STRATHCONA RESOURCES LTD

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
Cdn$ millions (unaudited)

As at	Note	March 31, 2024	December 31, 2023
Assets			
Current			
Accounts receivable	11	**360.1**	334.6
Inventory		**57.2**	43.3
Prepaid expenses and deposits		**27.4**	28.1
Cross-currency swap asset	4, 11	**9.9**	—
Other assets		**4.5**	—
Risk management asset	11	**24.7**	41.3
Total current assets		**483.8**	447.3
Property, plant and equipment	3	**10,094.0**	10,030.1
Other assets		**15.0**	19.5
Risk management asset	11	**5.0**	—
Total assets		**10,597.8**	10,496.9
Liabilities			
Current			
Accounts payable and accrued liabilities		**771.5**	783.8
Deferred revenue		**37.1**	37.5
Cross-currency swap liability	4, 11	**—**	39.6
Lease and other obligations	5	**47.7**	43.8
Decommissioning provision	6	**37.2**	36.6
Risk management liability	11	**26.4**	125.4
Total current liabilities		**919.9**	1,066.7
Debt	4	**2,642.5**	2,665.0
Lease and other obligations	5	**352.6**	362.4
Decommissioning provision	6	**314.5**	314.7
Deferred tax liability		**789.4**	741.4
Risk management liability	11	**151.2**	19.6
Total liabilities		**5,170.1**	5,169.8
Equity			
Share capital		**3,590.5**	3,590.5
Contributed surplus		**49.9**	49.9
Retained earnings		**1,787.3**	1,686.7
Total equity		**5,427.7**	5,327.1
Total liabilities and equity		**10,597.8**	10,496.9

Commitments and contingencies (Note 12)
See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
Cdn$ millions, except per share amounts (unaudited)

For the Three Months Ended March 31,	Note	2024	2023
Revenues and other income			
Oil and natural gas sales	7	**1,298.8**	1,047.7
Sale of purchased products		**2.0**	13.8
Royalties		**(126.2)**	(113.1)
Oil and natural gas revenues		**1,174.6**	948.4
(Loss) gain on risk management contracts	11	**(39.7)**	64.2
Other income		**0.1**	—
		1,135.0	1,012.6
Expenses			
Purchased product		**2.0**	14.8
Blending costs		**294.6**	285.2
Production and operating		**214.2**	204.6
Transportation and processing		**143.4**	127.9
General and administrative		**22.0**	25.9
Interest	4	**45.4**	54.1
Transaction related costs		**0.1**	1.2
Finance costs	8	**22.3**	17.8
Depletion, depreciation and amortization	3	**221.8**	163.1
Foreign exchange loss (gain)	9	**20.4**	(5.9)
Unrealized loss (gain) on Sable remediation fund		**0.1**	(0.2)
		986.3	888.5
Income before income taxes		**148.7**	124.1
Income tax expense		**48.1**	33.6
Income and comprehensive income		**100.6**	90.5
Net income per share			
Basic and Diluted	10	**0.47**	0.04

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
Cdn$ millions (unaudited)

	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance, December 31, 2022	3,052.8	49.9	1,099.5	4,202.2
Income and comprehensive income	—	—	90.5	90.5
Balance, March 31, 2023	**3,052.8**	**49.9**	**1,190.0**	**4,292.7**
Balance, December 31, 2023	3,590.5	49.9	1,686.7	**5,327.1**
Income and comprehensive income	—	—	100.6	**100.6**
Balance, March 31, 2024	**3,590.5**	**49.9**	**1,787.3**	**5,427.7**

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
Cdn$ millions (unaudited)

For the Three Months Ended March 31,	Note	2024	2023
Cash flow from (used in) operating activities			
Net income		**100.6**	90.5
Items not involving cash	**13**	**354.9**	185.2
Decommissioning costs	**6**	**(11.6)**	(12.1)
Changes in non-cash working capital	**13**	**(35.1)**	(82.5)
		408.8	181.1
Cash flow from (used in) financing activities			
(Repayment) draw of debt	**4, 9**	**(80.1)**	23.0
Lease and other obligations	**5**	**(19.2)**	(10.1)
Debt issuance costs		**(11.4)**	—
Changes in non-cash working capital	**13**	**—**	0.6
		(110.7)	13.5
Cash flow used in investing activities			
Property, plant and equipment expenditures	**3**	**(286.1)**	(228.7)
Changes in non-cash working capital	**13**	**(12.0)**	(0.2)
		(298.1)	(228.9)
Change in cash		**—**	(34.3)
Cash, beginning of period		**—**	34.3
Cash, end of period		**—**	—
Cash interest paid		**61.4**	64.6

See accompanying notes to the condensed consolidated interim financial statements.

