STRATHCONA RESOURCES LTD

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

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

As at	Note	March 31, 2026	December 31, 2025
Assets			
Current			
Accounts receivable	**13**	**299**	172
Inventory		**46**	43
Prepaid expenses and deposits		**22**	37
Cross-currency swap asset	**6, 13**	**26**	—
Risk management asset	**13**	**—**	24
Total current assets		**393**	276
Property, plant and equipment	**4**	**8,695**	8,493
Other assets		**19**	20
Total assets		**9,107**	8,789
Liabilities			
Current			
Accounts payable and accrued liabilities	**5**	**817**	619
Deferred revenue		**25**	29
Cross-currency swap liability	**6, 13**	**—**	5
Lease and other obligations	**7**	**24**	29
Decommissioning provision	**8**	**41**	42
Risk management liability	**13**	**17**	21
Contingent consideration	**4**	**75**	—
Total current liabilities		**999**	745
Debt	**6**	**2,108**	2,095
Lease and other obligations	**7**	**42**	45
Decommissioning provision	**8**	**216**	196
Deferred tax liability		**1,328**	1,303
Risk management liability	**13**	**96**	29
Contingent consideration	**4**	**—**	33
Total liabilities		**4,789**	4,446
Equity			
Share capital	**12**	**2,270**	2,270
Contributed surplus		**50**	50
Retained earnings		**1,998**	2,023
Total equity		**4,318**	4,343
Total liabilities and equity		**9,107**	8,789

Commitments and contingencies (Note 14)
Subsequent events (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	2026	2025(1)
Revenues and other income			
Oil and natural gas sales	9	1,121	1,176
Sale of purchased products		4	7
Royalties		(142)	(112)
Oil and natural gas revenues		983	1,071
Loss on risk management contracts	13	(71)	(78)
Midstream revenue		9	—
Other income		—	1
		921	994
Expenses			
Purchased product		4	8
Blending costs		306	326
Production and operating		185	182
Transportation		94	88
General and administrative		28	19
Interest	6	28	38
Transaction related costs		—	1
Finance costs	10	11	12
Depletion, depreciation and amortization	4	142	148
Foreign exchange loss (gain)	11	4	(1)
Change in decommissioning liabilities	8	13	—
Loss on contingent consideration	4	42	—
		857	821
Gain on marketable securities		—	23
Income before income taxes		64	196
Income tax expense		25	43
Income and comprehensive income from continuing operations		39	153
Income and comprehensive income from discontinued operations, net of tax	3	—	53
Income and comprehensive income		39	206
Net income per share	12		
Continuing operations, basic and diluted		0.18	0.71
Discontinued operations, basic and diluted	3	—	0.25
Net income per share, basic and diluted		0.18	0.96

(1) Comparative period has been revised to reflect current period presentation, see Note 3 - Discontinued Operations for additional information.

See accompanying notes to the condensed consolidated interim financial statements.

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

	Note	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance as at December 31, 2024		3,590	50	2,183	5,823
Dividends	**12**	—	—	(56)	(56)
Income and comprehensive income		—	—	206	206
Balance as at March 31, 2025		**3,590**	**50**	**2,333**	**5,973**
Balance as at December 31, 2025		2,270	50	2,023	**4,343**
Dividends	**12**	—	—	(64)	**(64)**
Income and comprehensive income		—	—	39	**39**
Balance as at March 31, 2026		**2,270**	**50**	**1,998**	**4,318**

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	2026	2025
Cash flow from (used in) operating activities			
Net income		**39**	206
Items not involving cash	**15**	**325**	351
Decommissioning costs	**8**	**(19)**	(23)
Changes in non-cash working capital	**15**	**50**	(18)
		395	516
Cash flow (used in) from financing activities			
(Repayment) draw of Credit Facilities	**6, 11**	**(23)**	462
Lease and other obligations	**7**	**(8)**	(48)
Debt issuance costs		**—**	(2)
Cash dividends paid	**12**	**(64)**	(56)
		(95)	356
Cash flow from (used in) investing activities			
Property, plant and equipment expenditures	**4**	**(298)**	(351)
Proceeds from asset disposition		**—**	1
Property acquisitions	**4**	**(25)**	—
Purchase of marketable securities		**—**	(459)
Changes in non-cash working capital	**15**	**23**	(63)
		(300)	(872)
Change in cash		**—**	—
Cash, beginning of period		**—**	—
Cash, end of period		**—**	—
Cash interest paid		**29**	50

See accompanying notes to the condensed consolidated interim financial statements.

