



STRATHCONA
RESOURCES LTD

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

Independent Auditor's Report

To the Shareholders and the Board of Directors of
Strathcona Resources Ltd.

Opinion

We have audited the consolidated financial statements of Strathcona Resources Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of income and comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of 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 IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Property Plant and Equipment – Oil and natural gas properties — Refer to Notes 3 and 7 to the financial statements

Key Audit Matter Description

The Company's property, plant and equipment includes oil and natural gas properties. Oil and natural gas properties, including related facilities are depleted using the unit-of-production method ("depletion") and are evaluated for impairment using the future net cash flows of the underlying proved and probable oil and natural gas reserves.

The Company engages independent reserve engineers to estimate oil and natural gas reserves using estimates, assumptions and engineering data. The Company assesses at each reporting date whether there is an indicator of impairment. If an indicator exists, the Company estimates the recoverable amount of the cash generating unit (“CGU”), which is the higher of fair value less costs to sell or value-in-use. The determination of the Company’s proved plus probable oil and natural gas reserves and the related future net cash flows used to measure depletion and determine recoverable amount of a CGU requires management to make significant estimates and assumptions related to future oil and natural gas prices, discount rates, reserves and future operating and development costs. The Company identified indicators of impairment related to the Lloydminster Conventional CGU and recorded an impairment loss.

Given the significant judgments made by management related to future oil and natural gas prices, discount rates, reserves and future operating and development costs used to determine depletion of the Company’s oil and natural gas properties and the recoverable amount of the Lloydminster Conventional CGU, these estimates and assumptions are subject to a high degree of estimation uncertainty. Auditing these estimates and assumptions required auditor judgment in applying audit procedures and in evaluating the results of those procedures.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to future oil and natural gas prices, discount rates, reserves and future operating and development costs used to measure depletion and determine the recoverable amount of the Lloydminster Conventional CGU included the following, among others:

- Evaluated future oil and natural gas prices by independently developing a reasonable range of forecasts based on reputable third-party forecasts and market data and comparing those to the oil and natural gas prices selected by management;
- Evaluated the reasonableness of the discount rates by developing a range of independent estimates and comparing those to the discount rates selected by management;
- Evaluated the Company’s independent reserve engineers by examining reports and assessing their scope of work and findings and assessing the competence, capability and objectivity by evaluating their relevant professional qualifications and experience;
- Evaluated the reasonableness of reserves by testing the source financial information underlying the reserves and comparing the reserve volumes to historical production volumes;
- Evaluated the reasonableness of future operating and development costs by testing the source financial information underlying the estimate, comparing future development costs to historical results, and evaluating whether they are consistent with evidence obtained in other areas of the audit.

Other Information

Management is responsible for the other information. The other information comprises:

- Management’s Discussion and Analysis
- The information, other than the financial statements and our auditor’s report thereon, in the Annual Report.

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.

We obtained Management's Discussion and Analysis and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 as issued by the IASB, 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 GAAS 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 GAAS, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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 Mandeep Singh.

/s/ Deloitte LLP

Chartered Professional Accountants
March 11, 2026
Calgary, Alberta

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Cdn\$ millions

As at	Note	December 31, 2025	December 31, 2024
Assets			
Current			
Accounts receivable	18	172	348
Inventory		43	48
Prepaid expenses and deposits		37	30
Cross-currency swap asset	9, 18	—	29
Other assets		—	5
Risk management asset	18	24	47
Total current assets		276	507
Property, plant and equipment	4, 5, 7	8,493	10,456
Other assets		20	15
Total assets		8,789	10,978
Liabilities			
Current			
Accounts payable and accrued liabilities	8	619	919
Deferred revenue		29	57
Cross-currency swap liability	9, 18	5	—
Lease and other obligations	5, 10	29	65
Decommissioning provision	5, 11	42	41
Risk management liability	18	21	45
Total current liabilities		745	1,127
Debt	9	2,095	2,462
Lease and other obligations	5, 10	45	282
Decommissioning provision	5, 11	196	250
Deferred tax liability	17	1,303	991
Risk management liability	18	29	43
Contingent consideration	4	33	—
Total liabilities		4,446	5,155
Equity			
Share capital	16	2,270	3,590
Contributed surplus		50	50
Retained earnings		2,023	2,183
Total equity		4,343	5,823
Total liabilities and equity		8,789	10,978

Subscription receipts (Note 15)

Commitments and contingencies (Note 19)

Subsequent events (Notes 16 and 23)

See accompanying notes to the consolidated financial statements.

/s/ Cody Church
Cody Church, Director

/s/ Navjeet (Bob) Singh Dhillon
Navjeet (Bob) Singh Dhillon, Director

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

Cdn\$ millions, except per share amounts

For the Year Ended December 31,	Note	2025	2024 ⁽¹⁾
Revenues and other income			
Oil and natural gas sales	12	4,096	4,373
Sale of purchased products		67	75
Royalties		(435)	(567)
Oil and natural gas revenues		3,728	3,881
Loss on risk management contracts	18	(86)	(44)
Midstream revenue		24	—
Other income	6	16	—
		3,682	3,837
Expenses			
Purchased product		68	75
Blending costs		1,034	1,081
Production and operating		672	641
Transportation		368	364
General and administrative		88	76
Interest	9	131	170
Transaction related costs		44	1
Finance costs	13	56	50
Depletion, depreciation and amortization	7	607	595
Impairment	7	376	—
Foreign exchange (gain) loss	14	(34)	68
Change in decommissioning liabilities	11	(13)	—
		3,397	3,121
Gain on marketable securities	6	171	—
Income before income taxes		456	716
Income tax expense	17	90	209
Income and comprehensive income from continuing operations		366	507
Income and comprehensive income from discontinued operations, net of tax	5	545	97
Income and comprehensive income		911	604
Net income per share	16		
Continuing operations, basic and diluted		1.71	2.37
Discontinued operations, basic and diluted	5	2.54	0.45
Net income per share, basic and diluted		4.25	2.82

(1) Comparative periods have been revised to reflect current period presentation, see Note 5 - Discontinued Operations for additional information.

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Cdn\$ millions

	Note	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance as at December 31, 2023		3,590	50	1,686	5,326
Dividends	16	—	—	(107)	(107)
Income and comprehensive income		—	—	604	604
Balance as at December 31, 2024		3,590	50	2,183	5,823
Dividends	16	—	—	(1,071)	(1,071)
Return of capital	16	(1,320)	—	—	(1,320)
Income and comprehensive income		—	—	911	911
Balance as at December 31, 2025		2,270	50	2,023	4,343

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Cdn\$ millions

For the Year Ended December 31,	Note	2025	2024
Cash flow from (used in) operating activities			
Net income		911	604
Items not involving cash	21	729	1,332
Adjustments:			
Realized gain on marketable securities	6	(171)	—
Realized loss on settlement of debt		54	—
Decommissioning costs	11	(44)	(36)
Changes in non-cash working capital	21	(41)	92
		1,438	1,992
Cash flow (used in) from financing activities			
Draw (repayment) of Credit Facilities	9, 14	383	(339)
Repayment of senior notes	9, 14	(685)	—
Lease and other obligations	10	(169)	(236)
Debt issuance costs		(20)	(11)
Cash dividends paid	16	(1,071)	(107)
Return of capital	16	(1,320)	—
		(2,882)	(693)
Cash flow from (used in) investing activities			
Property, plant and equipment expenditures	7	(1,186)	(1,296)
Proceeds from asset dispositions	5	2,399	—
Property acquisitions	4, 7	(121)	(41)
Purchase of marketable securities	6, 18	(928)	—
Proceeds from disposition of marketable securities	6	1,390	—
Changes in non-cash working capital	21	(110)	38
		1,444	(1,299)
Change in cash		—	—
Cash, beginning of period		—	—
Cash, end of period		—	—
Cash interest paid		152	176

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

1. DESCRIPTION OF BUSINESS

Strathcona Resources Ltd. ("**Strathcona**" or the "**Company**") is a corporation that exists under, and is governed by, the provisions of the Business Corporations Act (Alberta) (the "**ABCA**"). Strathcona's Common Shares are listed on the TSX under the trading symbol "SCR".

At December 31, 2025, approximately 69.9% of the Company's shares were owned by certain entities comprising Waterous Energy Fund and its affiliates (collectively, "**WEF**").

Strathcona is focused on the exploration, acquisition, development and production of heavy oil reserves in Western Canada. The consolidated financial statements (the "**financial statements**") include the results of Strathcona Resources Ltd. and its wholly owned subsidiaries.

The Company's head office is located at Suite 1900, 421 – 7 Avenue SW, Calgary, Alberta, Canada, T2P 4K9.

2. BASIS OF PREPARATION

Preparation

These financial statements have been prepared in accordance with IFRS[®] Accounting Standards (the "**Accounting Standards**") as issued by the International Accounting Standards Board ("**IASB**"). These financial statements were authorized for issue by the Board of Directors on March 11, 2026.

These financial statements have been prepared on the historical cost basis except for those items that are presented at fair value as detailed in the accounting policies disclosed in Note 3.

In these financial statements, all amounts are expressed in Canadian dollars ("**CAD**" or "**C\$**") unless otherwise indicated, which is the Company's functional and presentation currency.

Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimated.

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.

