56	(2,238)	-	(2,182)
Other	939	(48)	-	891
Share issue costs	89	(106)	377	360
Total	15,626	(2,426)	377	13,577

The following gross deductions are available for deferred income tax purposes:

(\$'000s)	December 31, 2025	December 31, 2024
Non-capital loss carryforward balances	124,968	119,693
Share issue costs	1,568	389
Canadian Exploration Expenses (CEE)	56,750	53,074
Canadian Development Expenses (CDE)	91,654	96,492
Canadian Oil and Gas Property Expenses (COGPE)	288,008	91,737
Undepreciated Capital Cost (UCC)	88,904	47,065
Total	651,852	408,450

The Company's non-capital losses will begin to expire between 2036 and 2041. With the exception of the temporary differences related to the derivative contract gain, the Company does not expect any deferred tax assets or liabilities to reverse within the next twelve months.

The Company recognized deferred tax assets to the extent that it is probable that the future benefit will be realized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. As a result of changes in future cashflows, deferred income tax expense was debited by \$3.5 million during the year ended December 31, 2025 (December 31, 2024 - \$0.1 credit) with a corresponding impact to the deferred tax asset. At December 31, 2025, the Company had \$5.9 million of unrecognized deferred tax asset (December 31, 2024 - \$2.3 million).

13. SHARE CAPITAL

Outstanding share capital consists of an unlimited number of voting common shares.

	Number of Common Shares (net of shares in trust) ⁽¹⁾	Amount (\$'000s)
Balance at December 31, 2023	15,051,294	266,701
Issued on exercise of options	10,367	95
Shares purchased and held in trust	(42,513)	(549)
Shares released from trust on vesting of share awards	745	12
Balance at December 31, 2024	15,019,893	266,259
Issued on exercise of options	133,925	668
Issued pursuant to acquisition	9,139,784	78,419
Bought deal prospectus offering	3,524,272	32,776
Share issue costs, net of deferred tax	-	(1,264)
Shares purchased and held in trust	(237,522)	(2,099)
Shares released from trust on vesting of share awards	292,154	3,176
Balance at December 31, 2025	27,872,506	377,935

⁽¹⁾ Common share, per common share, dividend, stock option, DSU, RSU and PSU amounts have been updated to reflect the six for one common share consolidation. Further details are disclosed in note 3.

In connection with the Pembina Asset Acquisition, the Company completed a bought deal public offering on February 27, 2025 for gross proceeds of \$32.8 million, pursuant to which the Company issued 3.5 million subscription receipts of InPlay at a price of \$9.30 per subscription receipt. Cash proceeds were released from escrow on April 7, 2025 upon closing of the Pembina Asset Acquisition and each subscription receipt was exchanged for one common share of InPlay for no additional consideration. Net proceeds were approximately \$31.1 million after underwriting fees and other issue costs.

Also connected with the Pembina Asset Acquisition, the Company issued 9,139,784 InPlay common shares as partial consideration for the acquisition. See note 5 for additional information.

14. DIVIDENDS⁽¹⁾

The Company's Board of Directors approved the implementation of a monthly base cash dividend of \$0.09 per share commencing in November 2022 which resulted in the payment of \$27.1 million in dividends during the year ended December 31, 2025 (December 31, 2024 - \$16.4 million). The issuance of the monthly base dividend is subject to the discretion of the Board of Directors.

Subsequent to December 31, 2025, the Board of Directors approved and declared monthly cash dividends of \$0.09 per share, designated as eligible dividends, payable to shareholders of record on January 15, 2026, February 13, 2026 and March 16, 2026. The dividend payment date for these dividends is January 30, 2026, February 27, 2026 and March 31, 2026

⁽¹⁾ Common share, per common share, dividend, stock option, DSU, RSU and PSU amounts have been updated to reflect the six for one common share consolidation. Further details are disclosed in note 3.