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 March 31, 2026, approximately 66.6% 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 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, 2025 which were prepared in accordance with IFRS® Accounting Standards (the "**Accounting Standards**"). 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, 2025.

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. Strathcona's operations are presented herein as continuing operations. The Company's former Montney Segment was disposed of during the year ended December 31, 2025 and has been classified and presented as discontinued operations. See Note 3 - Discontinued Operations for additional information.

In preparing these financial statements, the Company applied the same accounting policies and key sources of estimation uncertainty as those that were applied to the Company's audited annual consolidated financial statements for the year ended December 31, 2025.

New Accounting Standards

On January 1, 2026, Strathcona adopted Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures, relating to settling financial liabilities using an electronic payment system and the assessment of contractual cash flow characteristics of financial assets. There was not a material impact to the Company's financial statements.

No other standards, interpretations or amendments effective in 2026 had a material impact on the Company's financial statements.

These financial statements were authorized for issue by the Board of Directors (the "**Board**") on May 6, 2026.

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

3. 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 represented 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*.

Financial performance and cash flow information

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

For the Three Months Ended March 31,	Note	2026	2025
Revenues and other income			
Oil and natural gas sales		—	283
Royalties		—	(26)
Oil and natural gas revenues		—	257
Expenses			
Production and operating		—	49
Transportation and processing		—	54
General and administrative		—	6
Finance costs		—	9
Depletion, depreciation and amortization		—	68
		—	186
Net income before tax from discontinued operations		—	71
Income tax expense		—	18
Net income from discontinued operations		—	53
Net Income from discontinued operations per share		—	0.25

The following table summarizes the cash flows from discontinued operations:

For the Three Months Ended March 31,	2026	2025
Cash flow from (used in) discontinued operations		
Operating activities	—	148
Financing activities	—	(39)
Investing activities	—	(117)
Change in cash from (used in) discontinued operations	—	(8)
Capital expenditures related to discontinued operations	—	117

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

4. PROPERTY, PLANT AND EQUIPMENT

	Note	Oil and natural gas properties	Exploration and evaluation assets	Corporate assets	Right of use assets	Total
Cost						
Balance as at December 31, 2025		11,582	120	64	141	**11,907**
Additions		298	—	—	—	**298**
Acquisition		1	24	—	—	**25**
Change in decommissioning provision	8	19	—	—	—	**19**
Balance as at March 31, 2026		**11,900**	**144**	**64**	**141**	**12,249**
Accumulated DD&A and Impairment						
Balance as at December 31, 2025		(3,281)	—	(50)	(83)	**(3,414)**
Depletion, depreciation and amortization		(131)	—	(2)	(7)	**(140)**
Balance as at March 31, 2026		**(3,412)**	**—**	**(52)**	**(90)**	**(3,554)**
Net book value, December 31, 2025		8,301	120	14	58	8,493
Net book value, March 31, 2026		**8,488**	**144**	**12**	**51**	**8,695**

For the three months ended March 31, 2026, $16 million of direct and incremental overhead charges were capitalized (for the three months ended March 31, 2025 – $12 million).

The calculation of depletion for the three months ended March 31, 2026 includes $9.18 billion of estimated, risk adjusted, future development costs required to bring the Company's estimated proved plus probable reserves on production (December 31, 2025 – $9.36 billion). Depletion for the three months ended March 31, 2026 includes an adjustment related to oil inventory of $2 million (March 31, 2025 – $1 million).