Information about certain areas of estimation uncertainty and critical judgments in applying accounting policies that affect amounts recognized in these financial statements is as follows:

Acquisitions

Management is required to exercise judgment in determining whether assets acquired and liabilities assumed constitute a business. A business consists of an integrated set of assets and activities, comprised of inputs and processes, that is capable of being conducted and managed as a business by a market participant.

Significant judgment was applied in determining that the acquisition of the Vawn thermal project ("**Vawn Acquisition**") did not meet the definition of a business under IFRS 3 – *Business Combinations*. The Company elected to apply the standard's optional concentration test and concluded that substantially all of the fair value of the assets acquired was concentrated in a single identifiable asset. As a result, the transaction was accounted for as an asset acquisition.

This assessment had a material impact on the accounting treatment of the transaction, including the recognition of assets and liabilities, the absence of a bargain purchase gain, and the capitalization of transaction costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

Identification of operating segments and cash-generating units ("CGUs")

For the purpose of impairment testing, assets that cannot be tested individually are grouped into CGUs, which represent the smallest identifiable group of assets that generates cash inflows largely independent of those from other assets or groups of assets. Significant judgment is applied in determining the composition of CGUs. This includes evaluating the level of integration between assets, the use of shared infrastructure, common sales points, geographic proximity, geological characteristics, and the manner in which operations are monitored and managed internally.

The determination of CGUs can have a material impact on the assessment of asset impairment or reversal, as it affects the allocation of carrying values and the estimation of recoverable amounts. CGUs are reviewed at each reporting date to assess whether changes in operational structure, asset performance, or market conditions warrant a reassessment of CGU composition.

During the year ended December 31, 2025, management reassessed the Company's operating segment structure in light of changes to its asset base, including the divestiture of the Montney segment and the Vawn Acquisition. As a result of this review, the Lloydminster segment was disaggregated into two segments: Lloydminster Thermal and Lloydminster Conventional, to reflect the Company's updated internal reporting and management structure. This change reflects differences in how the chief operating decision makers ("CODMs") evaluate performance and allocate resources. Concurrent with the segmentation of the Lloydminster operating segment, the Company bifurcated the Lloydminster CGU.

Oil and natural gas reserves

Proved and probable reserves have been estimated by external experts and are based on a number of underlying assumptions including oil and natural gas prices, future costs, oil and natural gas in place and reservoir performance, all of which are inherently uncertain. Established industry techniques are used to generate these estimates, however, the reserves that are ultimately recovered cannot be known with certainty until the end of the field's life. Changes in reserves estimates could have a material impact on unit-of-production rates used for depletion, timing of decommissioning obligations and impairment of oil and natural gas properties. The Company's reserves are evaluated annually and reported to the Company by its independent qualified reserves evaluator.

Recoverability of property, plant and equipment

At each reporting date, the Company assesses its property, plant and equipment for any indication of impairment. If indicators exist, the associated assets or CGUs are tested by comparing the carrying amount to its recoverable amount, defined as the higher of value in use and fair value less costs of disposal. In practice, the recoverable amount for oil and gas assets is determined using discounted after-tax cash flow forecasts based on proved plus probable reserves for each CGU, as estimated by independent qualified reserves evaluators. These cash flow estimates consider forecast commodity prices, production volumes, reserve lives, operating costs, and development capital requirements, among other factors.

The determination of recoverable amount is highly sensitive to management's assumptions. Significant estimates include future oil and natural gas prices, expected production profiles and reserves, operating and development costs, and the discount rate. These assumptions are based on industry indicators and best estimates at the time of preparation, but they are subject to change as new information emerges. Broader economic and policy developments can impact these assumptions. Market factors such as supply-demand dynamics for oil and gas, geopolitical events, foreign exchange rates, and evolving regulatory standards are all reflected in price and cost assumptions. The estimates and judgments involved in assessing recoverable amounts are inherently uncertain. If actual outcomes differ from our assumptions, particularly if commodity prices or other key inputs change significantly, the Company's asset carrying values, impairment charges, and reversals could change materially in future periods.

Exploration and evaluation ("E&E") assets

The accounting for E&E assets requires management to make judgments as to whether E&E activities have discovered a sufficient amount of economically recoverable reserves, which requires the quantity and realizable value of such reserves to be estimated. These estimates could be impacted by a shift in demand as global energy markets transition to a lower carbon-based economy. Previous estimates are sometimes revised as new information becomes available.

E&E assets remain capitalized as long as sufficient progress is being made in assessing whether the recovery of the reserves 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 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 investments and production costs,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

results of other operators in the region, and access to infrastructure and potential infrastructure expansions are important factors considered.

Decommissioning provision

The decommissioning provision is based on estimated inflation and discount rates, current legal requirements, technology, cost of services and expected plans for remediation expenditures. These obligations extend decades into the future, so the ultimate cost and timing are uncertain. Future changes in environmental regulations, the development of new remediation technologies, changes in commodity price inflation, or shifts in field operating plans could materially affect the estimated liability. The Company monitors such factors and updates the decommissioning provision as required.

Financial Instruments

The estimated fair value of financial instruments is reliant upon a number of estimated variables including forward curves for commodity prices and foreign exchange rates. A change in these factors could result in a change to the overall estimated valuation of the instrument.

Income taxes

The calculation of deferred income tax assets and liabilities is based on management's interpretation of applicable laws, regulations, relevant court decisions and estimates regarding the timing of reversals of temporary differences.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The financial statements include accounts of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. Subsidiaries are consolidated from the date that control commences until the date that control ceases. The accounting policies of subsidiaries align with the policies adopted by the Company. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the financial statements.

Foreign currency

Transactions in foreign currencies are translated to Canadian dollars at exchange rates on the respective dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the period end exchange rate. Non-monetary assets that are measured in a foreign currency at historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognized in earnings and are reported on a net basis.

Inventory

Inventory consists of raw crude oil, diluent and blended crude oil at the Company's facilities, and in-transit via pipeline and rail. Inventory is carried at the lower of cost and net realizable value. Cost is determined by the first-in first-out method and includes direct purchase costs and costs of production (royalties, production and operating costs, transportation costs, blending costs and depletion of oil and natural gas properties). Net realizable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

Property, plant and equipment

(i) General

Oil and natural gas properties and corporate assets, collectively "property, plant and equipment", are measured at cost less accumulated depletion, depreciation and amortization and accumulated impairment losses.

(ii) Oil and natural gas properties

The initial cost of an asset comprises its purchase price or construction cost, any transaction costs and other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the initial estimate of a decommissioning obligation.

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts are recognized as oil and natural gas properties only when they increase the future economic benefits embodied in the specific

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

asset to which they relate. All other expenditures are recognized in earnings as incurred. Such capitalized expenditures generally represent costs incurred in developing proved and/or probable reserves and bringing on or enhancing production from such reserves. The carrying amount of any significant replaced or sold component is derecognized. The costs of the day-to-day servicing of oil and natural gas properties are recognized in earnings as incurred.

When significant parts of an item of oil and natural gas properties have different useful lives, they are accounted for as separate items.

Gains and losses on disposal of an item of oil and natural gas properties are determined by comparing the proceeds from disposal with the carrying amount of oil and natural gas properties, and are recognized in earnings.

(iii) Corporate assets

Costs associated with intangible assets, office furniture, fixtures, leasehold improvements, information technology and other corporate assets are carried at cost and depreciated based on the estimated useful lives of the assets.

Corporate assets also includes the recognition of ROU assets, in accordance with IFRS 16. ROU assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Depreciation on ROU assets is recognized in depletion, depreciation and amortization.

(iv) Non-monetary exchanges

Non-monetary exchanges of oil and natural gas properties are measured at fair value, unless the transaction lacks commercial substance or the fair value of the asset received or given up cannot be reliably measured. When fair value is not used, the carrying amount of the asset given up is used as the cost of the asset acquired.

(v) Depletion and depreciation

Oil and natural gas properties, including related facilities, are depleted using the unit-of-production method by reference to the ratio of production in the period to the related proved and probable reserves, taking into account estimated, risk adjusted future development costs necessary to bring those reserves into production. These estimates are prepared by independent reserve evaluators at least annually. Oil and natural gas properties are grouped with assets that are dedicated to serving the same reserves.

The estimated useful lives of depreciable assets are as follows:

Furniture and office equipment	30% declining balance
Computer hardware and systems software	30% declining balance
Vehicles	30% declining balance
Facilities	Straight-line over 15 - 20 years
Computer application software	Straight-line over 1 year
Leasehold improvements	Straight-line over the term of the lease

Exploration for and evaluation of mineral resources

E&E costs incurred prior to obtaining the legal right to explore are expensed. Costs incurred after the legal right to explore an area has been obtained are capitalized as exploration and evaluation assets. These costs can include license acquisition, geological and geophysical, drilling, sampling and other directly attributable internal costs. E&E assets are not depreciated and are accumulated in cost centers until technical feasibility and commercial viability of the project, area or field is determined or the assets are determined to be impaired. Technical feasibility and commercial viability of E&E assets is dependent upon the assignment of a sufficient amount of economically recoverable crude oil, condensate, natural gas, and natural gas liquids reserves and available infrastructure to support commercial development, as well as obtaining the appropriate internal and external approvals.