15. SHARE-BASED COMPENSATION

15(a) Stock option plan

The Company has an incentive stock option plan pursuant to which options to purchase common shares may be granted to directors, officers, employees and service providers of the Company. The aggregate number of stock options that may be granted at any time under the plan shall not exceed 10% of the aggregate number of issued and outstanding common shares. The exercise price, terms of vesting and expiry date of stock options are fixed by the directors of the Company at the time of grant. All outstanding stock options vest over a three-year period, or otherwise in accordance with the stock option plan, and expire five years from the date of grant. Share-based compensation expense associated with options is determined based on the fair value of the award at grant date and is recognized over the vesting period using a graded vesting approach. The directors of the Company may amend, alter or revise the terms and conditions of the stock option plan or of any outstanding stock options, subject to the terms of the plan.

	Number of options	Weighted avg. remaining life (years)	Weighted avg. exercise price
Outstanding at December 31, 2023	449,813	2.84	11.34
Exercised during the year	(10,366)	0.58	6.18
Outstanding at December 31, 2024	439,447	1.90	11.46
Exercised during the year	(133,925)	0.06	3.40
Granted during the year	379,833	4.23	9.60
Forfeited during the year	(13,850)	2.51	18.45
Outstanding at December 31, 2025	671,505	3.06	11.88
Exercisable at December 31, 2025	263,337	1.45	14.82

Share-based compensation in the amount of \$0.3 million was recognized in the year ended December 31, 2025 (year ended December 31, 2024 - \$0.5 million) relating to stock options, in addition to \$0.1 million (December 31, 2024 - \$0.2 million) of capitalized stock-based compensation recognized for the year ended December 31, 2025, all with a corresponding credit to contributed surplus.

The fair value of each stock option granted in the year ended December 31, 2025 is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2025	2024
Risk free interest rate	2.57%	-
Expected volatility	49%	-
Expected life	3.5 years	-
Dividend yield	11%	-
Expected forfeiture rate	Nil	-
Stock price on grant date	\$9.78	-
Fair value per option	\$1.78	-

15(b) Deferred share unit (“DSU”) plan

The Company has implemented a deferred share unit plan under which DSUs may be granted to non-employee directors of the Company. All outstanding DSUs vest evenly over a three-year period. Awards are settled in cash at each vesting date and the value is determined by the Company’s share price on the vesting date.

	Number of DSUs
Outstanding at December 31, 2023	31,601
Vested during the year	(8,333)
Outstanding at December 31, 2024	23,268
Vested during the year	(23,268)
Outstanding At December 31, 2025	-

Cash payments in the amount of \$0.3 million (December 31, 2024 - \$0.1 million) were made during the year ended December 31, 2025 relating to DSUs vesting during the period. Share-based compensation in the amount of \$0.1 million was recognized in the year ended December 31, 2025 (December 31, 2024 - \$nil) relating to DSUs, with a corresponding credit to deferred share unit liability.

15(c) Restricted and Performance Award Incentive Plan

In 2022, the Company implemented a Restricted and Performance Award Incentive Plan (“**RPAP**”) under which Restricted Awards (“**RAs**”) and Performance Awards (“**PAs**”) may be granted to directors, officers, employees, consultants or other service providers of the Company. Each RA and PA entitles the holder to an award value vesting generally over a three-year period. The award value of PAs is adjusted for a payout multiplier which can range from 0.0 to 2.0 and is dependent on the performance of the Company relative to pre-defined corporate performance measures for a particular period. A payout multiplier of 1.4 was approved by the Board of Directors for 2023. A payout multiplier of 1.4 was approved by the Board of Directors for 2024. A payout multiplier of 1.8 was approved by the Board of Directors for 2025. The corporate performance measures are based upon certain financial and operating results of the Company as pre-determined by the Board, including shareholder returns relative to the Company’s peer group, leverage ratios, adjusted funds flow per share in excess of capital expenditures, reserve recycle ratios, health, safety and environmental measures, production per share growth and execution of the Company’s corporate strategy. The Company, at its discretion, is eligible to settle the award value of vesting RAs and PAs either in cash or in common shares acquired by an independent trustee in the open market. The RPAP includes a value make whole provision to all RA and PA holders when dividends are issued to shareholders. The dividend equivalent provision compensates RA and PA holders with additional RAs or PAs equal to the value of the dividends paid on a per unit basis on the dividend payment date.

