



Financial Statements

For the three and six months ended June 30, 2026

Statements of Financial Position

(unaudited)

(Thousands of Canadian dollars)	Note	June 30, 2026	December 31, 2025
ASSETS			
Current assets			
Cash and cash equivalents		1,613	-
Restricted cash		8,752	-
Accounts receivable and accrued receivables	21	46,120	37,345
Prepaid expenses and deposits		19,324	10,423
Inventory		9,717	12,295
Derivative contracts	21	-	8,676
Total current assets		85,526	68,739
Derivative contracts	21	10,465	810
Property, plant and equipment	6, 7	988,827	995,534
Exploration and evaluation	8	20,754	22,510
Right-of-use asset	9	2,435	3,234
Deferred tax	12	16,984	13,577
Total assets		1,124,991	1,104,404
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	21	66,154	55,953
Lease liability	9	1,434	1,571
Decommissioning obligation	11	15,000	5,000
Derivative contracts	21	3,553	-
Total current liabilities		86,141	62,525
Long-term debt	10	254,817	222,104
Lease liability	9	1,597	2,299
Decommissioning obligation	11	443,383	447,421
Total long-term liabilities		699,797	671,824
Total liabilities		785,938	734,349
Shareholders' equity			
Share capital	13	373,965	377,935
Contributed surplus	15	25,606	25,827
(Deficit)		(60,518)	(33,707)
Total shareholders' equity		339,053	370,055
Total liabilities and shareholders' equity		1,124,991	1,104,404

Commitments

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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)

(unaudited)

(Thousands of Canadian dollars, except per share amounts)	Note	Three Months Ended June 30		Six Months Ended June 30	
		2026	2025	2026	2025
Oil and natural gas sales	17	124,113	91,639	212,550	130,575
Royalties		(21,248)	(11,795)	(32,453)	(16,568)
Revenue		102,865	79,844	180,097	114,007
Operating expenses		32,675	28,033	62,813	40,250
Transportation expenses		1,816	1,311	3,333	2,246
Exploration and evaluation expenses	8	-	3,077	2,265	3,140
General and administrative expenses	18	4,027	4,255	8,229	6,911
Share-based compensation	15	3,539	948	7,248	3,458
Depletion and depreciation	6, 9	25,149	30,134	49,825	42,699
Finance expenses	19	9,386	9,922	18,487	12,237
Foreign exchange loss	10	19,066	-	19,128	-
Loss (gain) on derivative contracts	17	(23,216)	(4,538)	22,247	-
Transaction and integration costs	5	594	10,141	1,628	10,141
Total expenses		73,036	83,283	195,203	121,082
Profit (loss) before tax		29,829	(3,439)	(15,106)	(7,075)
Deferred income tax expense (recovery)	12	6,899	(245)	(3,408)	(994)
Profit (loss) and comprehensive income (loss)		22,930	(3,194)	(11,698)	(6,081)
PROFIT (LOSS) PER COMMON SHARE⁽¹⁾					
Basic	16	0.82	(0.12)	(0.42)	(0.29)
Diluted	16	0.78	(0.12)	(0.42)	(0.29)

⁽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

(unaudited)

(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, 2024		15,019,893	266,259	23,277	1,191	290,727
Share-based compensation	15	-	-	4,489	-	4,489
Option exercises	15	106,783	578	(180)	-	398
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 period		-	-	-	(6,081)	(6,081)
Dividends	14	-	-	-	(11,960)	(11,960)
Shares purchased and held in trust	13, 15	(216,422)	(1,904)	-	-	(1,904)
Shares released from trust on vesting of share awards	13, 15	231,661	2,614	(2,989)	-	(375)
Balance at June 30, 2025		27,805,971	377,478	24,597	(16,850)	385,225
Balance at December 31, 2025		27,872,506	377,935	25,827	(33,707)	370,055
Share-based compensation	15	-	-	9,088	-	9,088
Option exercises	15	30,289	458	(172)	-	286
(Loss) for the period		-	-	-	(11,698)	(11,698)
Dividends	14	-	-	-	(15,113)	(15,113)
Shares purchased and held in trust	13, 15	(430,531)	(7,359)	-	-	(7,359)
Shares released from trust on vesting of share awards	13	325,992	4,802	(8,837)	-	(4,035)
Repurchase of common shares	13	(138,900)	(1,871)	(300)	-	(2,171)
Balance at June 30, 2026		27,659,356	373,965	25,606	(60,518)	339,053

⁽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

(unaudited)