Once technical feasibility and commercial viability has been established for a project, area or field, the E&E assets attributable to those reserves are first assessed for impairment by comparing the carrying amount to the greater of the assets' fair value less costs of disposal or value in use, and are then transferred from E&E assets to oil and natural gas properties. If a decision is made by the Company not to continue an E&E project, the E&E is derecognized and all associated costs are charged to the statement of comprehensive income in E&E expense at that time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

Impairment of non-financial assets

CGUs are reviewed at each reporting date to determine whether there is any indication that the carrying amount may exceed its recoverable amount. If any such indication exists, an impairment test is performed by comparing the CGU's carrying value to its estimated recoverable amount. The recoverable amount of a CGU is the greater of its value in use and its fair value less costs of disposal. An impairment loss is recognized if the carrying amount of a CGU exceeds its estimated recoverable amount.

Impairment losses are recognized in earnings. Impairment losses recognized in respect to CGUs are allocated to reduce the carrying amounts of the assets in the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss may be reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion, depreciation and amortization, if no impairment loss had been recognized.

Business combinations

The acquisition method of accounting is used to account for business combinations. 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 date of the exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities is recorded as goodwill. If the cost of an acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized immediately in earnings.

Transaction costs that are incurred in connection with a business combination, other than those associated with the issuance of debt or equity securities, are recognized in earnings.

There is an option to apply a concentration test that permits a simplified assessment of whether an acquired set of activities and assets is in fact a business. The optional concentration test is met if substantially all of the fair value of the assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. An entity may make such an election separately for each transaction or other event. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed. When an acquisition of a group of assets and liabilities does not meet the definition of a business, the total cost of the acquisition, including directly attributable transaction costs, is allocated to the identifiable assets acquired and liabilities assumed based on their relative fair values at the acquisition date. No goodwill or deferred tax is recognized in an asset acquisition.

Assets held for sale

The Company classifies assets as held for sale when the carrying amount will be principally recovered through a sale transaction rather than through continuing development or use. This condition is met when the sale is highly probable and the asset is available for immediate sale in its present condition. For the sale to be highly probable, management must be committed to a plan to sell the asset and an active program to locate a buyer and complete the plan must have been initiated. The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value and the sale should be expected to be completed within one year from the date of classification. However, certain events or circumstances beyond the Company's control may extend the period to complete the sale beyond one year.

Where the Company determines that a component of the Company is classified as held for sale and (a) represents a separate major line of business or geographical area of operations (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale. The Company classifies that component as a discontinued operation.

Immediately before the property, plant and equipment is classified as held for sale it is assessed for indicators of impairment or impairment reversal and is measured at the lower of its carrying amount and fair value less costs of disposal, with any impairment loss or reversal of impairment recognized in the condensed consolidated statement of income. Non-current assets held for sale and their associated liabilities are classified and presented as current assets and liabilities within the consolidated statement of financial position. Assets held for sale are not depleted, depreciated or amortized.

Leases

On the date that a leased asset becomes available for use, the Company recognizes an ROU asset and a corresponding lease

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

obligation. Accretion expense associated with the lease obligation is charged to earnings over the lease period with a corresponding increase to the lease obligation. The lease obligation is reduced as payments are made against the principal portion of the lease. The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Depreciation of the ROU asset is recognized in depletion, depreciation and amortization.

A lease obligation is measured at the commencement date of the lease term at the present value of the future lease payments. The ROU asset is measured at cost, which is comprised of the amount of the initial measurement of the lease obligation, less any incentives received net of any onerous contracts, plus any lease payments made at, or before, the commencement date and initial direct costs and asset restoration costs, if any.

The rate implicit in the lease is used to determine the present value of the liability and ROU asset arising from a lease, unless this rate is not readily determinable, in which case the Company's incremental borrowing rate is used. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease obligation is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. A corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in the earnings if the carrying amounts of the ROU asset has been reduced to nil.

Provisions

(i) General

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate is adjusted for the Company's credit risk. Provisions are not recognized for future operating losses. The unwinding of the discount is recognized as a finance cost.

(ii) Decommissioning provision

The Company's oil and gas activities give rise to future dismantling, decommissioning, and site restoration obligations. A provision is recognized for these costs based on the present value of management's best estimate of the expenditures required to settle the obligation at the end of an asset's useful life. This estimate incorporates assumptions on the scope of work, when decommissioning will occur, future inflation, and a credit-adjusted discount rate. The resulting present value is capitalized as part of the cost of the related oil and natural gas asset and is depreciated over the asset's useful life. Subsequent changes in the estimated obligation can result from updates to the expected cost, scope or timing of decommissioning activities, or changes in the inflation or discount rates. Such revisions are added to, or deducted from the carrying amount of the associated assets prospectively, where those assets are no longer in use or have been fully impaired, changes are recognized immediately in profit or loss. The provision is also increased over time as the discount unwinds, with this accretion recognized in finance costs. Actual restoration expenditures are charged against the provision as incurred.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired, or when the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported on the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

(i) Accounts Receivable

Accounts receivable, which are non-derivative financial assets that have fixed or determinable payment terms and are not quoted in an active market, are classified as financial assets at amortized cost and are reported at amortized cost. They are included in current assets.

(ii) Financial Derivative Instruments

Risk management contracts and cross-currency swaps are financial derivative instruments and are included in current assets and liabilities, except for those with maturities greater than 12 months after the end of the reporting period, which are classified

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

as non-current assets and liabilities. The Company has not designated any of its financial derivative contracts as hedging instruments. The Company's financial derivative instruments are classified as financial assets or liabilities at fair value through profit or loss and are reported at fair value with changes in fair value recorded in net income or loss.

(iii) Marketable securities

Marketable securities are listed equity shares and are included in current assets. The Company's marketable securities are classified as financial assets at fair value through profit or loss and are reported at fair value based on changes to quoted share prices. Changes in fair value, and any dividends earned, are recorded through income at each reporting period.

(iv) Accounts Payable, Accrued Liabilities and Long-term Debt

These financial instruments are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers or repay borrowings from lenders. They are classified as current liabilities if payment is due within one year or less. These financial instruments are classified as financial liabilities at amortized cost and are reported at amortized cost.

(v) Impairment of Financial Assets

The Company recognizes loss allowances for expected credit losses ("ECLs") on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit loss and are discounted at the effective interest rate of the related financial asset.

Fair value measurements

All financial and non-financial assets and liabilities for which fair value is measured or disclosed in these financial statements are further categorized using a three-level hierarchy based upon the inputs used to measure fair value:

- Level 1: Values are based on unadjusted quoted market prices in active markets for identical assets or liabilities.
- Level 2: Values are based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Values are based on unobservable inputs.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. At each reporting date, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing the level of classification for each asset or liability measured or disclosed at fair value.

Fair values in these financial statements have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

- The value in use or fair value less costs of disposal is calculated to determine the recoverable amount of non-financial assets that are tested for impairment.
- The fair value of risk management contracts, foreign exchange swaps or cross-currency swaps are based on listed market prices, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual price and the current forward price for the residual maturity of the contract using a risk-free interest rate.
- The fair value of debt is based upon observable market data and/or other sources utilizing assumptions that market participants would use to determine fair value.
- The fair value of the contingent consideration liability is based on unobservable inputs including estimates of future commodity prices and discount rate.

Revenue

Revenues from the sale of crude oil and natural gas are measured based on the consideration specified in contracts with customers. The Company recognizes revenue when it transfers control of the product to the buyer and collection is reasonably

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

assured. This is generally considered to occur when legal title to the product passes to customers, which is when it is physically transferred to the pipeline or other transportation method agreed upon. Purchases and sales of products that are entered into in contemplation of each other with the same counterparty are recorded on a net basis. Royalty income is recognized as it accrues in accordance with the terms of the overriding royalty agreements.

The Company satisfies its performance obligations in contracts with customers upon the delivery of crude oil and natural gas, which is generally at a point in time. Performance obligations for services are satisfied over time as the service is provided. The Company sells its production of crude oil and natural gas pursuant to variable price contracts which generally have a term of one year or less. The transaction price for variable price contracts is based on the commodity index price, adjusted for quality, location and other factors depending on the contract terms. The amount of revenue recognized is based on the agreed transaction price with any variability in transaction price recognized in the same period.

The Company's revenue transactions do not contain significant financing components and payments are typically collected on the 25th day of the month following the prior month's production, with revenue being recorded once the product is delivered to a contractually agreed upon delivery point. The Company does not disclose or quantify 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.

Midstream Revenue

Midstream revenue arises from the provision of crude oil transportation, terminalling and handling services at the Company's infrastructure assets. These services are governed by contracts that include variable consideration based on throughput volumes and may include fixed components such as take-or-pay fees.

Revenue from midstream services is recognized when the customer's product has been loaded, transported, or otherwise made available in accordance with the contract terms. The customer obtains control at the point the service is completed and can direct the use of, and obtain substantially all of the remaining benefits from the serviced product. Advance payments received from customers for midstream services are recorded as deferred revenue until the related performance obligations are fulfilled.

Deferred revenue

For certain oil sales transported by rail or certain midstream services involving the Hardisty Rail Terminal ("HRT"), the Company receives consideration before the performance obligation is satisfied. These advance payments are recorded as deferred revenue until the Company fulfills the performance obligation. Revenue is recognized at the point in time when control of the product is transferred to the customer, or the agreed service has been provided.

Blending and transportation expenses

The costs associated with the transportation of oil and natural gas, including the cost of diluent used in blending, are recognized when the product is sold.