	Number of RAs	Number of PAs
Outstanding at December 31, 2023	214,723	130,693
Granted during the year	4,833	-
Dividend make-whole adjustment	17,754	10,612
Vested during the year	(744)	-
Payout multiplier adjustment	-	29,993
Outstanding at December 31, 2024	236,566	171,298
Granted during the year	571,256	526,688
Dividend make-whole adjustment	58,116	53,699
Vested during the year	(244,606)	(204,107)
Payout multiplier adjustment	-	64,665
Forfeited during the year	(20,635)	(6,696)
Outstanding at December 31, 2025	600,698	605,547

For the year ended December 31, 2025, the independent trustee purchased 237,522 common shares for a total cost of \$2.1 million and as at December 31, 2025, the trustee held 103,621 common shares in trust. Share-based compensation in the amount of \$5.2 million was recognized in the year ended December 31, 2025 (December 31, 2024 - \$2.4 million) relating to RAs and PAs, in addition to \$1.6 million (December 31, 2024 - \$0.7 million) of capitalized stock-based compensation recognized for the year ended December 31, 2025, all with a corresponding credit to contributed surplus.

For the year ended December 31, 2025, upon the vesting and settlement of 244,606 (December 31, 2024 – 745) RAs and 204,197 (December 31, 2024 – nil) PAs, when taking into account the earned multipliers for PAs, 292,154 (December 31, 2024 – 745) common shares were released from trust.

16. PROFIT (LOSS) PER COMMON SHARE⁽¹⁾

(\$'000s except per share amounts)	December 31, 2025	December 31, 2024
Profit (loss) for the period	(7,842)	9,469
Weighted average number of common shares (basic)	24,444,750	15,023,009
Weighted average number of common shares (diluted) ⁽²⁾⁽³⁾	24,444,750	15,545,548
Basic profit (loss) per share	(0.32)	0.63
Diluted profit (loss) per share	(0.32)	0.61

⁽¹⁾ Common share, per common share, dividend, stock option, DSU, RSU and PSU amounts have been updated to reflect the six for one common share consolidation. Further details are disclosed in note 3.

⁽²⁾ 665,438 options are excluded from the per share calculations for the year ended December 31, 2025 as they are anti-dilutive (December 31, 2024 – 1,075,630 options).

⁽³⁾ The impact of the 103,621 shares held in trust are excluded from the per share calculations for the year ended December 31, 2025 (December 31, 2024 – 949,736).

17. SALES AND DERIVATIVE CONTRACTS

(\$'000s)	December 31, 2025	December 31, 2024
Oil sales	238,249	122,479
Natural Gas sales	26,569	13,140
NGL sales	26,589	18,094
Total	291,407	153,713
Changes in fair value of derivative contracts		
Realized gain on derivative contracts	4,465	2,750
Unrealized gain (loss) on derivative contracts	9,732	(451)
Gain on derivative contracts	14,197	2,299

18. GENERAL AND ADMINISTRATIVE EXPENSES BY NATURE

(\$'000s)	December 31, 2025	December 31, 2024
Salaries, Benefits and Bonuses	9,960	6,701
Computer related fees	2,209	1,469
Professional Consulting Services	1,209	377
Legal Expenses	947	558
Other (Office & Admin)	5,531	3,020
Capitalized Recoveries	(5,202)	(2,381)
General and administrative expense	14,654	9,744

19. FINANCE EXPENSE

(\$'000s)	December 31, 2025	December 31, 2024
Interest expense (Credit Facility and other)	18,500	5,703
Interest expense (Lease liabilities)	998	1,291
Accretion on decommissioning obligation	11,753	2,956
Finance expense	31,251	9,950

20. SUPPLEMENTAL CASH FLOW INFORMATION

Net change in non-cash working capital is comprised of:

(\$'000s)	December 31, 2025	December 31, 2024
Source (use) of cash		
Accounts receivable and accruals	(21,403)	3,171
Prepaid expenses, deposits and inventory	(12,825)	3,843
Accounts payable and accruals	32,358	(7,771)
Deferred share unit liability	(221)	(157)
	(2,091)	(914)
Related to operating activities	(15,678)	5,715
Related to investing activities	13,587	(6,629)
	(2,091)	(914)

21. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

The Company has exposure to credit, liquidity and market risk from its use of financial instruments. This note presents information about the Company's exposure to these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Management of InPlay has overall responsibility for identifying the principal risks of the Company and ensuring the policies and procedures are in place to appropriately manage these risks. InPlay's management identifies, analyzes and monitors risks and considers the implication of the market condition in relation to the Company's activities.