Vawn Thermal Project - Contingent Consideration

In connection with the 2025 Vawn acquisition, contingent consideration of $1 million is payable for each dollar per barrel that the Western Canadian Select ("**WCS**") benchmark crude oil price averages above C$70.00 per barrel in a specified three-month period, payable quarterly over the 14-quarter period following the close of the transaction, up to a maximum of $75 million. As at March 31, 2026, the fair value of the obligation was estimated at $75 million (December 31, 2025 - $33 million), based on the discounted present value of expected future payments using forecast WCS pricing and a 10% discount rate. The resulting $42 million increase in fair value was recorded as an unrealized loss on the Condensed Consolidated Interim Statements of Income and Comprehensive Income.

Acquisition of Selina

On March 11, 2026, Strathcona acquired the remaining 50% operated working interest in the Selina property, located in the Cold Lake segment, along with additional surrounding lands, for total consideration of $24 million, inclusive of closing adjustments. The acquisition has been accounted for as an addition to Exploration and Evaluation assets. At March 31, 2026, Strathcona holds a 100% operated working interest in Selina.

Impairment of Property, Plant and Equipment

At March 31, 2026, the Company evaluated its cash-generating units ("**CGUs**") for indicators of impairment and impairment reversals and determined that no indicators were present.

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

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	March 31, 2026	December 31, 2025
Accrued liabilities	**580**	396
Trade payables	**226**	213
Other liabilities	**11**	10
Accounts payable and accrued liabilities	**817**	619

6. DEBT

As at	March 31, 2026	December 31, 2025
Revolving Credit Facility - due Mar 28, 2030(1)	**1,881**	1,876
Term Credit Facility - due Mar 28, 2030(1)	**244**	240
Unamortized debt issuance costs	**(17)**	(21)
Debt	**2,108**	2,095

(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 13). 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, 2026, the CCS contracts had an asset value of $26 million (December 31, 2025 - $5 million liability) and total debt includes an unrealized loss of $26 million (December 31, 2025 - unrealized gain of $5 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 Condensed Consolidated Interim Statements of Income and Comprehensive Income (see Note 11).

Bank Credit Facilities

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

At March 31, 2026, the Company had a covenant-based revolving credit facility of $3.24 billion (December 31, 2025 - $3.24 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, 2025 - US$175 million) (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 March 31, 2026, the Company had letters of credit outstanding under the Revolving Credit Facility of $2 million (December 31, 2025 - $2 million).

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

(b) Availability under bank credit facilities

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

As at	March 31, 2026	December 31, 2025
Revolving Credit Facility capacity	**3,240**	3,240
Term Credit Facility capacity(1)	**244**	240
Credit Facilities debt(1)	**(2,125)**	(2,116)
Unrealized loss (gain) on US borrowings	**26**	(5)
Letters of credit outstanding	**(2)**	(2)
Availability	**1,383**	1,357

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

(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 March 31, 2026, the Company was in compliance with such financial covenants.

Demand Letter of Credit Facility

At March 31, 2026, the Company had a $200 million (December 31, 2025 - $200 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 March 31, 2026, the Company had letters of credit in the amount of $57 million (December 31, 2025 - $57 million) outstanding under the LC Facility.

Interest Expense

For the Three Months Ended March 31,	2026	2025
Credit Facilities interest	**28**	27
Senior Notes interest	**—**	12
Realized gain on interest rate swaps	**—**	(1)
Interest expense	**28**	38

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

7. LEASE AND OTHER OBLIGATIONS

As at	Note	March 31, 2026	December 31, 2025
Lease obligations, beginning of period		**74**	235
Leases acquired through acquisitions		**—**	8
Additions		**—**	8
Accretion	10	**1**	14
Settlements		**(9)**	(53)
Reclassified to liabilities associated with assets held for sale	3	**—**	(138)
Lease obligations, end of period		**66**	74
Other obligations, beginning of period		**—**	112
Accretion	10	**—**	5
Settlements		**—**	(118)
Loss on settlement		**—**	1
Other obligations, end of period		**—**	—
Lease and other obligations, end of period		**66**	74
Lease and other obligations current portion		**24**	29
Lease and other obligations long-term portion		**42**	45