Income tax

Income tax expense includes current and deferred tax. Income tax expense is recognized in earnings except to the extent that it relates to a business combination, items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment in respect of previous years.

Deferred tax is recorded for the effect of any temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

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.

Net income per share

Basic net income per share is calculated by dividing the net income attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted net income per share is determined by adjusting the net income attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all potential common shares.

Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. All inter-segment transactions are eliminated on consolidation.

The operating segments of the Company have been derived because: (a) they engage in business activities from which revenues are earned and expenses are incurred; (b) their operating results are regularly reviewed by the CODMs, identified as the Company's Chief Financial Officer, Chief Commercial Officer and Chief Operating Officer to make decisions about resources to be allocated to each segment and assess its performance; and (c) discrete financial information is available. The Company has three business units established to monitor operational performance of groups of assets at a disaggregated level; financial performance and capital allocation decisions are made at the operating segment level.

Changes in accounting policies

Future Accounting Pronouncements

The Company has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB finalised issuance of Presentation and Disclosure in Financial Statements, which will replace IAS 1, "Presentation of Financial Statements". The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses and provide disclosures on management-defined performance measures in the notes to the financial statements. The standard is effective for annual periods beginning on or after January 1, 2027. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments

In May and December 2024, the IASB issued amendments to IFRS 9 and IFRS 7 that clarify the derecognition of financial liabilities settled via electronic payment systems, provide guidance on assessing contractual cash flows for financial assets with ESG-linked features, and introduce new disclosure requirements. These amendments are effective for annual periods beginning on or after January 1, 2026. The Company is assessing the impact of these amendments and does not expect them to have a material impact on its financial statements.

4. ACQUISITIONS

2025

Acquisition of Vawn Thermal Project

On December 1, 2025, Strathcona completed the acquisition of the Vawn thermal heavy oil project and certain undeveloped thermal lands for initial consideration paid on closing of \$71 million, after closing adjustments, and contingent consideration of up to \$75 million. Contingent consideration of \$1 million is payable for each dollar per barrel the WCS Index averages above C\$70.00 per barrel in a given quarter, payable quarterly, over the 14-quarter period following the close of the transaction. On the acquisition date, the contingent consideration was recognized as a liability measured at fair value. Fair value was determined as the present value of expected future payments using forecasted WCS prices, discounted at 10%.

The Company opted to apply the optional IFRS 3 concentration test, which resulted in the Vawn Acquisition being accounted for as an asset acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

The results of the assets acquired pursuant to the Vawn Acquisition are included in the consolidated financial statements from the date of closing on December 1, 2025.

Assets Acquired and Liabilities Assumed

The following table summarizes the total consideration paid and net assets acquired:

Consideration	
Cash	71
Contingent consideration	33
Capitalized transaction costs	2
Total consideration	106
Oil and natural gas properties	113
Exploration and evaluation assets	3
Decommissioning provision	(10)
Net assets acquired	106

Acquisition of Hardisty Rail Terminal

On April 4, 2025, the Company completed the acquisition of the HRT for cash consideration of \$48 million. HRT, located in Hardisty, Alberta, is the largest crude-by-rail terminal in Western Canada. The Company applied the optional IFRS 3 concentration test to the acquisition which resulted in the acquisition being accounted for as an asset acquisition.

5. DISCONTINUED OPERATIONS

During the year ended December 31, 2025, the Company entered into three separate asset purchase and sale agreements to dispose of its Montney segment. The Montney segment represents a separate major line of business and geographical area of operations, therefore, its results have been classified as discontinued operations in accordance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*.

Groundbirch Asset Sale

On June 1, 2025, the Company completed the sale of assets located primarily in the Groundbirch area in Northeast British Columbia (the "**Groundbirch Asset Sale**") for aggregate proceeds of \$292 million, inclusive of closing adjustments, paid in common shares of Tourmaline Oil Corp. An associated gain on sale of assets of \$138 million was recognized on close of the transaction.

Kakwa and Grande Prairie Asset Sales

On May 14, 2025, the Company entered into asset purchase and sale agreements pursuant to which the Company agreed to sell assets primarily located in the Kakwa and Grande Prairie areas in Northwest Alberta (the "**Kakwa and Grande Prairie Asset Sales**"). On July 2, 2025, the Company completed the Kakwa and Grande Prairie Asset Sales for total cash consideration of \$2,399 million, inclusive of closing adjustments. An associated gain on sale of assets of \$604 million was recognized on close of the transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

The following table summarizes the carrying value of the assets held for sale and liabilities associated with assets held for sale as at December 31, 2025:

	Disposal group
Assets held for sale	
Balance as at December 31, 2024	—
Reclassified from property, plant and equipment, net	2,107
Prepaid expenses	5
Disposition of assets held for sale	(2,112)
Balance as at December 31, 2025	—
Liabilities associated with assets held for sale	
Balance as at December 31, 2024	—
Reclassified from lease and other obligations	138
Reclassified from decommissioning provision	26
Disposition of liabilities associated with assets held for sale	(164)
Balance as at December 31, 2025	—
Disposal group, December 31, 2025	—

Financial performance and cash flow information

The following table summarizes the Company's financial results from discontinued operations:

For the Year Ended December 31,	2025	2024
Revenues and other income		
Oil and natural gas sales	521	963
Royalties	(35)	(96)
Oil and natural gas revenues	486	867
Expenses		
Production and operating	76	171
Transportation and processing	111	213
General and administrative	10	25
Transaction related costs	27	—
Finance costs	13	38
Depletion, depreciation and amortization	90	279
	327	726
Gain on sale of assets, net (Note 7)	609	—
Loss on settlement of other obligations	(1)	(4)
Net income before tax from discontinued operations	767	137
Income tax expense	222	40
Net income from discontinued operations	545	97
Net Income from discontinued operations per share	2.54	0.45

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

The following table summarizes the cash flows from discontinued operations:

For the Year Ended December 31,	2025	2024
Cash flow from (used in) discontinued operations		
Operating activities	260	437
Financing activities	(134)	(198)
Investing activities	(229)	(470)
Change in cash from (used in) discontinued operations	(103)	(231)
Capital expenditures related to discontinued operations	229	470

6. MARKETABLE SECURITIES

Marketable securities represent equity interests in publicly-traded companies that the Company has acquired either through open market transactions or as consideration in the Groundbirch Asset Sale (Note 5). During the year ended December 31, 2025, the Company acquired marketable securities at an aggregate cost of \$1,219 million. All such marketable securities were disposed of during 2025 for total cash proceeds of \$1,390 million, resulting in a gain on marketable securities of \$171 million (year ended 2024 – \$nil). The Company also recognized dividend income of \$16 million related to these investments in 2025 (2024 – \$nil). No marketable securities were held as at December 31, 2025 (December 31, 2024 – \$nil).

7. PROPERTY, PLANT AND EQUIPMENT

	Oil and natural gas properties	Exploration and evaluation assets	Corporate assets	Right of use assets	Total
Cost					
Balance, January 1, 2024	11,705	117	48	295	12,165
Additions	1,287	—	9	17	1,313
Acquisition and dispositions	41	—	—	—	41
Change in decommissioning provision (Note 11)	(53)	—	—	—	(53)
Balance as at December 31, 2024	12,980	117	57	312	13,466
Additions	1,179	—	7	6	1,192
Acquisition (Note 4)	151	3	—	—	154
Change in decommissioning provision (Note 11)	3	—	—	—	3
Reclassified to assets held for sale	(2,731)	—	—	(177)	(2,908)
Balance as at December 31, 2025	11,582	120	64	141	11,907
Accumulated DD&A and Impairment					
Balance, January 1, 2024	(2,046)	—	(35)	(55)	(2,136)
Depletion, depreciation and amortization	(820)	—	(7)	(47)	(874)
Balance as at December 31, 2024	(2,866)	—	(42)	(102)	(3,010)
Depletion, depreciation and amortization	(653)	—	(8)	(35)	(696)
Impairment	(509)	—	—	—	(509)
Reclassified to assets held for sale	747	—	—	54	801
Balance as at December 31, 2025	(3,281)	—	(50)	(83)	(3,414)
Net book value, December 31, 2024	10,114	117	15	210	10,456
Net book value, December 31, 2025	8,301	120	14	58	8,493

For the year ended December 31, 2025, \$49 million of direct and incremental overhead charges were capitalized (for the year ended December 31, 2024 – \$52 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

The calculation of depletion for the year ended December 31, 2025 includes \$9.4 billion of estimated, risk adjusted, future development costs required to bring the Company's estimated proved plus probable reserves on production (December 31, 2024 – \$11.5 billion). Depletion for the year ended December 31, 2025 includes an adjustment related to oil inventory of \$1 million (December 31, 2024 – \$1 million).

Assets Held for Sale

During the year ended December 31, 2025, the Company's Montney assets were classified as held for sale (Note 5). Upon classification, assets held for sale were recorded at the lesser of their carrying value and fair value less costs to sell resulting in an impairment of \$133 million (Note 5).

Impairment

Oil and Natural Gas Properties

In response to low commodity prices and operating performance at the Company's Lloydminster Conventional CGU throughout 2025, an impairment test was performed. The recoverable amount of the Lloydminster Conventional CGU was determined to be lower than its carrying amount, as such, the Company recorded an impairment loss of \$376 million.