21(a) Fair value of financial instruments

Financial instruments comprise cash and cash equivalents, accounts receivable and accrued receivables, derivative contracts, accounts payable and accrued liabilities, and credit facilities.

The carrying amounts for cash and cash equivalents, accounts receivable and accrued receivables, and accounts payable and accrued liabilities are reasonable approximations of their respective fair values due to the short-term maturities of those instruments. Credit facilities' carrying amount is also a reasonable approximation of its fair value as it is variable rate debt with similar terms to what would be available as of the statement of financial position date.

The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the nature of inputs used to value the instrument:

- Level 1 – observable inputs such as quoted prices in active markets;
- Level 2 – inputs, other than the quoted market prices in active markets, which are observable, either directly and/or indirectly; and
- Level 3 – one or more of the significant inputs is not based on observable market data.

The fair values of the derivative contracts used for risk management as at December 31, 2025 and December 31, 2024 were measured using level 2 observable inputs, including quoted prices received from financial institutions based on published forward price curves as at the measurement date, using the remaining contracted oil and natural gas volumes.

During the year ended December 31, 2025 and December 31, 2024, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

21(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from joint operations partners and petroleum and natural gas customers.

Receivables from petroleum and natural gas marketers are normally collected on the 25th day of the month following production. When production is not taken in kind payment comes from the common stream operator and facility operator in which payment is typically received on the 25th day of the month following production. InPlay's approach to mitigate credit risk associated with these balances is to maintain marketing relationships with large, established and reputable customers, common stream operators and facility operators that are considered to be creditworthy. InPlay has not experienced any collection issues with its current common stream and facility operators. InPlay's largest oil and gas marketer accounted for 43% of revenue for the year ended December 31, 2025 (December 31, 2024: three largest oil and gas marketers accounted for 55% of revenue).

Joint operations receivables are typically collected within two to three months of the joint operations billing being issued to the partner. InPlay mitigates collection risk from joint operations receivables by obtaining

partner approval of significant capital and operating expenditures prior to expenditure and, in certain circumstances, may collect cash deposits in advance of incurring financial obligations on behalf of joint operations partners. Joint operations 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 joint operations receivables.

The Company does not typically obtain collateral from oil and natural gas customers or joint interest partners; however, the Company does have the ability to withhold production from joint interest partners in the event of non-payment. In addition, the Company has approximately \$0.9 million in amounts owing to oil and natural gas customers or joint interest partners that could be withheld if collection issues were to occur.

Trade and other receivables are non-interest bearing and are generally on 25 to 90 day terms. The Company's expected credit loss as at December 31, 2025 was \$0.5 million (December 31, 2024 - \$0.3 million).

In determining the recoverability of trade and other receivables, InPlay considers the type and age of the outstanding receivables, the credit risk of the counterparties, and the recourse available to InPlay. The maximum exposure to credit risk for accounts receivable and accruals, net of expected credit loss at the reporting date by type of customer was:

(\$'000s)	Carrying Amount	
	December 31, 2025	December 31, 2024
Oil and natural gas customers	27,430	13,656
Joint operations partners	2,687	985
Accruals & Other	7,228	1,301
Total	37,345	15,942

The Company applies the simplified approach to providing for expected credit losses as prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable and accrued receivables. The expected credit losses below also incorporate forward-looking information.

As of December 31, 2025 and December 31, 2024, the Company's accounts receivable and accrued receivables was aged as follows:

Aging (\$'000s)	December 31, 2025	December 31, 2024
0 – 30 days	34,892	14,657
30- 90 days	1,633	428
Greater than 90 days	1,353	1,190
Expected credit loss	(533)	(333)
Total	37,345	15,942

The Company considers amounts outstanding greater than 90 days to be past due. Receivables normally collectible within 30 to 60 days can take longer as information requests and timing can come into effect in dealing with receivables from joint venture partners. At December 31, 2025 \$1.4 million (December 31, 2024 - \$1.2 million) in receivables were over 90 days due and considered past due.