(Thousands of Canadian dollars)	Note	Three Months Ended June 30		Six Months Ended June 30	
		2026	2025	2026	2025
Cash flows provided by (used in):					
OPERATING ACTIVITIES					
Profit (loss) for the period		22,930	(3,194)	(11,698)	(6,081)
Non-cash items:					
Depletion and depreciation	6	25,149	30,134	49,825	42,699
Unrealized loss (gain) on derivative contracts	17	(37,360)	(4,925)	2,574	(333)
Accretion on decommissioning obligation	11	3,876	4,144	7,335	4,906
Share-based compensation	15	3,539	948	7,248	3,385
Exploration expense	8	-	3,077	2,265	3,140
Deferred income tax expense (recovery)	12	6,899	(245)	(3,408)	(994)
Decommissioning expenditures	11	(1,108)	(758)	(2,797)	(1,318)
Funds flow		23,925	29,181	51,344	45,404
Net change in non-cash working capital	20	(6,555)	(9,592)	(8,975)	(15,404)
Net cash flow provided by operating activities		17,370	19,589	42,369	30,000
FINANCING ACTIVITIES					
Principal portion of finance lease payments	9	(412)	(549)	(835)	(747)
Proceeds from exercise of stock options	15	44	2	286	380
Issuance of shares, net of issue costs	13	-	31,137	-	31,137
Dividends	14	(7,556)	(7,862)	(15,113)	(11,960)
Shares purchased and held in trust	15	(9,551)	(1,823)	(11,392)	(2,279)
Repurchase of common shares	13	(2,171)	-	(2,171)	-
Increase in long-term debt	10	19,338	175,397	32,713	177,142
Net cash flow provided by (used in) financing activities		(308)	196,302	3,488	193,673
INVESTING ACTIVITIES					
Capital expenditures – Property, plant and equipment	6	(16,138)	(4,571)	(39,006)	(18,406)
Capital expenditures – Exploration and evaluation	8	(101)	(42)	(169)	(94)
Property acquisitions	5	(26)	(205,199)	(393)	(205,542)
Net change in non-cash working capital	20	(7,273)	(6,079)	(4,676)	369
Net cash flow used in investing activities		(23,538)	(215,891)	(44,244)	(223,673)
Increase (decrease) in cash and cash equivalents		(6,476)	-	1,613	-
Cash and cash equivalents, beginning of the period		8,089	-	-	-
Cash and cash equivalents, end of the period		1,613	-	1,613	-
Interest paid in cash		5,511	5,380	11,152	6,654

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

(unaudited)

JUNE 30, 2026 AND JUNE 30, 2025

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 common shares and the Bonds (as defined below) are listed on the Tel Aviv Stock Exchange (the “**TASE**”) 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

Compliance with IFRS

These condensed financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IFRS Accounting Standards**”), applicable to the preparation of interim financial statements, including IAS 34 Interim Financial Reporting. Certain disclosures included in the notes to the annual financial statements have been condensed in the following note disclosures or have been disclosed on an annual basis only. Accordingly, these condensed unaudited interim financial statements should be read in conjunction with the audited annual financial statements as at and for the year ended December 31, 2025.

The financial statements were approved and authorized for issuance by the Board of Directors on August 12, 2026.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

In preparing these condensed unaudited interim financial statements, the accounting policies made by management in applying the Company’s accounting policies and key sources of estimation uncertainty were the same as those that applied to the audited financial statements as at and for the year ended December 31, 2025, except as noted below.

Adoption of accounting policies

The following accounting policies were adopted during the six months ended June 30, 2026.

(i) Restricted cash

Restricted cash consists of cash balances that are required to be held in an Israeli bank account by the Bond Trustee to be used for future interest payments. These amounts are not available for general operating purposes.

Restricted cash is classified separately from cash and cash equivalents on the statement of financial position. Where restrictions are expected to be released within twelve months, the amounts are classified as current assets; otherwise, they are classified as non-current assets.

Restricted cash is measured at amortized cost in accordance with IFRS 9 “Financial Instruments”.

(ii) Bond liability

The Bonds (as defined below) are initially recognized at fair value, net of directly attributable transaction costs. Subsequent to initial recognition, the bond liability is measured at amortized cost using the effective interest method in accordance with IFRS 9 “Financial Instruments”. Interest expense is recognized in the statement of income over the term of the Bonds using the effective interest rate, which incorporates the amortization of transaction costs and any premiums or discounts.

Because the Bonds are denominated in a foreign currency, they are translated into Canadian dollars at the closing exchange rate at each reporting date in accordance with IAS 21 “The Effects of Changes in Foreign Exchange Rates”. Foreign exchange gains and losses arising from translation are recognized in net income in the period in which they occur.

The Company has not designated the Bonds in a hedging relationship. Accordingly, all foreign exchange movements are recorded in foreign exchange gain/loss.

The bond liability is classified as non-current unless settlement is due within twelve months of the reporting date.

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

The Company has adopted, as of January 1, 2026, the 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. These amendments did not have a material impact on the Company’s financial statements.

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.

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.

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.

In preparing these condensed unaudited interim financial statements, the methods of computation and significant judgements, estimates and assumptions made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that applied to the audited financial statements as at and for the year ended December 31, 2025.