1. DESCRIPTION OF BUSINESS

Strathcona Resources Ltd. (“**Strathcona**” or the “**Company**”) is a corporation resulting from the amalgamation of Strathcona Resources Ltd. and Pipestone Energy Corp. ("**Pipestone**") on October 3, 2023, pursuant to a plan of arrangement under the Business Corporations Act (Alberta) (the “**ABCA**”), (the "**Arrangement**"). Upon completion of the Arrangement, Strathcona's Common Shares were listed on the TSX under the trading symbol "SCR" and commenced trading on October 5, 2023. Strathcona exists under, and is governed by, the provisions of the ABCA. These condensed consolidated interim financial statements reflect the historical financial information of Stathcona Resources Ltd., and commencing on October 3, 2023 also reflect the results of Pipestone.

At March 31, 2024, approximately 90.8% of the Company’s shares were owned by certain limited partnerships comprising of Waterous Energy Fund and its affiliates (collectively, “**WEF**”).

Strathcona is engaged in the exploration, acquisition, development and production of petroleum and natural gas reserves in western Canada. The condensed consolidated interim 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 International Accounting Standard 34 – Interim Financial Reporting, using the same accounting policies as those set out in Note 3 of the audited annual consolidated financial statements for the year ended December 31, 2023 which were prepared in accordance with International Financial Reporting Standards (“**IFRS**”). Certain disclosures, which are normally required to be included in the notes to the audited annual consolidated financial statements, have been condensed or omitted. The financial statements should be read in conjunction with the Company’s audited annual consolidated financial statements and notes thereto for the year ended December 31, 2023.

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.

These financial statements were authorized for issue by the Board of Directors on May 14, 2024.

New Accounting Policies

The Company has adopted any of the published standards, interpretations or amendments to accounting standards, issued by the International Accounting Standards Board, that are effective for annual periods beginning on or after January 1, 2024 and there was no material impact to the financial statements.

All amounts are expressed in Cdn$ millions unless otherwise noted (unaudited)

3. PROPERTY, PLANT AND EQUIPMENT

	Oil and natural gas properties	Exploration and evaluation assets	Corporate assets	Right of use assets	Total
Cost					
Balance, December 31, 2023	11,704.4	117.3	48.5	295.4	**12,165.6**
Additions	284.5	—	1.6	1.1	**287.2**
Change in decommissioning provision	4.7	—	—	—	**4.7**
Balance, March 31, 2024	**11,993.6**	**117.3**	**50.1**	**296.5**	**12,457.5**
Accumulated Depletion, Depreciation, Amortization					
Balance, December 31, 2023	(2,045.5)	—	(34.9)	(55.1)	**(2,135.5)**
Depletion, depreciation and amortization	(214.6)	—	(1.5)	(11.9)	**(228.0)**
Balance, March 31, 2024	**(2,260.1)**	**—**	**(36.4)**	**(67.0)**	**(2,363.5)**
Net book value, December 31, 2023	9,658.9	117.3	13.6	240.3	10,030.1
Net book value, March 31, 2024	**9,733.5**	**117.3**	**13.7**	**229.5**	**10,094.0**

For the three months ended March 31, 2024, $10.9 million of direct and incremental overhead charges were capitalized (March 31, 2023 – $9.9 million).

The calculation of depletion for the three months ended March 31, 2024 includes $12.7 billion of estimated future development costs required to bring the Company's estimated proved plus probable reserves on production (December 31, 2023 – $13.0 billion). Depletion includes an adjustment related to oil inventory of $6.2 million (March 31, 2023 – $4.4 million).

At March 31, 2024, the Company evaluated its CGUs for indicators of impairment and determined that no indicators were present.