8. DECOMMISSIONING PROVISION

As at	Note	March 31, 2026	December 31, 2025
Balance, beginning of period		**238**	291
Additions		**2**	2
Liabilities acquired		**—**	11
Liabilities disposed		**—**	(2)
Settlements		**(19)**	(44)
Changes in estimates(1)		**30**	(21)
Accretion	10	**6**	27
Reclassified to liabilities associated with assets held for sale	3	**—**	(26)
Balance, end of period		**257**	238
Current portion		**41**	42
Long-term portion		**216**	196

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

At March 31, 2026, the estimated amount of undiscounted future cash flows required to settle the obligation were $1.81 billion inflated and $971 million uninflated (December 31, 2025 - $1.84 billion and $970 million, respectively). The decommissioning provision is discounted using a credit adjusted rate of 10.0% (December 31, 2025 – 10.0%) and assumes an inflation rate of 2.0% (December 31, 2025 – 2.0%). The decommissioning liabilities are estimated to be settled over periods extending to 2085, with the majority of expenditures expected to be incurred between 2026 and 2054. 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 $26 million increase in the decommissioning provision.

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

9. OIL AND NATURAL GAS SALES

For the Three Months Ended March 31,	Note	2026	2025
Bitumen blend		**647**	722
Heavy oil, blended and raw		**473**	454
Natural gas		**1**	—
Oil and natural gas sales - continuing operations		**1,121**	1,176
Oil and natural gas sales - discontinued operations	3	**—**	283
Oil and natural gas sales - continuing and discontinued operations		**1,121**	1,459

10. FINANCE COSTS

For the Three Months Ended March 31,	Note	2026	2025
Accretion of lease obligations	7	**1**	6
Accretion of other obligations	7	**—**	3
Accretion of decommissioning provision	8	**6**	7
Amortization of debt issuance costs		**4**	5
Finance costs - continuing and discontinued operations		**11**	21

11. FOREIGN EXCHANGE LOSS (GAIN)

For the Three Months Ended March 31,	Note	2026	2025
Realized gain – operating		**(1)**	—
Unrealized loss (gain) – Credit Facilities[1]	6	**31**	(28)
Unrealized (gain) loss – cross-currency swaps[1]	6	**(31)**	28
Unrealized loss (gain) – other		**5**	(1)
Foreign exchange loss (gain)		**4**	(1)

(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.

12. SHARE CAPITAL

(a) Share Capital

	Shares	$
Balance, December 31, 2025	**214**	**2,270**
Issuance - share pass-through	**7**	**220**
Cancellation - share pass-through	**(7)**	**(220)**
Balance as at March 31, 2026	**214**	**2,270**

Share Pass-Through Transactions

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 Pass-through Transaction**"). Following the Pass-through Transaction, WEF's ownership of Strathcona's outstanding common shares decreased from approximately 69.9% to approximately 66.6%.

The Pass-through Transaction was comprised of a series of reorganizational steps, which included the issuance by Strathcona of 7,102,958 common shares to partners of the WEF limited partnership upon the dissolution of such limited partnership. Notwithstanding such issuance, the number of issued and outstanding common shares remained the same following completion of the Pass-through Transaction.

(b) Normal Course Issuer Bid

On March 12, 2026, the Toronto Stock Exchange approved Strathcona's normal course issuer bid ("**NCIB**") to acquire up to 5% of its issued and outstanding shares (up to a maximum of approximately 10.7 million common shares). The NCIB commenced on March 17, 2026 and will terminate on March 16, 2027 or such earlier time as the maximum number of common shares has been purchased or Strathcona decides not to make any further purchases. For the three months ended March 31, 2026, no common shares were purchased under the NCIB.

(c) 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 March 31, 2026 and 2025, the Company had no dilutive instruments outstanding.

For the Three Months Ended March 31,	2026	2025
Weighted average common shares (millions) – basic and diluted	**214**	214

(d) Dividends

During the three months ended March 31, 2026, Strathcona declared and paid total dividends of $64 million or $0.30 per common share (March 31, 2025 - $56 million or $0.26 per common share).

On May 6, 2026, the Strathcona Board of Directors declared a quarterly dividend of $0.30 per common share to be paid on June 17, 2026 to all shareholders of record on June 8, 2026.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

At March 31, 2026, the Company's financial instruments include accounts receivable, CCS contracts, risk management 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 and debt, approximate their carrying amounts due to the short-term maturity of these instruments.