The Company determined the recoverable amount of the Lloydminster Conventional CGU on a fair value-less cost-to-sell basis using a discounted after-tax cash flow model. Future cash flows were estimated based on proved plus probable reserves estimated by the Company's independent reserve evaluator. Key input estimates used in the determination of the recoverable amount include forward price estimates of crude oil and natural gas, volume of reserves and associated assumptions, including production costs, required capital expenditures, reserve life and discount rate. Cash flows were discounted using an after-tax discount rate of 12%, reflecting an asset specific weighted average cost of capital.

The following table details the forward pricing used in estimating the recoverable amount of the Lloydminster Conventional CGU at December 31, 2025, with a 2% increase per year after 2029:

	2026	2027	2028	2029
West Texas Intermediate ("WTI") \$US/bbl	59.92	65.10	70.28	71.93
Western Canadian Select at Hardisty ("WCS") \$C/bbl	65.13	70.43	76.90	78.71

The fair value measurement for the Lloydminster Conventional CGU is categorized within Level 3 of the fair value hierarchy, as it was derived from discounted future cash flows using unobservable inputs. The following table presents the impact to the Lloyd Conventional recoverable amount based on reasonable changes in commodity prices and discount rates:

	Change in commodity prices		Change in discount rate	
	5% Increase	5% Decrease	1% Decrease	1% Increase
Impairment - Lloydminster Conventional CGU	165	593	283	461

Exploration and Evaluation Assets

The Vawn Acquisition included undeveloped land in a pre-existing E&E area of the Company. The consolidation of these lands resulted in a reprioritization of existing lands versus acquired lands. While this change in development plan represents an indicator of impairment, the Company's assessment concluded that the recoverable amount of E&E assets continues to exceed its carrying amount.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	December 31, 2025	December 31, 2024
Accrued liabilities	396	634
Trade payables	213	256
Other liabilities	10	29
Accounts payable and accrued liabilities	619	919

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

9. DEBT

As at	December 31, 2025	December 31, 2024
Revolving Credit Facility - due Mar 28, 2030 ⁽¹⁾	1,876	1,767
Term Credit Facility - due Mar 28, 2030 ⁽¹⁾	240	—
Senior Notes - due Aug 1, 2026	—	719
Unamortized debt issuance costs	(21)	(24)
Debt	2,095	2,462

(1) The Company periodically borrows from its Revolving Credit Facility in US dollars ("USD" or "US\$") and the Term Credit Facility is denominated in USD. The Company enters into cross-currency interest rate swap ("CCS") contracts concurrent with the applicable borrowing dates to take advantage of an interest rate arbitrage that results from the relationship between CAD and USD interest rates and forward foreign exchange curves. Foreign currency risk associated with these borrowings is offset at the time of borrowing using CCS contracts (see Note 18). Debt on the balance sheet includes the CAD equivalent of USD borrowings, translated at the period end exchange rate, which does not include the offsetting impact of CCS contracts. At December 31, 2025, the CCS contracts had a liability value of \$5 million (December 31, 2024 - \$29 million asset) and total debt includes an unrealized gain of \$5 million (December 31, 2024 - unrealized loss of \$29 million) related to USD borrowings on the Credit Facilities. Unrealized gains or losses on USD borrowings and offsetting unrealized gains or losses on CCS contracts are included in foreign exchange gains or losses on the Consolidated Statements of Income and Comprehensive Income (see Note 14).

Bank Credit Facilities

(a) Covenant-Based Revolving Credit Facility and Term Credit Facility

At December 31, 2025, the Company had a covenant-based revolving credit facility of \$3.24 billion (December 31, 2024 - \$2.5 billion) with a syndicate of Canadian, U.S. and international financial institutions (the "Revolving Credit Facility") and a US\$175 million covenant-based term facility (December 31, 2024 - \$nil) (the "Term Credit Facility" and together with the Revolving Credit Facility, the "Credit Facilities"). The agreement governing the Credit Facilities (the "Credit Agreement") includes an accordion feature which permits the Company to increase the available Credit Facilities by up to an additional \$265 million, subject to the satisfaction of certain conditions.

The Credit Facilities have a maturity date of March 28, 2030. There are no mandatory payments on either the Revolving Credit Facility or the Term Credit Facility. Borrowings under the Revolving Credit Facility may be drawn and repaid from time to time by the Company in Canadian or U.S. dollars. Borrowings under the Term Credit Facility were made in a single upfront draw in U.S. dollars and amounts repaid by the Company may not be re-borrowed. The Credit Facilities are not subject to annual or semi-annual reviews.

The Credit Facilities bear interest at the applicable prime lending rate, base rate, Canadian Overnight Repo Rate Average ("CORRA") or Secured Overnight Financing Rate ("SOFR") plus applicable margins. The applicable margin charged by the lenders is dependent on the Company's Senior Debt to Adjusted EBITDA ratio (as defined below) for the most recently completed quarter. The Credit Facilities are guaranteed by the Company's subsidiaries, and are secured by a security interest in substantially all of the existing and future assets of the Company and its subsidiaries, including by way of a floating charge debenture granted by the Company and each of its subsidiaries.

At December 31, 2025, the Company had letters of credit outstanding under the Revolving Credit Facility of \$2 million (December 31, 2024 - \$2 million).

(b) Availability under bank credit facilities

Availability under the Company's Credit Facilities is calculated as follows:

As at	December 31, 2025	December 31, 2024
Revolving Credit Facility capacity	3,240	2,500
Term Credit Facility capacity ⁽¹⁾	240	—
Credit Facilities debt ⁽¹⁾	(2,116)	(1,767)
Unrealized (gain) loss on US borrowings	(5)	29
Letters of credit outstanding	(2)	(2)
Availability	1,357	760

(1) CAD equivalent converted at the period end exchange rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

(c) *Financial Covenants*

The Credit Agreement has three financial covenants which are calculated quarterly (as set out below).

- (i) Total Debt to Adjusted EBITDA Ratio – All debt, excluding capital leases and letters of credit constituting debt (“**Total Debt**”), each as defined in the Credit Agreement shall not exceed 4.0 times trailing 12-month net income before non-cash items, income taxes, interest expense and extraordinary and non-recurring losses, adjusted for material acquisitions or dispositions as if they occurred on the first day of the calculation period (“**Adjusted EBITDA**”). For the purposes of Adjusted EBITDA, lease payments are deducted from the calculation if a lease would have been considered an operating lease before the adoption of IFRS 16.
- (ii) Senior Debt to Adjusted EBITDA Ratio – Total Debt excluding permitted junior debt, as defined in the Credit Agreement, shall not exceed 3.5 times trailing 12-month Adjusted EBITDA.
- (iii) Interest Coverage Ratio – Trailing 12-month Adjusted EBITDA, shall not be less than 3.5 times cash interest expense, as defined in the Credit Agreement.

As at December 31, 2025, the Company was in compliance with such financial covenants.

Senior Notes

On December 30, 2025, the Company redeemed its US\$500 million senior unsecured notes (the “**Senior Notes**”) at 100% of par value. The Senior Notes bore interest at 6.875% per annum, payable semi-annually in arrears on February 1 and August 1 of each year, and had a maturity date of August 1, 2026.

Demand Letter of Credit Facility

At December 31, 2025, the Company had a \$200 million (December 31, 2024 - \$100 million) demand letter of credit facility with a financial institution (the “**LC Facility**”). The LC Facility is supported by an account performance security guarantee issued by Export Development Canada (“**EDC**”) in favor of the financial institution. The Company and its subsidiaries have indemnified EDC for the amount of any payment made by EDC to the financial institution pursuant to such account performance security guarantee; however, the obligations under such indemnity are unsecured. The letters of credit outstanding under the LC Facility do not impact the Company’s borrowing capacity under the Revolving Credit Facility. As at December 31, 2025, the Company had letters of credit in the amount of \$57 million (December 31, 2024 - \$70 million) outstanding under the LC Facility.

Interest Expense

For the Year Ended December 31,	2025	2024
Credit Facilities interest	81	146
Senior Notes interest	48	47
Realized loss (gain) on interest rate swaps	2	(23)
Interest expense	131	170

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

10. LEASE AND OTHER OBLIGATIONS

As at	December 31, 2025	December 31, 2024
Lease obligations, beginning of year	235	259
Leases acquired through acquisitions	8	—
Additions	8	17
Accretion (Note 13)	14	24
Settlements	(53)	(69)
Foreign exchange	—	4
Reclassified to liabilities associated with assets held for sale (Note 5)	(138)	—
Lease obligations, end of year	74	235
Other obligations, beginning of year	112	147
Additions	—	112
Accretion (Note 13)	5	16
Settlements	(118)	(167)
Loss on settlement	1	4
Other obligations, end of year	—	112
Lease and other obligations, end of year	74	347
Lease and other obligations current portion	29	65
Lease and other obligations long-term portion	45	282

At the beginning of 2024, other obligations included an asset-backed financing agreement on certain processing facility interests with a maturity date of January 1, 2031. This asset-backed financing arrangement gave the Company the option to repurchase the processing facilities interest at any time at specified prices. On July 15, 2024, the Company exercised this repurchase option for \$158 million.

On August 9, 2024, Strathcona entered into a new asset-backed financing agreement backed by its interest in certain processing facility interests (the “**Financing Agreement**”) for \$112 million, which consideration was provided by way of the lender's concurrent assumption of premiums on bought calls from the Company. The asset-backed financing agreement had a maturity date of July 31, 2029. This asset-backed financing arrangement gave the Company the option to repurchase the processing facilities interest at any time at specified prices. On June 30, 2025, Strathcona exercised this repurchase option and settled the liability for \$67 million.