All amounts are expressed in Cdn$ millions unless otherwise noted (unaudited)

4. DEBT

As at	March 31, 2024	December 31, 2023
Revolving Credit Facility - due Mar 28, 2028(1)	**2,006.3**	2,036.3
Senior Notes - due Aug 1, 2026	**677.0**	662.2
Unamortized debt issuance costs	**(40.8)**	(33.5)
Total debt	**2,642.5**	2,665.0

(1) The Company periodically borrows from its Revolving Credit Facility in US dollars ("**USD**" or "**US$**") and concurrently enters into cross-currency interest rate swap ("**CCS**") contracts 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 are eliminated at the time of borrowing using CCS contracts (see Note 11). 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 March 31, 2024, the CCS contracts had an asset value of $9.9 million (December 31, 2023 - $39.6 million liability) and total debt includes an unrealized loss of $8.8 million (December 31, 2023 - unrealized gain of $41.3 million) related to USD borrowings on the Revolving Credit Facility. 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 Condensed Consolidated Interim Statements of Income and Comprehensive Income (see Note 9).

Bank Credit Facility

(a) Covenant-Based Revolving Credit Facility

As at March 31, 2024, the Company had a covenant-based revolving credit facility of $2.5 billion (December 31, 2023 - $2.3 billion) with a syndicate of Canadian, U.S. and international financial institutions (the "**Revolving Credit Facility**").

The Revolving Credit Facility has a maturity date of March 28, 2028, provided that the maturity date will be May 1, 2026 if the Senior Notes (as defined below) remain outstanding and have not been refinanced or legally defeased at such date. There are no mandatory payments on the Revolving 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. In addition, the covenant-based Revolving Credit Facility is not a borrowing base facility and does not require annual or semi-annual reviews.

The Revolving Credit Facility bears 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 Revolving Credit Facility is guaranteed by the Company's subsidiaries, and is 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.

As at March 31, 2024, the Company had letters of credit outstanding under the Revolving Credit Facility of $13.5 million (December 31, 2023 - $10.6 million).

(b) Availability under bank credit facility and liquidity

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

As at	March 31, 2024	December 31, 2023
Credit capacity	**2,500.0**	2,300.0
Credit facility debt at period end exchange rate	**(2,006.3)**	(2,036.3)
Unrealized loss (gain) on US borrowings	**8.8**	(41.3)
Letters of credit outstanding	**(13.5)**	(10.6)
Availability	**489.0**	211.8

(c) Financial Covenants

As at March 31, 2024, the Revolving Credit Facility had three financial covenants which are calculated quarterly (as set out below) in accordance with the credit agreement governing the Revolving Credit Facility (the "**Credit Agreement**").

(i) Total Debt to Adjusted EBITDA Ratio – All debt excluding the Financing Agreement (see Note 5), 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. Total Debt may include the value of the Company's undiscounted inactive abandonment and reclamation obligations for a material jurisdiction if the liability management ratio in that jurisdiction falls below the minimum maintenance level required under the Credit Agreement (1.0 in British Columbia and 2.0 in all other material jurisdictions). Liability management ratios are calculated by provincial regulators based on deemed asset and deemed liability values determined by the respective regulator, other than for British Columbia, which is calculated by the Company based on past practice of the BC Oil and Gas Commission.

All amounts are expressed in Cdn$ millions unless otherwise noted (unaudited)

(ii) Senior Debt to Adjusted EBITDA Ratio – Total Debt excluding permitted junior debt (e.g. Senior Notes), 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 March 31, 2024, the Company was in compliance with such financial covenants, which are summarized in the following table:

As at	March 31, 2024
Total Debt to Adjusted EBITDA Ratio (≤ 4.00)	**1.32**
Senior Debt to Adjusted EBITDA Ratio (≤ 3.50)	**0.99**
Interest Coverage Ratio (≥ 3.50)	**9.19**

Senior Notes

As at March 31, 2024, Strathcona had $677.0 million (December 31, 2023 - $662.2 million) of senior unsecured notes outstanding, in aggregate principal amount of US$500.0 million, due August 1, 2026 (the "**Senior Notes**"). The Senior Notes bear interest at 6.875% per annum, payable semi-annually in arrears on February 1 and August 1 of each year. The Senior Notes are redeemable at Strathcona's option, in whole or in part, at the following redemption prices:

Date	**Price**
August 1, 2023	**105.156 %**
August 1, 2024	**101.719 %**
August 1, 2025 and thereafter	**100.000 %**

The Senior Notes have no financial maintenance covenants.