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

5. ACQUISITIONS

On April 7, 2025, the Company closed the 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 six months ended June 30, 2026, \$1.6 million of transaction and integration costs were incurred for advisory and professional fees, and additional one-time compensation associated with the transaction.

6. PROPERTY, PLANT AND EQUIPMENT

Cost (\$'000s)	Total
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
Additions	40,845
Revisions to decommissioning obligation	1,423
Acquisitions	54
Balance at June 30, 2026	1,526,796

Accumulated Depletion (\$'000s)	Total
Balance at December 31, 2024	403,156
Depletion and depreciation ⁽¹⁾	96,519
Dispositions	(10,735)
Balance at December 31, 2025	488,940
Depletion and depreciation ⁽¹⁾	49,029
Dispositions	-
Balance at June 30, 2026	537,969

⁽¹⁾ Excludes \$0.8 million of depreciation relating to Right-of-use assets (December 31, 2025: \$1.5 million).

Net book value (\$'000s)	Total
At December 31, 2025	995,534
At June 30, 2026	988,827

For the six months ended June 30, 2026, additions to property, plant and equipment included capitalized general and administrative expenses of \$1.5 million (December 31, 2025: \$2.4 million) and costs related to share-based compensation of \$1.8 million (December 31, 2025: \$1.7 million). Future development costs in the amount of \$833 million were included in the depletion calculation for the six months ended June 30, 2026 (December 31, 2025: \$862 million).

7. IMPAIRMENT

At June 30, 2026 and December 31, 2025 there were no indicators of impairment. All previously recorded impairments have been fully reversed.

8. EXPLORATION AND EVALUATION

(\$'000s)	June 30, 2026	December 31, 2025
Opening balance	22,510	14,205
Additions	169	193
Acquisitions	340	11,971
Dispositions	-	(565)
Transfers to exploration and evaluation expense	(2,265)	(3,294)
Ending balance	20,754	22,510

At June 30, 2026, 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)	June 30, 2026	December 31, 2025
Opening balance	3,234	3,044
Additions	-	1,722
Depreciation	(799)	(1,532)
Ending balance	2,435	3,234

9(b) Lease liability

The following table details the movement in lease liabilities for the year ended December 31, 2025 and the six months ended June 30, 2026.

(\$'000s)	Total
Balance at December 31, 2024	3,859
Additions	1,723
Repayments	(2,710)
Interest	998
Balance at December 31, 2025	3,870
Additions	-
Repayments	(1,292)
Interest	453
Balance at June 30, 2026	3,031
Expected to be incurred within one year	1,434
Expected to be incurred beyond one year	1,597

The Company does not have any lease contracts that are entered into by a joint arrangement, or on behalf of the joint arrangement, at June 30, 2026.

10. LONG-TERM DEBT

(\$'000s)	June 30, 2026	December 31, 2025
Revolving Credit Facility	-	129,145
Term Facility	-	92,959
Senior Unsecured Bonds ⁽¹⁾	254,817	-
Total Long-Term Debt	254,817	222,104

(1) The Company has included unamortized original issue discounts and premiums, and unamortized directly attributable transaction costs of \$8.1 million in the carrying amount of the Bonds.

10(a) Revolving Credit Facility

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. The letter of credit facility was terminated on April 7, 2026.

Concurrent with closing of the Bond Offering (as defined below), on February 11, 2026, InPlay's credit agreement was amended to accommodate the Bonds. The borrowing capacity under the Revolving Credit Facility remained 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.

At June 30, 2026, the Revolving Credit Facility consisted of a \$140 million revolving line of credit and a \$50 million operating line of credit. The Revolving Credit Facility had a term out date of June 30, 2026, which was extended to July 30, 2026. On July 24, 2026, the Company renewed the Revolving Credit Facility, which now consists of committed amounts of a \$140 million revolving line of credit and a \$50 million operating line of credit. In addition, the borrowing base was expanded by \$60 million, for a total borrowing base of \$250 million.

The Revolving Credit Facility now has a term out date of June 30, 2027 and if not extended, additional advances would not be permitted and any outstanding advances would become repayable one year later on June 30, 2028. 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 June 30, 2026, the Company had no amounts drawn on the Revolving Credit Facility and had a positive cash balance of \$1.6 million.

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 1.75% and 3.75%. 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 2.75% to 4.75%. 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, 2027 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 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.

There are standard reporting covenants and financial covenants under the Revolving Credit Facility. The Company was in compliance with these standard covenants as at June 30, 2026. Refer to note 10(c) for details relating to the Revolving Credit Facility financial covenants.

The Company had letters of credit in the amount of \$5.5 million outstanding at June 30, 2026 (December 31, 2025 - \$5.5 million).