Cash and cash equivalents, when held, consist of cash bank balances and short-term deposits which all mature in less than 90 days. InPlay only invests cash and enters into short-term deposits and derivative contracts with large established Canadian banks and avoids complex investment vehicles with higher risk.

21(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due.

To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. The Company uses authorizations for expenditures on both operated and non-operated projects to further manage capital expenditures.

To provide capital when needed, the Company has a \$190 million Credit Facility which is reviewed semi-annually by its lenders, and a \$110 million two-year amortizing term loan. These credit facilities are described further in note 10. Subsequent to December 31, 2025, the Company closed a bond offering of approximately CAD\$ 242 million. Refer to note 24 for further details.

The Company also attempts to match its payment cycle with collection of oil and natural gas revenue on the 25th of each month.

The following are the contractual maturities of non-derivative financial liabilities At December 31, 2025:

(\$'000s)	2026	2027	2028	2029	2030+
Non-derivative financial liabilities:					
Accounts payable and accrued liabilities	55,953	-	-	-	-
Credit facilities – principal ⁽¹⁾⁽²⁾	16,500	205,604	-	-	-
Credit facilities – interest ⁽³⁾⁽⁴⁾	22,161	8,680	-	-	-
Lease liability	1,571	1,170	403	391	335
Total	96,185	215,454	403	391	335

⁽¹⁾ Assumes the Revolving Credit Facility is not renewed on June 30, 2026, whereby outstanding balances become due one year later on June 30, 2027.

⁽²⁾ Assumes quarterly amortization payments of \$4.1 million are made against the Term Facility with the remaining amount repaid on April 7, 2027. These quarterly amortization payments are made through additional draws on the Revolving Credit Facility.

⁽³⁾ Assumes interest is incurred on amounts outstanding on the Revolving Credit Facility at December 31, 2025 at the Company's effective interest rate during the current quarter and the principal balance is repaid June 30, 2027.

⁽⁴⁾ Assumes interest is incurred on amounts outstanding on the Term Facility at December 31, 2025, with quarterly amortization payments of \$4.1 million, at the Company's effective interest rate during the current quarter and the remaining principal balance is repaid April 7, 2027.

The following table shows the breakdown of the Company's accounts payable and accrued liabilities:

(\$'000s)	December 31, 2025	December 31, 2024
Trade payables ⁽⁵⁾	38,985	13,649
Joint operations partners	6,565	4,033
Accruals ⁽⁶⁾	10,403	5,913
Total	55,953	23,595

⁽⁵⁾ Includes all payables related to operations, including royalties payable.

⁽⁶⁾ Accruals include amounts for goods and services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier as of the reporting date. These accruals relate to both operating and capital activities.

21(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, commodity price risk and interest rate risk. The Company is exposed to market risks resulting from fluctuations in

commodity prices, foreign exchange rates and interest rates in the normal course of operations. Derivative instruments may be used to reduce exposure to these risks.

(i) Foreign currency exchange rate risk

The Company is exposed to the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. While substantially all of the Company's sales are denominated in Canadian dollars, the market prices in Canada for oil and natural gas are impacted by changes in the exchange rate between the Canadian dollar and the United States dollar. The Company had no forward exchange rate contracts in place as at December 31, 2025.

(ii) Commodity price risk

The Company is exposed to the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. The reference price for buyers and sellers of crude oil relevant to the Company's oil sales is West Texas Intermediate at Cushing, Oklahoma, USA ("WTI"), and the reference price for buyers and sellers of natural gas includes deals that are conducted anywhere within TransCanada's Alberta, Canada System, otherwise known as NOVA ("AECO"). Commodity prices for petroleum and natural gas are impacted by not only the relationship between the Canadian and United States dollar, as outlined above, but also world economic events, including tariffs imposed by the U.S. and other countries on one another, and North American processing and supply considerations that influence the levels of supply and demand.

InPlay manages the risks associated with changes in commodity prices by entering into financial derivative risk management contracts. The Company does not apply hedge accounting for these contracts. The Company does not enter into commodity contracts other than to manage the risk of commodity price fluctuation from the Company's expected commodity sales.