Demand Letter of Credit Facility

As at March 31, 2024, the Company had a $100.0 million (December 31, 2023 - $100.0 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 in favour of the financial institution. The Company and its subsidiaries have indemnified Export Development Canada for the amount of any payment made by Export Development Canada 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 March 31, 2024, the Company had letters of credit in the amount of $69.8 million (December 31, 2023 - $69.0 million) outstanding under the LC Facility.

All amounts are expressed in Cdn$ millions unless otherwise noted (unaudited)

Interest Expense

For the Three Months Ended March 31,	2024	2023
Credit facilities interest(1)	**41.0**	42.5
Senior Notes interest	**11.6**	11.6
Realized gain on interest rate swaps	**(7.2)**	—
Interest expense	**45.4**	54.1

(1) Interest on bank credit facilities in 2023 includes interest on the Revolving Credit Facility and, prior to its repayment on December 28, 2023, the term credit facility.

5. LEASE AND OTHER OBLIGATIONS

As at	March 31, 2024	December 31, 2023
Lease obligations, beginning of period	**258.8**	119.5
Leases acquired through acquisitions	**—**	106.2
Additions	**1.1**	61.8
Accretion (Note 8)	**6.2**	14.5
Settlements	**(16.7)**	(43.6)
Foreign exchange	**1.1**	0.4
Lease obligations, end of period	**250.5**	258.8
Other obligations, beginning of period	**147.4**	137.0
Accretion (Note 8)	**4.9**	19.1
Settlements	**(2.5)**	(8.7)
Other obligations, end of period	**149.8**	147.4
Lease and other obligations, end of period	**400.3**	406.2
Lease and other obligations current portion	**47.7**	43.8
Lease and other obligations long-term portion	**352.6**	362.4

Other obligations include an asset-backed financing agreement on certain processing facilities interest (the "**Financing Agreement**"). The Financing Agreement has a maturity date of January 1, 2031 and bears interest at the applicable lending rate plus 7.00%. Interest payments are made on a monthly basis with principal payments that began on August 1, 2023. The Company has the option to reduce principal payments and make interest and principal payments in kind until August 1, 2024. The Company may also repurchase the processing facilities interest (the "**Repurchase Option**") at any time at the specified prices set out in the Financing Agreement. The Repurchase Option is a combination of the remaining principal balance and a varying option premium that is dependent on the time of exercise.

All amounts are expressed in Cdn$ millions unless otherwise noted (unaudited)

6. DECOMMISSIONING PROVISION

As at	March 31, 2024	December 31, 2023
Balance, beginning of period	**351.3**	291.5
Additions	**1.3**	1.6
Liabilities acquired through acquisitions	**—**	3.1
Settlements – government grant(1)	**0.2**	(0.3)
Settlements – other	**(11.6)**	(37.9)
Changes in estimates	**3.4**	64.6
Accretion (Note 8)	**7.1**	28.7
Balance, end of period	**351.7**	351.3
Current portion	**37.2**	36.6
Long-term portion	**314.5**	314.7

(1) Relates to amounts granted to the Company through the Site Rehabilitation Program (Alberta), Dormant Sites Reclamation Program (British Columbia) and the Accelerated Site / Closure Program (Saskatchewan) to pay service companies to complete abandonment and reclamation work.

As at March 31, 2024, the uninflated and undiscounted estimated cash flows required to settle the obligation were $1,021.1 million (December 31, 2023 – $1,012.9 million), which have been inflated at a rate of 2.00% (December 31, 2023 – 2.00%) and discounted using a credit adjusted rate of 8.00% (December 31, 2023 – 8.00%). The expected timing of payment of the cash flows required for settling the obligations are substantially expected to be incurred between 2024 and 2083.

7. OIL AND NATURAL GAS SALES

For the Three Months Ended March 31,	2024	2023
Bitumen blend	**623.7**	470.2
Heavy oil, blended and raw	**416.5**	447.7
Light oil and condensate	**165.8**	73.5
Other natural gas liquids	**30.3**	22.0
Natural gas	**62.5**	34.3
Oil and natural gas sales	**1,298.8**	1,047.7

8. FINANCE COSTS

For the Three Months Ended March 31,	2024	2023
Accretion of lease obligations (Note 5)	**6.2**	2.8
Accretion of other obligations (Note 5)	**4.9**	4.6
Accretion of decommissioning provision (Note 6)	**7.1**	7.2
Amortization of debt issuance costs	**4.1**	3.2
Finance costs	**22.3**	17.8