The processing facility interests backing the Financing Agreement are associated with assets classified as held for sale, as such, amounts related to this agreement have been presented as discontinued operations (Note 5).

11. DECOMMISSIONING PROVISION

As at	December 31, 2025	December 31, 2024
Balance, beginning of year	291	351
Additions	2	9
Liabilities acquired	11	—
Liabilities disposed	(2)	—
Settlements	(44)	(36)
Changes in estimates ⁽¹⁾	(21)	(61)
Accretion (Note 13)	27	28
Reclassified to liabilities associated with assets held for sale (Note 5)	(26)	—
Balance, end of year	238	291
Current portion	42	41
Long-term portion	196	250

(1) Subsequent changes to decommissioning liabilities for fully depleted end of life assets are recognized in the Consolidated Statements of Income and Comprehensive Income in the period in which they arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

At December 31, 2025 the estimated amount of undiscounted future cash flows required to settle the obligation were \$1.84 billion, \$970 million uninflated (December 31, 2024 - \$1.93 billion and \$1,041 million, respectively). The decommissioning provision is discounted using a credit adjusted rate of 10.0% (December 31, 2024 – 10.0%) and assumes an inflation rate of 2.0% (December 31, 2024 – 2.0%). The decommissioning liabilities are estimated to be settled over periods extending to 2084, with the majority of expenditures expected to be incurred between 2026 and 2050. The present value of the decommissioning provision is sensitive to changes in the credit adjusted discount rate. A 1.0% decrease in the discount rate results in a \$27 million increase in the decommissioning provision.

12. OIL AND NATURAL GAS SALES

For the Year Ended December 31,	2025	2024
Bitumen blend	2,405	2,576
Heavy oil, blended and raw	1,688	1,796
Light oil and condensate	1	1
Natural gas	2	—
Oil and natural gas sales - continuing operations	4,096	4,373
Oil and natural gas sales - discontinued operations (Note 5)	521	963
Oil and natural gas sales - continuing and discontinued operations	4,617	5,336

13. FINANCE COSTS

For the Year Ended December 31,	2025	2024
Accretion of lease obligations (Note 10)	14	24
Accretion of other obligations (Note 10)	5	15
Accretion of decommissioning provision (Note 11)	27	28
Amortization of debt issuance costs	23	21
Finance costs - continuing and discontinued operations (Note 5)	69	88

14. FOREIGN EXCHANGE (GAIN) LOSS

For the Year Ended December 31,	2025	2024
Realized loss – operating	2	—
Realized loss – Senior Notes	54	—
Unrealized (gain) loss – Senior Notes	(88)	57
Unrealized (gain) loss – Credit Facilities ⁽¹⁾	(34)	70
Unrealized loss (gain) – cross-currency swaps ⁽¹⁾	34	(68)
Unrealized (gain) loss – other	(2)	9
Foreign exchange (gain) loss	(34)	68

(1) Strathcona enters into CCS contracts, which offset foreign currency risk on USD denominated debt drawn under the Credit Facilities. At maturity, the realized gains and losses relating to USD borrowings will be offset by the realized gains and losses on CCS contracts. See Note 9.

15. SUBSCRIPTION RECEIPTS

On May 30, 2025, Strathcona formally commenced an offer to acquire all of the issued and outstanding common shares of MEG Energy Corp. ("MEG") not already owned by Strathcona (the "MEG Transaction"). In connection with the MEG Transaction, on June 27, 2025, the Company, upon approval of the special committee of the Board comprised solely of independent directors, entered into a subscription receipt agreement with affiliates of Waterous Energy Fund III ("WEF III"), a related party of the Company, under which 21.4 million subscription receipts of the Company were issued to WEF III at a price of \$30.92 per subscription receipt, for aggregate gross proceeds of \$662 million (the "Subscription Receipt Agreement"). Under the terms of the Subscription Receipt Agreement, the aggregate proceeds from the issuance of the subscription receipts were placed in escrow.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

Under the terms of the Subscription Receipt Agreement, the Company was obliged to make a dividend equivalent payment ("DEP") to WEF III in the event that dividends are declared on the Company's common shares prior to either their conversion to common shares or termination of the Subscription Receipt Agreement.

On October 10, 2025, Strathcona terminated its take-over bid for MEG as Strathcona determined that the conditions to the offer were no longer capable of being satisfied in light of the revised definitive agreement between Cenovus Energy Inc. and MEG. This resulted in the termination of the subscription receipts, with the proceeds held in escrow returned to WEF III, and the settlement of the \$13 million DEP (or \$0.60 per subscription receipt), which is included in transaction costs.

16. SHARE CAPITAL

(a) Share Capital

	Shares	\$
Balance, December 31, 2024	214	3,590
Issuance - share pass-through	29	976
Cancellation - share pass-through	(29)	(976)
Return of capital	—	(1,320)
Balance as at December 31, 2025	214	2,270

Share Pass-Through Transactions

On January 31, 2025, certain limited partnerships of WEF completed a share pass-through transaction that resulted in the disposition of 24,010,576 Strathcona common shares (the "**January Pass-through Transaction**"). Following the January Pass-through Transaction, WEF's ownership of Strathcona's outstanding common shares decreased from approximately 90.8% to approximately 79.6%.

On November 7, 2025, one WEF limited partnership was dissolved, resulting in the disposition of 11,299,917 Strathcona common shares. Following this transaction, WEF's ownership of Strathcona's outstanding common shares decreased from approximately 79.6% to approximately 74.3%.

On December 3, 2025, one WEF limited partnership completed a share pass-through transaction that resulted in the disposition of 9,529,013 Strathcona common shares (the "**December Pass-through Transaction**"). Following the December Pass-through Transaction, WEF's ownership of Strathcona's outstanding common shares decreased from approximately 74.3% to approximately 69.9%.

The total issued and outstanding common shares of Strathcona did not change as a result of these share pass-through transactions.

Special Distribution

On December 22, 2025, Strathcona completed a \$10.00 per share distribution to shareholders, \$2.14 billion in aggregate, with such amount derived from the cash proceeds received from the Kakwa and Grande Prairie Asset Sales (the "**Special Distribution**"). The Special Distribution was completed as part of a statutory plan of arrangement that entitled shareholders to receive the payment as a dividend or, at their election, a return of capital. The plan of arrangement was approved by Strathcona's shareholders and the Court of King's Bench of Alberta at the end of November 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

The Special Distribution was implemented on December 22, 2025. Strathcona's articles were amended to create an unlimited number of Class A common shares. Shareholders who elected to receive a return of capital exchanged their common shares for Class A common shares; 131,994,190 common shares were exchanged for 131,994,190 Class A common shares. The common shares acquired by Strathcona continued to be issued and were held temporarily without a dividend entitlement. A \$10.00 per share return of capital was paid on the Class A common shares, \$1,320 million in aggregate, and a \$10.00 per share dividend was paid on the common shares not held by Strathcona, \$822 million in aggregate. Immediately following the payment of the Special Distribution, the Class A common shares were exchanged for common shares and the Class A common shares were cancelled. Strathcona's articles were amended to remove the Class A common shares and are identical to the articles prior to the Special Distribution.

(b) Net Income per Share

Net income per share, basic and diluted, amounts are calculated as net income divided by the weighted average number of common shares outstanding. At December 31, 2025 and 2024, the Company had no dilutive instruments outstanding.

For the Year Ended December 31,	2025	2024
Weighted average common shares (millions) – basic and diluted	214	214

(c) Dividends

During the year ended December 31, 2025, excluding the Special Distribution, Strathcona declared and paid total dividends of \$249 million or \$1.16 per common share (December 31, 2024 - \$107 million or \$0.50 per common share).

On March 11, 2026, the Strathcona Board of Directors declared a quarterly dividend of \$0.30 per common share to be paid on March 27, 2026 to all shareholders of record on March 20, 2026.

17. INCOME TAXES

Estimated future income tax deductions

The Company has approximately \$2,790 million of estimated future income tax deductions, in various taxpool categories, available at December 31, 2025 (December 31, 2024 - \$5,595 million).