10(b) Senior Unsecured Bonds

(\$'000s)	Inception	FX Impact	Book Value
Balance at December 31, 2025	-	-	-
Additions	243,524	19,420	262,944
Repayments	-	-	-
Total	243,524	19,420	262,944
Unamortized transaction costs	(8,127)	-	(8,127)
Total Long-Term Debt	235,397	19,420⁽¹⁾	254,817

- (1) 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. The mark-to-market value at June 30, 2026 of the NIS/CAD foreign exchange hedges was an asset of \$18.3 million.

On February 11, 2026, InPlay closed an offering of \$550 million NIS (approximately \$244 million CAD) 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.

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.

The net proceeds from the Offering were used to repay the remaining amount owing of \$93 million under the Company's Term Facility and reduce amounts drawn under the Company's Revolving Credit Facility.

There are standard reporting covenants and financial covenants under the Bonds agreement. Refer to note 10(c) for details relating to the Bonds financial covenants. Upon the occurrence of an event of default, the outstanding principal of the Bonds and any accrued interest becomes immediately due and payable.

10(c) Covenants

The Company was in compliance with all debt covenants at June 30, 2026. The following table summarizes the Company's compliance with the financial covenants under the Revolving Credit Facility agreement and the Bonds as at and for the quarter ended June 30, 2026:

Covenant	Threshold		As at June 30, 2026
	Revolving Credit Facility	Bonds	
Financial			
Shareholders' Equity ⁽¹⁾	>\$209 million	>\$190 million	\$339 million
Adjusted Net Debt ⁽²⁾ / Net Cap ⁽³⁾	≤58.5%	≤65%	39%
Shareholders' Equity ⁽¹⁾ / Adjusted Total Balance Sheet ⁽⁴⁾	>22%	>20%	51%
Interest Charge Coverage Ratio ⁽⁵⁾	>3:1		6.7
Fixed Charge Coverage Ratio ⁽⁶⁾	>1.75:1		2.6
Permitted Distributions			
Shareholders' Equity ⁽¹⁾	>\$210 million	>\$210 million	\$339 million
Adjusted Net Debt ⁽²⁾ / Adjusted EBITDA ⁽⁷⁾⁽⁸⁾	≤3.5:1	≤3.5:1	1.4
Senior Debt ⁽⁹⁾ to EBITDA ⁽⁷⁾	≤1.25:1		0.0
Draw on Revolving Credit Facility	≤70%		0%
Interest Rate Adjustment ⁽¹⁰⁾			
Shareholders' Equity ⁽¹⁾		>\$210 million	\$339 million
Adjusted Net Debt ⁽²⁾ / Net Cap ⁽³⁾		≤60%	39%
Adjusted Net Debt ⁽²⁾ / Adjusted EBITDA ⁽⁷⁾⁽⁸⁾		≤3.5:1	1.4

(1) As presented on the Statement of Financial Position.

(2) Refer to Note 21.

(3) Net Cap is calculated the same as the calculation of Net Capitalization in Note 21.

(4) Refer to Note 21.

(5) (EBITDA⁽⁷⁾ / Interest Expense). Calculated on a trailing 12-month basis.

(6) (EBITDA less Dividends and Shares Purchased) / (Interest Expense + Bond Amortization Payments + Decommissioning Expenditures). Calculated on a trailing 12-month basis.

(7) Adjusted EBITDA is calculated the same as the calculation of EBITDA in Note 21. Calculated on a trailing 12-month basis.

(8) If Adjusted Net Debt / Adjusted EBITDA >2.0:1, permitted distributions are limited to 50% of AFF for the year.

(9) Senior Debt refers to amounts outstanding relating to the Company's Revolving Credit Facility and excludes the Bonds.

(10) If an interest rate adjustment covenant is breached, the annual interest rate on the Bonds increases by 0.5% for each covenant breached, to a maximum cumulative increase of 1.5%. The annual interest rate decreases by 0.5% as each applicable covenant breach is cured.

11. DECOMMISSIONING OBLIGATION

(\$'000s)	June 30, 2026	December 31, 2025
Opening balance	452,421	94,474
Provisions incurred	417	821
Provisions acquired	-	196,655
Revaluation of liabilities acquired based on discount rate	-	191,130
Provisions settled	(2,797)	(4,207)
Dispositions	-	(2,026)
Change in estimates	1,007	(36,179)
Accretion expense	7,335	11,753

Ending balance	458,383	452,421
Expected to be incurred within one year	15,000	5,000
Expected to be incurred beyond one year	443,383	447,421

The Company used an inflation rate of 2.5% per annum (December 31, 2025 – 2.5%) until settlement of the decommissioning obligation, which is assumed to occur over the next 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 2.7% to 3.8% depending on the estimated timing of the future settlement of the obligations (December 31, 2025 – 2.6% to 3.9%). The total inflation adjusted undiscounted amount of estimated future cash flows required to settle the decommissioning obligation at June 30, 2026 was approximately \$874.5 million (December 31, 2025 - \$889.1 million). The total uninflated undiscounted amount of estimated future cash flows required to settle the decommissioning obligation at June 30, 2026 was approximately \$547.3 million (December 31, 2025 - \$549.6 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	June 30, 2026		December 31, 2025	
		Increase	Decrease	Increase	Decrease
Risk-Free Rate	1%	(62,168)	78,576	(63,727)	80,524
Inflation Rate	1%	79,856	(64,339)	80,676	(64,917)