9. FOREIGN EXCHANGE LOSS (GAIN)

For the Three Months Ended March 31,	2024	2023
Realized loss	**2.0**	0.2
Unrealized loss (gain) – Senior Notes	**14.9**	(1.9)
Unrealized loss (gain) – Credit facilities(1)	**50.1**	(25.7)
Unrealized (gain) loss – cross-currency swaps(1)	**(49.5)**	22.3
Unrealized loss (gain) – other	**2.9**	(0.8)
Foreign exchange loss (gain)	**20.4**	(5.9)

(1) Strathcona enters into CCS contracts, which eliminate foreign currency risk on USD denominated debt drawn under the bank 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 4.

10. NET INCOME PER SHARE

Basic and diluted per share amounts are calculated as net income divided by the weighted average number of common shares outstanding. At March 31, 2024 and 2023, the Company had no dilutive instruments outstanding.

In connection with the Arrangement, existing Strathcona shareholders received 0.089278 common shares of Strathcona Resources Ltd. for each Class A or Class B common share held, and existing Pipestone shareholders received 0.067967 common shares of Strathcona Resources Ltd. for each Pipestone common share held. The weighted average common shares as at March 31, 2024 are adjusted for the exchange ratios pursuant to the Arrangement (Note 1). At March 31, 2023, the weighted average common shares as are not adjusted for the Class A and Class B common share exchange ratios pursuant to the Arrangement (Note 1).

For the Three Months Ended March 31,	2024	2023
Weighted average common shares (millions) – basic and diluted	**214.2**	2,186.5

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

At March 31, 2024, the Company's financial instruments include accounts receivable, risk management contracts, the Sable remediation fund, accounts payable and accrued liabilities, cross-currency swaps, other obligations and debt.

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 Sable remediation fund approximate their carrying amounts due to the short-term maturity of these instruments.

The Company's risk management contracts and CCS contracts were classified as Level 1 in the fair value hierarchy. For purposes of estimating the fair value of these instruments, the Company used quoted market prices in active markets for identical assets or liabilities. The Sable remediation fund was classified as Level 2 in the fair value hierarchy. For the purposes of estimating the fair value of this instrument, the Company used estimates from third-party brokers and observable market data and/or other sources utilizing assumptions that market participants would use to determine fair value.

The Company's Senior Notes were classified as Level 1 in the fair value hierarchy. At March 31, 2024, the fair value of the Company's Senior Notes was $678.2 million. The fair value of all other 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 or exposures during the three months ended March 31, 2024.

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.

All amounts are expressed in Cdn$ millions unless otherwise noted (unaudited)

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 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 March 31, 2024 is in respect of accounts receivable, net of expected credit losses provision. As at March 31, 2024, $3.3 million of accounts receivable were past due, all of which were considered collectable (December 31, 2023 – $2.1 million).

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

As at	March 31, 2024	December 31, 2023
Oil and natural gas sales	**317.5**	298.3
Joint interest partners	**5.9**	7.1
Other	**38.3**	30.8
	361.7	336.2
Allowance for credit losses	**(1.6)**	(1.6)
Accounts receivable	**360.1**	334.6
Cross-currency swap asset	**9.9**	—
Risk management asset	**29.7**	41.3
Total credit exposure	**399.7**	375.9

The oil and gas industry has a pre-arranged monthly clearing day for payment of revenues from all buyers of oil and natural gas; this 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 two external customers exceeding 10% of total oil and natural gas sales that accounted for approximately 23% or $297.1 million of the Company's revenue for the three months ended March 31, 2024 (March 31, 2023 – two external customers for 26% or $275.5 million). Included in accounts receivable at March 31, 2024 was $317.5 million of accrued sales revenue for March 2024 production (December 31, 2023 - $298.3 million for December 2023 production).

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 Strathcona indicate that financial covenants for the next twelve months will be met under the Revolving Credit Facility and that the Company has sufficient resources to manage the working capital deficit.

At March 31, 2024, the Company had availability under the Revolving Credit Facility of $489.0 million after considering letters of credit outstanding. At December 31, 2023, availability under the Revolving Credit Facility was $211.8 million, see Note 4.