At December 31, 2025, commodity-based derivative contracts totaling the amounts below were outstanding and recorded at estimated fair value:

	Q1/26	Q2/26	Q3/26	Q4/26	Q1/27	Q2/27
Natural Gas AECO Swap (mcf/d)	15,165	14,215	14,215	8,560	4,265	-
Hedged price (\$AECO/mcf)	\$2.85	\$3.00	\$3.00	\$3.05	\$3.65	-
Natural Gas AECO Costless Collar (mcf/d)	12,320	11,375	11,375	16,400	18,950	-
Hedged price (\$AECO/mcf)	\$2.25 - \$3.50	\$2.45 - \$3.50	\$2.45 - \$3.50	\$2.85 - \$4.55	\$3.00 - \$4.85	-
Crude Oil WTI Swap (bbl/d)	3,750	2,000	2,000	2,000	2,000	-
Hedged price (\$USD WTI/bbl)	\$60.30	\$60.90	\$60.90	\$61.05	\$61.05	-
Crude Oil WTI Costless Collar (bbl/d)	500	500	-	-	-	-
Hedged price (\$USD WTI/bbl)	\$52.50 - \$62.40	\$52.50 - \$62.45	-	-	-	-
Crude Oil WTI Three-way Collar (bbl/d)	1,000	2,500	1,750	1,750	-	1,000
Low sold put price (\$USD WTI/bbl)	\$50.00	\$50.00	\$50.00	\$50.00	-	\$45.00
Mid bought put price (\$USD WTI/bbl)	\$57.50	\$57.50	\$57.50	\$57.50	-	\$52.50
High sold call price (\$USD WTI/bbl)	\$72.10	\$71.95	\$72.15	\$72.15	-	\$71.85
USD/CAD FX Forward Contract (US \$'000s)	2,000	2,000	-	-	-	-
Hedged rate (USD/CAD)	1.379	1.379	-	-	-	-
USD/CAD Costless Collar (US \$'000s)	2,000	2,000	-	-	-	-
Hedged rate (USD/CAD)	\$1.35 - \$1.40	\$1.35 - \$1.40	-	-	-	-
USD/CAD Variable Rate Collar (US \$'000s)	-	-	3,750	3,750	-	-
Put strike rate (USD/CAD)	-	-	\$1.35	\$1.35	-	-
Restrike rate (USD/CAD)	-	-	\$1.38	\$1.38	-	-
Call Strike rate (USD/CAD)	-	-	\$1.40	\$1.40	-	-
Electricity AESO Swap (kW)	1,000	1,000	1,000	1,000	1,000	1,000
Hedged price (\$kWh)	\$0.06217	\$0.06217	\$0.06217	\$0.06217	\$0.06217	\$0.06217

The estimated fair value of the financial option contracts has been determined on the amounts the Company would receive or pay for another party to assume the contracts. At December 31, 2025, the Company estimates that it would receive \$9.5 million to terminate these contracts.

An increase or decrease of US \$5.00 per barrel WTI of oil and \$0.25 per Mcf AECO of natural gas would decrease the fair value of derivative contracts by \$7.2 million and increase the fair value of derivative contracts by \$6.3 million, respectively, as at December 31, 2025.

The fair value of the financial commodity risk management contracts at December 31, 2025 was an asset of \$9.5 million (December 31, 2024 – liability of \$0.2 million).

(iii) Interest rate risk

The Company is exposed to the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's primary exposure is related to its floating interest rate credit facility. The Company estimates that an increase or decrease of 1% in interest rates would result in a change in total annual interest expense on credit facilities by approximately \$2.4 million for the year ended December 31, 2025 (December 31, 2024 - \$0.6 million).

21(e) Capital management

The Company's policy is to maintain a strong capital base for the objectives of maintaining financial flexibility which will allow it to execute an acquisition or to execute on its capital investment program, provide creditor and market confidence and to sustain the future development of the business.

At December 31, 2025, InPlay's capital structure includes shareholders' equity, credit facilities and accounts payable and accrued liabilities less accounts receivable and accrued receivables, prepaid expenses and deposits and inventory. The Company manages its capital structure by continually monitoring its business conditions, including: changes in economic conditions, the risk profile of its drilling inventory, the efficiencies of past investments, the efficiencies of forecast investments and the timing of such investments, the forecast commodity prices and resulting cash flows.