The Company's risk management contracts and CCS contracts are classified as Level 2 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 three months ended March 31, 2026.

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 March 31, 2026 is in respect of accounts receivable and risk management assets, net of expected credit loss ("**ECL**") provision. As at March 31, 2026, $5 million of accounts receivable were past due, all of which were considered collectable (December 31, 2025 – $5 million).

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

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

As at	March 31, 2026	December 31, 2025
Oil and natural gas sales	**279**	158
Joint interest partners	**10**	7
Other	**13**	10
	302	175
ECL provision	**(3)**	(3)
Accounts receivable	**299**	172
Cross-currency swap asset	**26**	—
Risk management asset	**—**	24
Total credit exposure	**325**	196

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 two external customers exceeding 10% of total oil and natural gas sales that accounted for approximately 32% or $362 million of the Company's revenue for the three months ended March 31, 2026 (March 31, 2025 – two external customers for 22% or $327 million). Included in accounts receivable at March 31, 2026 was $279 million of accrued sales revenue for March 2026 production (December 31, 2025 - $158 million for December 2025 production). At March 31, 2026, the Company had one external customer who accounted for 22% or $64 million of the total accounts receivable balance (December 31, 2025 – one external customer for 27% or $46 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 March 31, 2026, the Company had availability under the Credit Facilities of $1,383 million after considering letters of credit outstanding. At December 31, 2025, availability under the Revolving Credit Facility was $1,357 million, see Note 6. 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, 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 March 31, 2026, the Company had working capital deficit of $475 million (December 31, 2025 - $396 million).

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, 2026	Note	Total	<1 year	1-3 years	4-5 years	> 5 years
Credit Facilities[1]	6	**2,099**	—	—	2,099	—
Accounts payable and accrued liabilities	5	**817**	817	—	—	—
Risk management contract liability		**113**	17	96	—	—
Lease obligations[2]	7	**87**	29	22	10	26
Contingent consideration	4	**75**	75	—	—	—
Total		**3,191**	938	118	2,109	26

(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.

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, 2026, the following table summarizes the fair values of the Company's risk management contracts (excluding cross-currency interest rate swaps):

As at	March 31, 2026			
	Commodity	Foreign Exchange	Interest Rate	Total
Risk management liability – current	**(13)**	**(1)**	**(3)**	**(17)**
Risk management liability – long-term	**(44)**	**(23)**	**(29)**	**(96)**
Total liability	**(57)**	**(24)**	**(32)**	**(113)**

As at	December 31, 2025			
	Commodity	Foreign Exchange	Interest Rate	Total
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)

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

For the Three Months Ended March 31,	2026	2025
Gain (loss) on risk management contracts - realized	**16**	(1)
Loss on risk management contracts - unrealized	**(87)**	(77)
Total loss on risk management contracts	**(71)**	(78)

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

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

As at March 31, 2026, 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 March 31, 2026, 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	$2.00
Jan 1, 2027 - Dec 31, 2028	Swap	AECO	CAD	110,000	GJ/d	$3.10

The fair value of the Company's risk management contracts as at March 31, 2026 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 $2 million, impacting income before income taxes. A 10% decrease in commodity prices could reduce the unrealized gain on risk management contracts by $2 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 March 31, 2026:

Term(1)	Contract	USD per Month	CAD/USD Floor	CAD/USD Ceiling
Mar 31, 2027 - Aug 31, 2028	Collar	100 million	1.3500	1.4500

(1) On the date that is three months prior to the start date for each month in the term, the Company is entered into the above collar if CAD/USD fixes at or above 1.3775. The collars have a European expiry date (i.e. exercise is based on CAD/USD on the last business day of the month).

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 March 31, 2026, the Company had the following CCS contracts outstanding:

Notional (US$)	Maturity Date	Contract Price
1,344 million	April 24, 2026	CAD/USD 1.3743
175 million	April 27, 2026	CAD/USD 1.3749

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, 2026	December 31, 2025
(US$)		
Assets	**280**	206
Liabilities	**(98)**	(89)
Net assets (liabilities)	**182**	117

With all other variables held constant, a $0.01 change in the CAD/USD foreign exchange rate at March 31, 2026 would result in a change in USD denominated monetary assets and liabilities and change in Income and Comprehensive Income before income taxes by $2 million (December 31, 2025 – $1 million).