Future liquidity depends on the ability of Strathcona 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, including uncertainty around improvements in global commodity prices and pipeline and transportation capacity constraints in Western Canada, may adversely affect Strathcona's future liquidity.

At March 31, 2024, the Company had a working capital deficit of $359.4 million. The deficit primarily results from accounts payable and accrued liabilities exceeding accounts receivable. The Company actively manages its cash forecasts and working capital requirements.

All amounts are expressed in Cdn$ millions unless otherwise noted (unaudited)

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

As at March 31, 2024	Total	<1 year	1-3 years	4-5 years	> 5 years
Revolving Credit Facility[1] (Note 4)	**1,997.5**	—	1,997.5	—	—
Senior Notes[2] (Note 4)	**793.3**	46.5	746.8	—	—
Accounts payable and accrued liabilities	**771.5**	771.5	—	—	—
Risk management contract liability	**177.6**	26.4	151.2	—	—
Lease and other obligations[3] (Note 5)	**592.2**	88.8	158.0	111.5	233.9
Total	**4,332.1**	933.2	3,053.5	111.5	233.9

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

(2) Amounts represent repayment of the Senior Notes ($677.0 million) and associated interest payments ($116.3 million) based on the foreign exchange rate in effect on March 31, 2024.

(3) Amounts relate to undiscounted payments for lease and other obligations. The estimation of future cash payments related to other obligations are subject to forecast lending rates and timing of exercise of the Repurchase Option. The Repurchase Option on the Financing Arrangement is assumed to be exercised on January 1, 2029. See Note 5.

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 March 31, 2024, the following table summarizes the fair values of the Company's risk management contracts (excluding cross-currency interest rate swaps):

As at	March 31, 2024			
	Commodity	Foreign Exchange	Interest Rate	Total
Risk management asset – current	**3.0**	**—**	**21.7**	**24.7**
Risk management asset – long-term	**—**	**—**	**5.0**	**5.0**
Risk management liability – current	**(20.6)**	**(5.8)**	**—**	**(26.4)**
Risk management liability – long-term	**(116.9)**	**(34.3)**	**—**	**(151.2)**
Total (liability) asset	**(134.5)**	**(40.1)**	**26.7**	**(147.9)**

As at	December 31, 2023			
	Commodity	Foreign Exchange	Interest Rate	Total
Risk management asset – current	23.5	—	17.8	41.3
Risk management asset – long-term	—	—	—	—
Risk management liability – current	(101.9)	(23.5)	—	(125.4)
Risk management liability – long-term	—	(4.6)	(15.0)	(19.6)
Total (liability) asset	(78.4)	(28.1)	2.8	(103.7)

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

For the Three Months Ended March 31,	2024	2023
Realized gain (loss)	**4.5**	(5.4)
Unrealized (loss) gain	**(44.2)**	69.6
Total (loss) gain on risk management contracts	**(39.7)**	64.2

All amounts are expressed in Cdn$ millions unless otherwise noted (unaudited)

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 have fluctuated widely in recent years due to global and regional factors including supply and demand fundamentals, inventory levels, weather, economic and geopolitical factors.

The following table summarizes the Company's risk management contracts as at March 31, 2024:

Term	Contract[(1)]	Index	Currency	Volume	Units	Price
Mar 1, 2024 - May 31, 2024	Swap	WTI	USD	5,000	bbl/d	$48.10
Apr 1, 2024 - June 30, 2024	Swap	WTI	CAD	1,750	bbl/d	$109.89
May 1, 2024 - Dec 31, 2024	Swap	WCS	USD	10,000	bbl/d	$(14.25)
Nov 1, 2023 - Apr 30, 2024	Collar	AECO	CAD	120,000	GJ/d	$2.00/$3.63
May 1, 2024 - May 31, 2024	Collar	AECO	CAD	60,000	GJ/d	$2.00/$2.27
May 1, 2024 - May 31, 2024	Swap	AECO	CAD	60,000	GJ/d	$2.03

(1) For swap contracts, Strathcona receives the fixed price and pays the index. For collars, Strathcona receives the floor price if the index is below the floor and the cap price if the index is above the cap.

The Company has premiums associated with expired bought calls totaling US$86.3 million, which are payable between September 2025 and February 2026.

The fair value of the Company's risk management contracts as at March 31, 2024 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 $3.3 million. A 10% decrease in commodity prices could reduce the unrealized loss on risk management contracts by $3.2 million.