Total income tax expense

For the Year Ended December 31,	2025	2024
Current	—	—
Deferred		
Origination and reversal of temporary differences	98	176
Change in expected statutory tax rates	—	(4)
Adjustments for prior years	7	16
Change in unrecognized tax losses	(15)	21
	90	209
Total income tax expense - continuing operations	90	209

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

Reconciliation of effective tax rate

For the Year Ended December 31,	2025	2024
Net income before income tax	456	716
Expected tax rate	24.2 %	24.1 %
Expected income tax expense	110	173
Change in unrecognized tax losses	(15)	21
Non-taxable portion of net capital (gains) losses	(14)	—
Dividends received on marketable securities	(4)	—
Change in expected statutory tax rates	—	(4)
Adjustments for prior years	7	16
Other	6	3
Total income tax expense - continuing operations	90	209

Recognized deferred income tax asset and liabilities

The movement in deferred income tax assets and liabilities is as follows:

	January 1, 2025	Changes in discontinued operations	Recognized in earnings	December 31, 2025
Deferred income tax assets				
Financial derivative contracts	10	—	(4)	6
Decommissioning provision	70	(6)	(6)	58
Lease and other obligations	57	(34)	(5)	18
Non-capital losses	418	(1)	(206)	211
Financing costs	4	—	—	4
Other	54	—	(19)	35
	613	(41)	(240)	332
Deferred income tax liabilities				
Deferred partnership income	(11)	—	11	—
Property, plant and equipment	(1,593)	(181)	139	(1,635)
	(1,604)	(181)	150	(1,635)
Deferred tax liability	(991)	(222)	(90)	(1,303)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

	January 1, 2024	Recognized in earnings ⁽¹⁾	December 31, 2024
Deferred income tax assets			
Financial derivative contracts	25	(15)	10
Decommissioning provision	85	(15)	70
Lease and other obligations	63	(6)	57
Non-capital losses	531	(113)	418
Financing costs	4	—	4
Other	52	2	54
	760	(147)	613
Deferred income tax liabilities			
Deferred partnership income	(7)	(4)	(11)
Property, plant and equipment	(1,495)	(98)	(1,593)
	(1,502)	(102)	(1,604)
Deferred tax liability	(742)	(249)	(991)

(1) Includes continuing and discontinued operations.

Non-capital losses

Expiry Year	2033	2034	2035	2036	2037	Thereafter	Total
Non-capital loss balances	39	274	37	158	130	259	897

Unrecognized deferred income tax assets

A temporary difference has not been recognized in respect of the following items:

For the Year Ended December 31,	2025	2024
Property, plant and equipment	120	156
Capital losses	—	68
Scientific research and experimental development income tax credits	7	4
	127	228

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

At December 31, 2025, the Company's financial instruments include accounts receivable, risk management contracts, CCS contracts, accounts payable and accrued liabilities, debt and contingent consideration.

The estimated fair values of the financial instruments have been determined based on the Company's assessment of available market information. These estimates may not necessarily be indicative of the amounts that could be realized or settled in a market transaction. The fair values of the financial instruments, other than the Company's risk management contracts, debt and contingent consideration approximate their carrying amounts due to the short-term maturity of these instruments.

The Company's risk management contracts, CCS contracts and marketable securities are classified as Level 1 in the fair value hierarchy. For purposes of estimating the fair value of risk management contracts and CCS contracts, the Company uses quoted market prices in active markets for identical assets or liabilities. The fair value of debt approximates its carrying amount given the indexed rates of interest.

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production and financing activities. These risks include credit risk, liquidity risk and market risk. There have been no significant changes in the Company's risk management policies during the year ended December 31, 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

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. This will arise principally from outstanding receivables related to oil and natural gas customers, counterparties related to financial derivative contracts and joint interest partners.

On entering into any business contract, the extent to which the arrangement exposes the Company to credit risk is considered. The Company's policy to mitigate credit risk associated with these balances is to establish relationships with reputable counterparties, review the financial capacity of its counterparties, may request prepayment and, in certain circumstances, the Company may seek enhanced credit protection from a counterparty or purchase accounts receivable insurance. Receivables from oil and natural gas sales are generally collected on or about the 25th day of the month following production. Joint operations receivables are typically collected within one to three months of the invoice being issued.

The Company's maximum exposure to credit risk at December 31, 2025 is in respect of accounts receivable and risk management assets, net of ECL provision. As at December 31, 2025, \$5 million of accounts receivable were past due, all of which were considered collectable (December 31, 2024 – \$1 million).

The following table provides a summary of the Company's maximum exposure to credit risk:

As at	December 31, 2025	December 31, 2024
Oil and natural gas sales	158	325
Joint interest partners	7	5
Other	10	20
	175	350
Allowance for credit losses	(3)	(2)
Accounts receivable	172	348
Cross-currency swap asset	—	29
Risk management asset	24	47
Total credit exposure	196	424

The oil and gas industry has a pre-arranged monthly clearing day for payment of revenues from all buyers of oil and natural gas, which occurs on or about the 25th day following the month of sale. As a result, the Company's oil and natural gas sales receivables are current. All other accounts receivable are generally contractually due within 30 days.

The Company had one external customer exceeding 10% of total oil and natural gas sales that accounted for approximately 16% or \$743 million of the Company's revenue for the year ended December 31, 2025 (December 31, 2024 – zero external customers). Included in accounts receivable at December 31, 2025 was \$158 million of accrued sales revenue for December 2025 production (December 31, 2024 - \$325 million for December 2024 production). At December 31, 2025, the Company had one external customer who accounted for 27% or \$46 million of the total accounts receivable balance (December 31, 2024 – one external customer for 10% or \$31 million).

Credit risk related to joint interest receivables is mitigated by obtaining partner approval of significant capital expenditures prior to expenditure and in certain circumstances may require cash deposits in advance of incurring financial obligations on behalf of joint interest partners. The Company may have the ability to withhold production from joint interest partners in the event of non-payment or may be able to register security on the assets of joint interest partners.

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 regularly prepares and updates budgets and forecasts in order to monitor its liquidity and ability to meet its financial obligations and commitments, including the ability to comply with financial covenants. As of the date of these financial statements, management's forecasts for the Company indicate that financial covenants for the next twelve months will be met under the Credit Facilities and that the Company has sufficient resources to manage a working capital deficit when required.

At December 31, 2025, the Company had availability under the Credit Facilities of \$1,357 million after considering letters of credit outstanding. At December 31, 2024, availability under the Revolving Credit Facility was \$760 million, see Note 9. Future liquidity depends on the ability of the Company to access debt markets, availability under credit facilities, availability of additional equity, cash flow from operations and the ability to comply with financial covenants. Various industry risk factors,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

including uncertainty around improvements in global commodity prices and pipeline and transportation capacity constraints in Western Canada, may adversely affect the Company's future liquidity.

At December 31, 2025, the Company had working capital deficit of \$396 million (December 31, 2024 - working capital deficit of \$545 million).

The following tables detail the cash flows and contractual maturities of the Company's financial liabilities:

As at December 31, 2025	Total	<1 year	1-3 years	4-5 years	> 5 years
Credit Facilities ⁽¹⁾ (Note 9)	2,121	—	—	2,121	—
Accounts payable and accrued liabilities	619	619	—	—	—
Risk management contract liability	50	21	29	—	—
Lease obligations ⁽²⁾ (Note 10)	95	33	25	10	27
Total	2,885	673	54	2,131	27

(1) Contractual amount reflects contracted settlement price on CCS contracts and excludes future interest payments on borrowings.

(2) Amounts relate to undiscounted payments for lease obligations, see Note 10.

Market risk

Market risk is the risk that the future fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk is composed of commodity price risk, foreign exchange risk and interest rate risk.

As at December 31, 2025, the following table summarizes the fair values of the Company's risk management contracts (excluding cross-currency interest rate swaps):

As at	December 31, 2025			Total
	Commodity	Foreign Exchange	Interest Rate	
Risk management asset – current	24	—	—	24
Risk management liability – current	(5)	(15)	(1)	(21)
Risk management liability – long-term	—	—	(29)	(29)
Total asset (liability)	19	(15)	(30)	(26)

As at	December 31, 2024			Total
	Commodity	Foreign Exchange	Interest Rate	
Risk management asset – current	47	—	—	47
Risk management liability – current	—	(43)	(2)	(45)
Risk management liability – long-term	—	(14)	(29)	(43)
Total asset (liability)	47	(57)	(31)	(41)

The Company's (loss) gain on risk management contracts was as follows:

For the Year Ended December 31,	2025	2024
Loss on risk management contracts - realized	(100)	(107)
Gain on risk management contracts - unrealized	14	63
Total loss on risk management contracts	(86)	(44)

Commodity price risk

The Company's operational results and financial condition are largely dependent on the commodity price received for oil and natural gas production. Commodity prices may be impacted by global and regional factors including supply and demand fundamentals, inventory levels, exchange rates, global pandemic or natural disasters and respective responses from various

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

levels of government, economic and geopolitical factors. Changes in commodity prices could have a significant positive or negative impact on Strathcona's net income.

As at December 31, 2025, the Company had the following crude oil sales contracts in place:

Term	Contract	Index	Currency	Volume	Units	Price
Jan 1, 2026 - Dec 31, 2026	Swap	WCS	USD	50,000	bbl/d	(\$12.00)

As at December 31, 2025, the Company had the following natural gas purchase contracts in place:

Term	Contract	Index	Currency	Volume	Units	Price
Jan 1, 2026 - Dec 31, 2026	Swap	AECO	CAD	100,000	GJ/d	\$2.68

The fair value of the Company's risk management contracts as at December 31, 2025 are sensitive to fluctuations in commodity prices. With all other variables held constant, a 10% increase in commodity prices could increase the unrealized loss on risk management contracts by \$22 million, impacting income before income taxes. A 10% decrease in commodity prices could reduce the unrealized loss on risk management contracts by \$23 million, impacting income before income taxes.

Foreign exchange risk

The Company is exposed to fluctuations of the CAD to USD exchange rate given commodity pricing is directly influenced by USD denominated benchmark pricing.