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)	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2026	2025	2026	2025
Profit (loss) before tax	29,829	(3,439)	(15,106)	(7,075)
Expected income tax rate	23%	23%	23%	23%
Expected income tax expense (recovery)	6,861	(791)	(3,474)	(1,627)
Increase (decrease) in income taxes resulting from:				
Non-taxable permanent differences – stock based comp.	30	33	55	46
Other	8	2	11	4
Revaluation of deferred tax asset	-	511	-	583
Deferred income tax expense (recovery)	6,899	(245)	(3,408)	(994)

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

(\$'000s)	June 30, 2026	December 31, 2025
Non-capital loss carryforward balances	152,645	124,968
Financing costs	9,251	1,568
Canadian Exploration Expenses (CEE)	56,750	56,750
Canadian Development Expenses (CDE)	94,934	91,654
Canadian Oil and Gas Property Expenses (COGPE)	263,814	288,008

Undepreciated Capital Cost (UCC)	78,696	88,904
Total	656,090	651,852

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, the unrecognized deferred tax asset was unchanged during the three months ended June 30, 2026 (June 30, 2025 - \$0.6 million debit). At June 30, 2026, the Company had \$5.9 million of unrecognized deferred tax asset (December 31, 2025 - \$5.9 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, 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
Issued on exercise of options	30,289	458
Shares purchased and held in trust	(430,531)	(7,359)
Shares released from trust on vesting of share awards	325,992	4,802
Repurchase of common shares	(138,900)	(1,871)
Balance at June 30, 2026	27,659,356	373,965

⁽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.

On May 21, 2026, the Company announced that the TSX had accepted the notice of the Company's intention to commence a Normal Course Issuer Bid ("NCIB"). Pursuant to the NCIB, the Company is permitted to purchase up to 1,793,976 common shares representing approximately 10% of its public float as at May 14, 2026 over a twelve month period commencing May 25, 2026. During the period ended June 30, 2026, the Company purchased 138,900 common shares for cancellation at an average price of \$15.61 per common share.

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 \$15.1 million in dividends during the six months ended June 30, 2026 (June 30, 2025 - \$12.0 million). The issuance of the monthly base dividend is subject to the discretion of the Board of Directors.

Subsequent to June 30, 2026, 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 July 15, 2026 and August 14, 2026. The dividend payment date for these dividends is July 31, 2026 and August 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, 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
Exercised during the period	(30,289)	2.66	9.44
Granted during the period	143,250	4.79	16.02
Forfeited during the period	(27,025)	3.04	12.42
Outstanding at June 30, 2026	757,441	3.06	12.72
Exercisable at June 30, 2026	368,134	1.95	13.50

Share-based compensation in the amount of \$0.1 million was recognized in the three and six months ended June 30, 2026 (three months ended June 30, 2025 - \$0.1 million; six months ended June 30, 2025 - \$0.2 million) relating to stock options, in addition to \$0.03 million (June 30, 2025 - \$0.1 million) of capitalized stock-based compensation recognized for the three months ended June 30, 2026, all with a corresponding credit to contributed surplus.

The fair value of each stock option granted in the three and six months ended June 30, 2026 is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Risk free interest rate	2.94%	2.57%	2.94%	2.57%
Expected volatility	38%	49%	38%	49%
Expected life	3.5 years	3.5 years	3.5 years	3.5 years
Dividend yield	6.98%	11%	6.98%	11%
Expected forfeiture rate	nil	nil	nil	nil
Stock price on grant date	\$15.21	\$9.78	\$15.21	\$9.78
Fair value per option	\$2.56	\$1.78	\$2.56	\$1.78

15(b) 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 or issued from treasury. 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, 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
Dividend make-whole adjustment	65,742	16,907
Vested during the period	(221,403)	(283,584)
Payout multiplier adjustment	-	367,273
Granted during the period	177,182	192,680
Forfeited during the period	(28,661)	(8,690)
Outstanding at June 30, 2026	593,558	890,133

For the six months ended June 30, 2026, the independent trustee purchased 430,531 common shares for a total cost of \$7.4 million and as at June 30, 2026, the trustee held 208,160 common shares in trust. Share-

based compensation in the amount of \$3.5 million and \$7.1 million was recognized in the three and six months ended June 30, 2026 (three months ended June 30, 2025 - \$0.8 million; six months ended June 30, 2025 - \$3.2 million) relating to RAs and PAs, in addition to \$1.8 million (June 30, 2025 - \$1.1 million) of capitalized stock-based compensation recognized for the six months ended June 30, 2026, all with a corresponding credit to contributed surplus.