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. In addition, the Company borrows from the Revolving Credit Facility in USD and the Senior Notes are denominated in USD.

The following table summarizes the Company's foreign exchange contracts on revenues as at March 31, 2024:

Term	Contract	USD per Month	CAD/USD Floor	CAD/USD Ceiling
Mar 1, 2024 - Feb 28, 2026	Collar	60.0 million	1.2500	1.3800

The following table summarizes the Company's foreign exchange contract on the Senior Notes as at March 31, 2024:

Expiry	Contract	USD	CAD/USD Strike
Jul 31, 2026	Put Option	500.0 million	1.3475

Foreign exchange risk on USD denominated borrowings on the Revolving Credit Facility is eliminated 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 March 31, 2024, the Company had CCS contracts outstanding totaling:

Notional (US$)	Maturity Date	Contract Price
1,459.5 million	April 12, 2024	CAD/USD 1.3480

All amounts are expressed in Cdn$ millions unless otherwise noted (unaudited)

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	March 31, 2024	December 31, 2023
(US$)		
Assets	**40.7**	58.7
Liabilities	**(781.3)**	(738.4)
Net liabilities	**(740.6)**	(679.7)

With all other variables held constant, a $0.01 change in the CAD/USD foreign exchange rate at March 31, 2024 would result in a change in USD denominated monetary assets and liabilities and change annualized net income by $7.4 million (December 31, 2023 – $6.8 million).

Interest rate risk

The Company is exposed to movements in floating interest rates on the Revolving Credit Facility and other liabilities. At March 31, 2024, the following risk management contracts were in place to fix interest rates:

Notional (C$)	Term	Contract	Index	Contract Price
1,500.0 million	May 1, 2023 - Apr 30, 2028	Swap	1 month CDOR(1)	3.4316%(1)

(1) Following the CDOR cessation date on June 28, 2024, the interest rate swaps fix CORRA at 3.1357%.

At March 31, 2024, an increase or decrease to interest rates of 50 basis points would result in a $3.2 million impact on annualized interest expense (December 31, 2023 - $3.6 million). The Company is not exposed to interest rate risk on the Senior Notes as they bear a fixed interest rate.

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.

12. COMMITMENTS AND CONTINGENCIES

As at March 31, 2024, the Company is committed to the following non-cancellable payments:

	Total	< 1 year	1-3 years	4-5 years	> 5 years
Transportation and processing commitments	**2,357.9**	277.9	543.8	471.0	1,065.2
Capital commitments	**194.6**	150.3	44.3	—	—
Other	**20.8**	6.6	11.6	2.6	—
Total	**2,573.3**	434.8	599.7	473.6	1,065.2

All amounts are expressed in Cdn$ millions unless otherwise noted (unaudited)

13. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital

For the Three Months Ended March 31,	2024	2023
Source (use) of cash:		
Accounts receivable	**(25.5)**	(52.4)
Inventory	**(9.6)**	3.8
Prepaid expenses and deposits	**0.7**	4.8
Accounts payable and accrued liabilities	**(12.3)**	1.3
Deferred revenue	**(0.4)**	(39.6)
	(47.1)	(82.1)
Related to operating activities	**(35.1)**	(82.5)
Related to financing activities	**—**	0.6
Related to investing activities	**(12.0)**	(0.2)

Items not involving cash

For the Three Months Ended March 31,	2024	2023
Depletion, depreciation and amortization (Note 3)	**221.8**	163.1
Unrealized loss (gain) on risk management contracts (Note 11)	**44.2**	(69.6)
Unrealized loss (gain) on foreign exchange (Note 9)	**18.4**	(6.1)
Unrealized loss (gain) on Sable remediation fund	**0.1**	(0.2)
Finance costs (Note 8)	**22.3**	17.8
Other income – Decommissioning government grant (Note 6)	**—**	(0.3)
Deferred tax expense (recovery)	**48.1**	80.5
	354.9	185.2

14. SEGMENT INFORMATION

The Company has identified three operating segments through examination of the Company's performance which is based on the similarity of services and goods provided and economic characteristics exhibited by the operating segments. The three operating segments are:

- Cold Lake Thermal includes the development and production of bitumen in the Cold Lake region of Northern Alberta.