InPlay's current capital structure is summarized below:

(\$'000s)	December 31, 2025	December 31, 2024
Credit facilities	222,104	63,134
Accounts payable and accrued liabilities	55,953	23,595
Accounts receivable and accrued receivables, prepaid expenses and deposits and inventory	(60,063)	(25,834)
Net debt	217,994	60,895
Shareholders' equity	370,055	290,727
Net capitalization	588,049	351,622

In addition to the capital structure described above, internally generated adjusted funds flow and EBITDA also contribute to the Company's ability to maintain financial flexibility, return capital to shareholders and repay bondholders. Adjusted funds flow is calculated as funds flow before transaction and integration costs and decommissioning expenditures. EBITDA is calculated as adjusted funds flow before interest expenses. Adjusted funds flow and EBITDA for the years ended December 31, 2025 and December 31, 2024 were as follows:

(\$'000s)	December 31, 2025	December 31, 2024
Funds flow	99,326	65,167
Transaction and integration costs	10,839	-
Decommissioning expenditures	4,207	3,357
Adjusted funds flow	114,372	68,524
Interest expense (Credit Facility and other)	18,500	5,703
Interest expense (Lease liabilities)	998	1,291
EBITDA	133,870	75,518

Refer below for the calculation of Adjusted Total Balance Sheet as it pertains to the Company's covenants outlined in Note 24.

(\$'000s)	December 31, 2025	December 31, 2024
Total Liabilities	734,349	185,528
Shareholders Equity	370,055	290,727
Decommissioning obligation	(452,421)	(94,474)
Adjusted Total Balance Sheet	651,983	381,781

22. COMMITMENTS

22(a) Lease commitments

The Company has the following estimated annual obligations related to various leases. The minimum future payments for these leases are as follows:

(\$'000s)	2026	2027	2028	2029	2030+
Office lease payments	419	419	421	447	410
Other leases	1,992	1,279	85	-	-
Total	2,411	1,698	506	447	410

22(b) Other commitments

The Company has entered into firm service gas transportation agreements in which the Company guarantees certain minimum volumes of natural gas will be shipped on various gas transportation systems. The terms of the various agreements expire in one to five years. If no volumes were shipped pursuant to the agreements, the maximum amounts payable under the guarantees based on current tariff rates are as follows:

(\$'000s)	2026	2027	2028	2029+
Firm service commitment ⁽¹⁾	2,566	2,108	1,179	1,456

⁽¹⁾ The Company's commitment relating to firm service transportation does not constitute a lease under IFRS 16 given the Company does not obtain substantially all of the economic benefit from the use of the relevant gas transportation systems.

The Company entered into a Gas Handling Agreement in 2023 for a period of five years with an industry partner guaranteeing access to natural gas takeaway and processing capacity in the Company's Pembina area. The minimum future payments for this agreement are as follows:

(\$'000s)	2026	2027	2028
Gas processing	3,486	3,555	3,636

23. RELATED PARTY TRANSACTIONS

Key management personnel are comprised of all officers and directors of the Company. Compensation of key management personnel was as follows:

(\$'000s)	December 31, 2025	December 31, 2024
Salaries and bonuses	2,827	2,487
Stock-based compensation – expensed and capitalized	3,409	2,191
Total key management personnel compensation	6,236	4,678

As a result of the Pembina transaction, Obsidian gained significant influence over the company and became a related party until its sale of such interest. During the year ended December 31, 2025, \$3.3 million in dividends were paid to Obsidian relating to their shareholdings in the Company.

On August 7, 2025, Delek Group Ltd. (“**Delek**”) gained significant influence over the company, entered into an investor rights agreement, and became a related party based on their current share ownership. During the year ended December 31, 2025, \$4.1 million in dividends were paid to Delek relating to their shareholdings in the Company.

24. SUBSEQUENT EVENTS

Bond Offering

On February 11, 2026, InPlay closed an offering of 550 million NIS (approximately CAD\$242 million) principal amount of senior unsecured bonds (the ("**Bonds**") bearing an interest rate of 6.23% per annum payable semi-annually and due December 15, 2030 (the "**Offering**"). In addition, there are three amortization payments of 6% of the principal amount of the Bonds due on December 15th of 2027, 2028 and 2029.