For the six months ended June 30, 2026, upon the vesting and settlement of 221,403 (December 31, 2025 - 244,606) RAs and 283,584 (December 31, 2025 - 204,107) PAs, when taking into account the earned multipliers for PAs, 325,992 (December 31, 2025 - 292,154) common shares were released from trust.

16. PROFIT (LOSS) PER COMMON SHARE⁽¹⁾

(\$'000s except per share amounts)	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Profit (loss) for the period	22,930	(3,194)	(11,698)	(6,081)
Weighted average number of common shares (basic)	27,839,071	26,903,101	27,863,824	21,006,911
Weighted average number of common shares (diluted) ⁽²⁾⁽³⁾	29,299,182	26,903,101	27,863,824	21,006,911
Basic profit (loss) per share	0.82	(0.12)	(0.42)	(0.29)
Diluted profit (loss) per share	0.78	(0.12)	(0.42)	(0.29)

⁽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⁾ 218,917 options are excluded from the per share calculations for the three months ended June 30, 2026 as they are anti-dilutive (three months ended June 30, 2025 - 704,197 options). 757,441 options are excluded from the per share calculations for the six months ended June 30, 2026 as they are anti-dilutive (six months ended June 30, 2025 - 704,197 options).

⁽³⁾ 593,558 RAs and 694,187 PAs are included in the per share calculations for the three months ended June 30, 2026 as they are dilutive (three months ended June 30, 2025 - 595,965 RAs, 618,006 PAs). 593,558 RAs and 890,133 PAs are excluded from the per share calculations for the six months ended June 30, 2026 as they are anti-dilutive (six months ended June 30, 2025 - 595,965 RAs, 618,006 PAs).

⁽⁴⁾ The impact of the 208,160 shares held in trust are excluded from the per share calculations for the three and six months ended June 30, 2026 (three and six months ended June 30, 2025 - 143,014).

17. SALES AND DERIVATIVE CONTRACTS

(\$'000s)	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Oil sales	107,991	76,140	180,003	104,739
Natural Gas sales	6,935	7,659	16,376	12,781
NGL sales	9,187	7,840	16,171	13,055
Total	124,113	91,639	212,550	130,575
Changes in fair value of derivative contracts				
Realized (loss) on derivative contracts	(14,144)	(387)	(19,673)	(333)
Unrealized gain (loss) on derivative contracts ⁽¹⁾	37,360	4,925	(2,574)	333
Gain (loss) on derivative contracts	23,216	4,538	(22,247)	-

⁽¹⁾ Unrealized gain (loss) on derivatives contracts includes an unrealized gain relating to foreign exchange contracts of \$19.4 million for the three months ended June 30, 2026 (three months ended June 30, 2025 - \$nil) and \$12.9 million for the six months ended June 30, 2026 (six months ended June 30, 2025 - \$nil).

18. GENERAL AND ADMINISTRATIVE EXPENSES

(\$'000s)	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2026	2025	2026	2025
Gross general and administrative	5,872	5,530	11,605	8,853
Capitalized G&A and recoveries	(1,845)	(1,275)	(3,376)	(1,942)
General and administrative expense	4,027	4,255	8,229	6,911

19. FINANCE EXPENSE

(\$'000s)	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2026	2025	2026	2025
Interest expense (Revolving Credit Facility and other)	938	5,380	4,185	6,654
Interest expense (Bonds)	4,352	-	6,514	-
Interest expense (lease liabilities)	220	398	453	677
Accretion on decommissioning obligation	3,876	4,144	7,335	4,906
Finance expense	9,386	9,922	18,487	12,237

20. SUPPLEMENTAL CASH FLOW INFORMATION

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

(\$'000s)	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2026	2025	2026	2025
Source (use) of cash				
Restricted cash	(766)	-	(8,752)	-
Accounts receivable and accruals	1,060	(24,676)	(8,775)	(25,461)
Prepaid expenses, deposits and inventory	(5,789)	24,660	(6,325)	(14,019)
Accounts payable and accruals	(8,333)	17,415	10,201	24,666
Subscription receipt liability	-	(32,776)	-	-
Deferred share unit liability	-	(294)	-	(221)
	(13,828)	(15,671)	(13,651)	(15,035)
Related to operating activities	(6,555)	(9,592)	(8,975)	(15,404)
Related to investing activities	(7,273)	(6,079)	(4,676)	369
	(13,828)	(15,671)	(13,651)	(15,035)

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 market conditions in relation to the Company's activities.

21(a) Fair value of financial instruments

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

The carrying amounts for cash and cash equivalents, restricted cash, 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 June 30, 2026 and December 31, 2025 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, natural gas volumes and notional currency amount.