The following table summarizes the Company's foreign exchange contracts on revenues as at December 31, 2025:

Term	Contract	Bought Put - USD per Month	Bought Put Price - CAD/USD	Sold Call - USD per Month	Sold Call - CAD/USD
Jan 1, 2026 - Jun 30, 2026	Collar	100 million	1.2500	130 million	1.4500

The following table summarizes the Company's foreign exchange contract on the redeemed Senior Notes as at December 31, 2025:

Expiry	Contract	USD	CAD/USD Strike
Jul 31, 2026	Sold Put Option	500 million	1.3775

Foreign exchange risk on USD denominated borrowings on the Credit Facilities is offset by entering into CCS contracts at the time of a USD borrowing. As part of the CCS, the CAD/USD foreign exchange rate at the beginning and end of the SOFR borrowing term is fixed so the Company does not have any foreign exchange risk on its USD borrowings. As at December 31, 2025, the Company had the following CCS contracts outstanding:

Notional (US\$)	Maturity Date	Contract Price
825 million	January 26, 2026	CAD/USD 1.3778
175 million	January 29, 2026	CAD/USD 1.3775

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

The carrying amounts of the Company's USD denominated monetary assets and liabilities exposed to fluctuations in the CAD/USD foreign currency exchange rate are as follows:

As at	December 31, 2025	December 31, 2024
(US\$)		
Assets	206	111
Liabilities	(89)	(623)
Net assets (liabilities)	117	(512)

With all other variables held constant, a \$0.01 change in the CAD/USD foreign exchange rate at December 31, 2025 would result in a change in USD denominated monetary assets and liabilities and change in Income and Comprehensive Income before income taxes by \$1 million (December 31, 2024 – \$5 million).

Interest rate risk

The Company is exposed to movements in floating interest rates on the Credit Facilities. At December 31, 2025, the following interest rate risk management contracts were in place:

Notional (C\$)	Term	Contract	Index	Contract Price
1,500 million	Dec 1, 2025 - Dec 1, 2026	Floor	CORRA	2.25%
1,500 million	Dec 1, 2026 - May 1, 2028	Floor	CORRA	2.75%
1,500 million	May 1, 2028 - Dec 1, 2031	Swaption ⁽¹⁾	CORRA	3.09%

(1) The swap counterparty has the option to enter into a CORRA swap on April 28, 2028.

At December 31, 2025, a 50 basis point increase in interest rates would result in an increase in annualized interest expense and decrease in income before income taxes of \$11 million, while a decrease of 50 basis points would result in a decrease in annualized interest expense and increase in income before taxes of \$4 million.

Capital management

The Company's policy is to maintain a strong capital base for the objectives of maintaining financial flexibility, creditor and market confidence and to sustain the future development of the business. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying petroleum and natural gas assets. The Company considers its capital structure to include equity, long-term debt and working capital.

19. COMMITMENTS AND CONTINGENCIES

As at December 31, 2025, the Company is committed to the following non-cancellable payments:

	Total	< 1 year	1-3 years	4-5 years	> 5 years
Transportation and processing	2,646	169	284	382	1,811
Capital	175	162	13	—	—
Other	62	48	13	1	—
Total	2,883	379	310	383	1,811

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

20. RELATED PARTY TRANSACTIONS

For the year ended December 31, 2025 related party transactions included the WEF III subscription receipts (Note 15), the WEF share pass-through transactions (Note 16) and key management compensation.

Key management personnel of the Company include its officers and directors. Amounts recorded by the Company relating to compensation of directors and officers were as follows:

For the Year Ended December 31,	2025	2024
Key management compensation	12	22

21. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital

For the Year Ended December 31,	2025	2024
Source (use) of cash:		
Accounts receivable	179	(14)
Inventory	4	(3)
Prepaid expenses and deposits	(12)	(2)
Other assets - Sable remediation fund	5	—
Accounts payable and accrued liabilities	(299)	129
Deferred revenue	(28)	20
	(151)	130
Related to operating activities	(41)	92
Related to investing activities	(110)	38

Items not involving cash

For the Year Ended December 31,	2025	2024
Depletion, depreciation and amortization	697	874
Impairment (Note 7)	376	—
Change in decommissioning liabilities	(13)	—
Unrealized gain on risk management contracts (Note 18)	(14)	(63)
Unrealized (gain) loss on foreign exchange (Note 14)	(90)	68
Finance costs (Note 13)	69	88
Loss on settlement of other obligations (Note 10)	1	4
Gain on sale of assets, net (Note 5)	(609)	—
Realized loss on deferred premium settlement	—	112
Deferred tax expense	312	249
	729	1,332

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

22. SEGMENT INFORMATION

Segment disclosures reflect the manner in which the Company's CODMs evaluate and allocate resources among the Company's principal operations.

During the year ended December 31, 2025, management reassessed the Company's operating segment structure in light of changes to its asset base, including the divestiture of the Montney segment and the Vawn Acquisition. As a result of this review, the Lloydminster segment was disaggregated into two segments: Lloydminster Thermal and Lloydminster Conventional, to reflect the Company's updated internal reporting and management structure. This change reflects differences in how the CODMs evaluate performance and allocate resources.

The Company operates through three business segments:

- Cold Lake, which includes the development and production of bitumen in the Cold Lake region of Northern Alberta;
- Lloydminster Thermal, which includes the development and production of heavy oil through thermal steam-assisted gravity drainage methods in Southwest Saskatchewan; and
- Lloydminster Conventional, which includes the development and production of heavy oil through both conventional and enhanced oil recovery initiatives primarily in Southeast Alberta and Southwest Saskatchewan.

Activities not directly attributable to an operating segment are reported under Corporate and Midstream, which includes HRT (Note 4).

The following tables present the financial performance by reportable segment and include a measure of segment profit or loss regularly reviewed by the CODMs for the noted periods ended December 31, 2025 and 2024. Certain comparative information related to finance costs and general and administrative costs have been allocated by segment to conform with current period presentation. For the year ended December 31, 2024, Field Operating Earnings was used by the CODMs to evaluate segment profit or loss. Operating Earnings was used by the CODMs commencing for the period ended March 31, 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

For the Year Ended December 31,	Cold Lake		Lloydminster Thermal ⁽¹⁾		Lloydminster Conventional ⁽¹⁾		Corporate and Midstream		Consolidated ⁽²⁾	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Segment revenues										
Oil and natural gas sales	2,405	2,576	982	954	708	843	1	—	4,096	4,373
Sale of purchased product	10	18	—	—	23	26	34	31	67	75
Midstream sales	—	—	—	—	—	—	24	—	24	—
Royalties	(287)	(385)	(69)	(86)	(79)	(96)	—	—	(435)	(567)
Oil, natural gas, and midstream sales	2,128	2,209	913	868	652	773	59	31	3,752	3,881
Segment expenses										
Purchased product	10	18	—	—	23	26	35	31	68	75
Blending costs	883	930	28	14	123	137	—	—	1,034	1,081
Production and operating	317	324	184	165	156	152	15	—	672	641
Transportation	86	88	253	224	29	52	—	—	368	364
Depletion, depreciation and amortization	168	167	251	226	175	185	13	17	607	595
General and administrative	33	28	29	25	26	23	—	—	88	76
Finance costs	3	4	3	4	1	—	49	42	56	50
Other income	—	—	—	—	—	—	(16)	—	(16)	—
Interest	—	—	—	—	—	—	131	170	131	170
	1,500	1,559	748	658	533	575	227	260	3,008	3,052
Operating earnings	628	650	165	210	119	198	(168)	(229)	744	829
Impairment					376	—			376	—
Loss on risk management contracts							86	44	86	44
Transaction related costs							44	1	44	1
Foreign exchange (gain) loss							(34)	68	(34)	68
Gain on marketable securities							(171)	—	(171)	—
Change in decommissioning liabilities							(13)	—	(13)	—
Income before income taxes									456	716
Deferred tax expense									90	209
Income and comprehensive income from continuing operations									366	507
Income and comprehensive income from discontinued operations, net of tax									545	97
Income and comprehensive income									911	604

(1) Comparative periods have been revised to reflect current period presentation.

(2) Comparative period has been revised to reflect current period presentation, see Note 5 - Discontinued Operations for additional information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ millions unless otherwise noted

For the Year Ended December 31,	Cold Lake		Lloydminster Thermal ⁽¹⁾		Lloydminster Conventional ⁽¹⁾		Corporate and Midstream		Consolidated ⁽²⁾	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Capital expenditures - continuing operations	371	372	415	260	164	185	7	9	957	826
Decommissioning costs - continuing operations	—	—	—	—	—	—	42	15	42	15

(1) Comparative periods have been revised to reflect current period presentation.

(2) Comparative period has been revised to reflect current period presentation, see Note 5 - Discontinued Operations for additional information.

23. SUBSEQUENT EVENTS

On March 5, 2026, one WEF limited partnership completed a share pass-through transaction that resulted in the disposition of 7,102,958 Strathcona common shares ("the **March Pass-through Transaction**"). Following the March Pass-through Transaction, WEF's ownership of Strathcona's outstanding common shares decreased from approximately 69.9% to approximately 66.6%.

The Board of Directors has approved Strathcona's filing of an application with the Toronto Stock Exchange ("**TSX**") for a normal course issuer bid ("**NCIB**"). Once approved by the TSX, Strathcona may buyback up to 5% of its issued and outstanding shares (up to a maximum of approximately 10.7 million common shares of the Company) over a twelve month period.

On March 11, 2026, Strathcona acquired a 50% operated working interest in the Selina property, located in the Cold Lake Thermal segment, along with additional surrounding lands, for total consideration of \$23 million. Following the acquisition, Strathcona holds a 100% operated working interest in Selina.