- Lloydminster Heavy Oil includes the development and production of heavy oil through enhanced oil recovery and thermal steam-assisted gravity drainage ("**SAGD**") methods in Southeast Alberta and Southwest Saskatchewan.

- Montney includes the development and production of liquids rich natural gas produced from the Montney region in Northwest Alberta and Northeast British Columbia.

The Company reports activities not directly attributable to an operating segment under Corporate.

The following tables present the financial performance by reportable segment and includes a measure of segment profit or loss regularly reviewed by management for the noted periods ended March 31, 2024 and 2023. Certain comparative information related to sale of purchased product and purchased product has been reclassified to conform with current period presentation.

All amounts are expressed in Cdn$ millions unless otherwise noted (unaudited)

For the Three Months Ended March 31,	Cold Lake Thermal		Lloydminster Heavy Oil		Montney		Corporate		Consolidated	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Segment revenues										
Oil and natural gas sales	**623.8**	468.6	**417.0**	449.4	**258.0**	129.0	**—**	0.7	**1,298.8**	1,047.7
Sale of purchased product	**1.0**	3.2	**—**	2.7	**—**	—	**1.0**	7.9	**2.0**	13.8
Royalties	**(57.1)**	(48.9)	**(42.8)**	(42.9)	**(26.3)**	(21.3)	**—**	—	**(126.2)**	(113.1)
Oil and natural gas revenues	**567.7**	422.9	**374.2**	409.2	**231.7**	107.7	**1.0**	8.6	**1,174.6**	948.4
Segmented expenses										
Purchased product	**1.0**	3.5	**—**	2.7	**—**	—	**1.0**	8.6	**2.0**	14.8
Blending costs	**251.8**	234.6	**42.8**	50.6	**—**	—	**—**	—	**294.6**	285.2
Production and operating	**91.8**	99.5	**79.3**	89.9	**43.1**	15.2	**—**	—	**214.2**	204.6
Transportation and processing	**21.6**	19.0	**65.2**	89.7	**56.6**	19.2	**—**	—	**143.4**	127.9
	366.2	356.6	**187.3**	232.9	**99.7**	34.4	**1.0**	8.6	**654.2**	632.5
Field operating income	**201.5**	66.3	**186.9**	176.3	**132.0**	73.3	**—**	—	**520.4**	315.9
Loss (gain) on risk management contracts	**—**	—	**—**	—	**—**	—	**39.7**	(64.2)	**39.7**	(64.2)
Other income	**—**	—	**—**	—	**—**	—	**(0.1)**	—	**(0.1)**	—
General and administrative	**—**	—	**—**	—	**—**	—	**22.0**	25.9	**22.0**	25.9
Interest	**—**	—	**—**	—	**—**	—	**45.4**	54.1	**45.4**	54.1
Transaction related costs	**—**	—	**—**	—	**—**	—	**0.1**	1.2	**0.1**	1.2
Finance costs	**—**	—	**—**	—	**—**	—	**22.3**	17.8	**22.3**	17.8
Depletion, depreciation and amortization	**42.9**	29.9	**99.1**	107.3	**76.0**	22.7	**3.8**	3.2	**221.8**	163.1
Foreign exchange loss (gain)	**—**	—	**—**	—	**—**	—	**20.4**	(5.9)	**20.4**	(5.9)
Unrealized loss (gain) on Sable remediation fund	**—**	—	**—**	—	**—**	—	**0.1**	(0.2)	**0.1**	(0.2)
Income before income taxes									**148.7**	124.1
Current tax recovery									**—**	(46.9)
Deferred tax expense									**48.1**	80.5
Income and comprehensive income									**100.6**	90.5

All amounts are expressed in Cdn$ millions unless otherwise noted (unaudited)

For the Three Months Ended March 31,	Cold Lake Thermal		Lloydminster Heavy Oil		Montney		Corporate		Consolidated	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Capital expenditures	**58.9**	79.0	**95.7**	85.0	**129.9**	61.4	**1.6**	3.3	**286.1**	228.7
Decommissioning costs(1)	**(0.5)**	0.9	**3.3**	3.0	**8.6**	8.5	**—**	—	**11.4**	12.4

(1) Decommissioning costs include amounts granted to the Company through the Site Rehabilitation Program (Alberta), Dormant Sites Reclamation Program (British Columbia) and the Accelerated Site Closure Program (Saskatchewan) to pay service companies to complete abandonment and reclamation work.