During the six months ended June 30, 2026 and June 30, 2025, 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 57% of revenue for the three months ended June 30, 2026 (three months ended June 30, 2025: three largest oil and gas marketers accounted for 52% of revenue). InPlay's largest oil and gas marketer accounted for 64% of revenue for the six months ended June 30, 2026 (six months ended June 30, 2025: three largest oil and gas marketers accounted for 56% 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 \$1.3 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 June 30, 2026 was \$0.6 million (December 31, 2025 - \$0.5 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	
	June 30, 2026	December 31, 2025
Oil and natural gas customers	37,651	27,430
Joint operations partners	2,506	2,687
Accruals & Other	5,963	7,228
Total	46,120	37,345

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 June 30, 2026 and December 31, 2025, the Company's accounts receivable and accrued receivables were aged as follows:

Aging (\$'000s)	June 30, 2026	December 31, 2025
0 – 30 days	42,245	34,892
30- 90 days	2,308	1,633
Greater than 90 days	2,200	1,353
Expected credit loss	(633)	(533)
Total	46,120	37,345

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 June 30, 2026 \$2.2 million (December 31, 2025 - \$1.4 million) in receivables were over 90 days due and considered past due.

Cash and cash equivalents and restricted cash, 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 Revolving Credit Facility which is reviewed semi-annually by its lenders, and \$244 million of Bonds. On July 24, 2026, the Company renewed the Revolving Credit Facility, which now consists of committed amounts of a \$140 million revolving line of credit and a \$50 million operating line of credit. In addition, the borrowing base was expanded by \$60 million, for a total borrowing base of \$250 million.

The Revolving Credit Facility and the Bonds are described further in Note 10.

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 June 30, 2026:

(\$'000s)	2026	2027	2028	2029	2030+
Non-derivative financial liabilities:					
Accounts payable and accrued liabilities	66,154	-	-	-	-
Bonds – principal ⁽¹⁾	-	14,615	14,615	14,615	199,734
Bonds - interest ⁽¹⁾	7,608	15,175	14,304	13,354	12,443
Lease liability	737	1,170	403	391	330
Total	74,499	30,960	29,322	28,360	212,507

⁽¹⁾ Assumes interest is incurred on the principal amount outstanding on the Bond at Inception at the prescribed rate of 6.23% and the principal amount is reduced by 6% amortization payments on December 15th of 2027, 2028 and 2029, with the remainder due on December 15, 2030.

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

(\$'000s)	June 30, 2026	December 31, 2025
Trade payables ⁽²⁾	32,706	38,985
Joint operations partners	5,222	6,565
Accruals ⁽³⁾	28,226	10,403
Total	66,154	55,953

⁽²⁾ Includes all payables related to operations, including royalties payable.

⁽³⁾ 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. Additionally, the Company's future cash outflow requirements from the Bonds are impacted by changes in the exchange rate between the Canadian dollar and the Israeli shekel (NIS). InPlay has effectively mitigated its exposure to fluctuations in the CAD to NIS exchange rate on the NIS denominated Bonds by entering into NIS/CAD foreign exchange hedges with notional amounts and terms that align with the future cash outflow requirements of the Bonds.

At June 30, 2026, USD/CAD and NIS/CAD foreign exchange forward contracts totaling the amounts below were outstanding and recorded at estimated fair value:

	2026	2027	2028	2029
USD/CAD Variable Rate Collar (US \$'000s)	70,500	96,000	-	-
Put strike rate (USD/CAD)	\$1.347	\$1.342	-	-
Restrike rate (USD/CAD)	\$1.376	\$1.372	-	-
Call Strike rate (USD/CAD)	\$1.403	\$1.402	-	-
CAD/NIS FX Forward Contract (NIS ₪'000s)	17,179	67,265	65,297	496,117
Hedged rate (CAD/NIS)	2.2235	2.2235	2.2235	2.2235

The fair value of the foreign exchange forward contracts at June 30, 2026 was an asset of \$18.3 million for NIS denominated contracts (December 31, 2025 - \$nil) and a liability of \$5.3 million for USD denominated contracts (December 31, 2025 – asset of \$0.2 million).

(ii) Commodity price risk

The Company is exposed to the risk that 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 June 30, 2026, commodity-based derivative contracts totaling the amounts below were outstanding and recorded at estimated fair value:

	Q3/26	Q4/26	Q1/27	Q2/27	Q3/27	Q4/27	2028
Natural Gas AECO Swap (mcf/d)	14,215	8,560	4,265	-	-	-	-
Hedged price (\$AECO/mcf)	\$3.00	\$3.05	\$3.65	-	-	-	-
Natural Gas AECO Costless Collar (mcf/d)	11,375	16,400	18,950	-	-	-	-
Hedged price (\$AECO/mcf)	\$2.45 - \$3.50	\$2.85 - \$4.55	\$3.00 - \$4.85	-	-	-	-
Crude Oil WTI Swap (bbl/d)	-	2,000	2,000	-	-	-	-
Hedged price (\$USD WTI/bbl)	-	\$61.05	\$61.05	-	-	-	-
Crude Oil WTI Three-way Collar (bbl/d)	1,750	1,750	1,500	3,000	2,000	2,000	2,000
Low sold put price (\$USD WTI/bbl)	\$50.00	\$50.00	\$60.00	\$55.50	\$60.50	\$60.50	\$50.00
Mid bought put price (\$USD WTI/bbl)	\$57.50	\$57.50	\$70.00	\$64.65	\$70.50	\$70.50	\$60.00
High sold call price (\$USD WTI/bbl)	\$72.15	\$72.15	\$82.00	\$79.65	\$83.30	\$83.30	\$70.65
Electricity AESO Swap (kW)	1,000	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	\$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 June 30, 2026, the Company estimates that it would pay \$3.6 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 \$9.3 million and increase the fair value of derivative contracts by \$10.6 million, respectively, as at June 30, 2026.

The fair value of the financial commodity risk management contracts at June 30, 2026 was a liability of \$6.1 million (December 31, 2025 – asset of \$9.5 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 is not exposed to fluctuations in future cash flows relating to the Bonds as a result of changes in market interest rates as the interest rate secured for the Bonds is fixed for the bond term. 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 \$nil for the three months ended June 30, 2026 as no amounts were drawn on the Revolving Credit Facility at June 30, 2026 (December 31, 2025 - \$2.4 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 June 30, 2026, InPlay's capital structure includes shareholders' equity, the Revolving Credit Facility, the Bonds and accounts payable and accrued liabilities less cash and cash equivalents, restricted cash, 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)	June 30, 2026	December 31, 2025
Revolving Credit Facility	-	222,104
Bonds (Inception) – Note 10(b)	235,397 ⁽¹⁾	-
Accounts payable and accrued liabilities	66,154	55,953
Cash and cash equivalents, restricted cash, accounts receivable and accrued receivables, prepaid expenses and deposits and inventory	(85,526)	(60,063)
Net debt	216,025	217,994
Shareholders' equity	339,053	370,055
Net capitalization	555,078	588,049

⁽¹⁾ Agrees to the Bond value at inception as outlined in Note 10(b).

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 foreign exchange loss, transaction and integration costs and decommissioning expenditures. EBITDA is calculated as adjusted

funds flow before interest expenses. Adjusted funds flow and EBITDA for the three and six months ended June 30, 2026 and June 30, 2025 were as follows:

(\$'000s)	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Funds flow	23,925	29,181	51,344	45,404
Foreign exchange loss	19,066	-	19,128	-
Transaction and integration costs	594	10,141	1,628	10,141
Decommissioning expenditures	1,108	758	2,797	1,318
Adjusted funds flow	44,693	40,080	74,897	56,863
Interest expense (Revolving Credit Facility and other)	938	5,380	4,185	6,654
Interest expense (Bonds)	4,352	-	6,514	-
Interest (lease liabilities)	220	398	453	677
EBITDA	50,203	45,858	86,049	64,194

Refer below for the calculation of Adjusted Net Debt and Adjusted Total Balance Sheet as it pertains to the Company's covenants outlined in Note 10.

(\$'000s)	June 30, 2026	December 31, 2025
Revolving Credit Facility	-	222,104
Bonds (Book Value) – Note 10(b)	254,817	-
NIS foreign exchange contracts	(18,344)	-
Accounts payable and accrued liabilities	66,154	55,953
Cash and cash equivalents, restricted cash, accounts receivable and accrued receivables, prepaid expenses and deposits and inventory	(85,526)	(60,063)
Adjusted net debt	217,101	217,994

(\$'000s)	June 30, 2026	December 31, 2025
Total liabilities	785,938	734,349
Shareholders' equity	339,053	370,055
Total Balance Sheet	1,124,991	1,104,404
Decommissioning obligation	(458,383)	(452,421)
Adjusted Total Balance Sheet	666,608	651,983

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	209	419	421	448	410
Other leases	914	1,279	85	-	-
Total	1,123	1,698	506	448	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⁾	1,116	2,339	1,414	1,928

⁽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	1,757	3,555	3,636

23. RELATED PARTY TRANSACTIONS

As a result of the Pembina transaction, Obsidian gained significant influence over the Company in April 2025 and became a related party until its sale of such interest on August 7, 2025. 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 six months ended June 30, 2026, \$4.9 million in dividends were paid to Delek relating to their shareholdings in the Company (year ended December 31, 2025 - \$4.1 million).

24. SUBSEQUENT EVENT

On August 5, 2026, the Company entered into a definitive agreement to acquire a private oil and gas producer for cash consideration of \$54.25 million, prior to adjustments. The cash consideration will be funded by a draw on the Revolving Credit Facility. The acquisition is expected to close by the end of August 2026. The purchase price is subject to certain adjustments from the effective date until closing.