The net proceeds from the Offering were used to repay the remaining amount owing of \$93.0 million under the Company's Term Facility and reduce amounts drawn under the Company's Revolving Credit Facility.

The financial covenants relating to the Bonds are as follows: Shareholders' Equity⁽¹⁾: >\$190 million, Adjusted Net Debt⁽²⁾ / Net Cap⁽³⁾: ≤65%, Shareholders' Equity / Adjusted Total Balance Sheet⁽⁴⁾: >20%. Permitted distributions covenants relating to the Bonds are as follows: Shareholders' Equity: >\$210 million, Adjusted Net Debt / Adjusted EBITDA⁽⁵⁾: ≤3.5:1⁽⁶⁾. Interest rate adjustment covenants relating to the bonds are as follows: Adjusted Net Debt / Net Cap: <60%, Shareholders' Equity: >\$210 million, Adjusted Net Debt / Adjusted EBITDA: ≤3.5:1.

Credit Facility Amendment

Concurrent with closing of the Offering, InPlay's credit agreement was amended to accommodate the Bond. The borrowing capacity under the Revolving Credit Facility remains at \$190 million with a term out date of June 30, 2026 and the Term Facility was repaid and cancelled. There was no material change to the covenant and security package of the credit agreement except for the implementation of financial covenants as outlined below. The Company is currently in compliance with these amended covenants.

The financial covenants relating to the amended credit agreement are as follows: Shareholders' Equity⁽¹⁾: >\$209 million, Adjusted Net Debt⁽²⁾ / Net Cap⁽³⁾: ≤58.5%, Shareholders' Equity / Adjusted Total Balance Sheet⁽⁴⁾: >22%, Interest Charge Coverage Ratio⁽⁷⁾: >3:1, Fixed Charge Coverage Ratio⁽⁸⁾: >1.75:1. Permitted distribution covenants relating to the amended credit agreement align with the permitted distribution covenants relating to the Bond, along with the following two additional covenants: Senior Debt⁽⁹⁾ to EBITDA: ≤1.25:1, Draw on Revolving Credit Facility: ≤70%.

- (1) As presented on the statement of financial position.
- (2) Adjusted Net Debt is calculated the same as the calculation of Net Debt in Note 21.
- (3) Net Cap is calculated the same as the calculation of Net Capitalization in Note 21.
- (4) (Total Liabilities + Shareholders Equity – Decommissioning Obligation). Refer to Note 21.
- (5) Adjusted EBITDA is calculated the same as the calculation of EBITDA in Note 21.
- (6) If Adjusted Net Debt / Adjusted EBITDA >2.0:1, permitted distributions are limited to 50% of AFF for the year.
- (7) (EBITDA⁽⁵⁾ / Interest Expense)
- (8) (EBITDA less Dividends and Shares Purchased) / (Interest Expense + Bond Amort. Payments + Decom. Ex.)
- (9) Senior Debt refers to amounts outstanding relating to the Company's Senior Credit Facility and excludes the Bond.

NIS/CAD Hedges

InPlay has effectively mitigated its exposure to fluctuations in the CAD to NIS exchange rate on the NIS denominated Bond by entering into NIS/CAD foreign exchange hedges with notional amounts and terms that align with the future cash outflow requirements of the Bonds. See below for NIS/CAD foreign exchange forward contracts entered into by the Company subsequent to December 31, 2025.

Reference currency	Buy / Sell	NIS Amount (\$'000s)	Average forward rate (NIS/CAD)	Expiry
ILS	Buy	11,547	2.2235	June 12, 2026
ILS	Buy	17,179	2.2235	December 14, 2026
ILS	Buy	17,086	2.2235	June 14, 2027
ILS	Buy	50,179	2.2235	December 14, 2027
ILS	Buy	16,149	2.2235	June 14, 2028
ILS	Buy	49,149	2.2235	December 14, 2028
ILS	Buy	15,035	2.2235	June 14, 2029
ILS	Buy	481,081	2.2235	December 14, 2029