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

Interest rate risk

The Company is exposed to movements in floating interest rates on the Credit Facilities. At March 31, 2026, 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 March 31, 2026, 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 $10 million, while a decrease of 50 basis points would result in a decrease in annualized interest expense and increase in income before taxes of $3 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, debt and working capital.

14. COMMITMENTS AND CONTINGENCIES

As at March 31, 2026, the Company is committed to the following non-cancellable payments:

	Total	< 1 year	1-3 years	4-5 years	> 5 years
Transportation and processing	**2,616**	166	305	376	1,769
Capital	**142**	129	13	—	—
Other	**66**	21	44	1	—
Total	**2,824**	316	362	377	1,769

15. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital

For the Three Months Ended March 31,	2026	2025
Source (use) of cash:		
Accounts receivable	**(127)**	(11)
Inventory	**(5)**	1
Prepaid expenses and deposits	**15**	(13)
Other assets - Sable remediation fund	**—**	4
Accounts payable and accrued liabilities	**194**	(61)
Deferred revenue	**(4)**	(1)
	73	(81)
Related to operating activities	**50**	(18)
Related to investing activities	**23**	(63)

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

Items not involving cash

For the Three Months Ended March 31,	Note	2026	2025
Unrealized loss on risk management contracts	13	**87**	77
Finance costs	10	**11**	21
Depletion, depreciation and amortization		**142**	216
Unrealized loss (gain) on foreign exchange	11	**5**	(1)
Change in decommissioning liabilities	8	**13**	—
Unrealized loss on contingent consideration	4	**42**	—
Unrealized gain on marketable securities		**—**	(23)
Deferred tax expense		**25**	61
		325	351

16. SEGMENT INFORMATION

The Chief Operating Decision Makers ("**CODMs**") of the Company are comprised of the Chief Financial Officer, Chief Operating Officer and Chief Commercial Officer.

After divesting the Montney segment in 2025, the Company's CODMs disaggregated the Lloydminster segment into Lloydminster Thermal and Lloydminster Conventional to better reflect ongoing operations.

The CODMs assess performance based on the distinct attributes of its oil production operations. Each segment encompasses a group of assets with a unique combination of geographic focus, hydrocarbon resource type and extraction method, resulting in its own discrete economic profile. Segment profit is measured using Operating Earnings, which is the profit measure regularly reviewed by the CODMs for the purposes of performance assessment and resource allocation. 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.

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

For the Three Months Ended March 31,	Cold Lake		Lloydminster Thermal(1)		Lloydminster Conventional(1)		Corporate and Midstream		Consolidated(2)	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025
Segment revenues										
Oil and natural gas sales	**647**	721	**304**	251	**170**	204	**—**	—	**1,121**	1,176
Sale of purchased product	**2**	2	**—**	—	**—**	5	**2**	—	**4**	7
Midstream sales	**—**	—	**—**	—	**—**	—	**9**	—	**9**	—
Royalties	**(101)**	(69)	**(21)**	(18)	**(20)**	(25)	**—**	—	**(142)**	(112)
Oil, natural gas, and midstream sales	**548**	654	**283**	233	**150**	184	**11**	—	**992**	1,071
Segment expenses										
Purchased product	**2**	3	**—**	—	**—**	5	**2**	—	**4**	8
Blending costs	**251**	281	**32**	8	**23**	37	**—**	—	**306**	326
Production and operating	**79**	93	**63**	49	**38**	40	**5**	—	**185**	182
Transportation	**23**	21	**63**	60	**8**	7	**—**	—	**94**	88
Depletion, depreciation and amortization	**44**	43	**62**	58	**34**	43	**2**	4	**142**	148
General and administrative	**10**	7	**10**	6	**8**	6	**—**	—	**28**	19
Finance costs	**1**	1	**—**	1	**—**	—	**10**	10	**11**	12
Other income	**—**	—	**—**	—	**—**	—	**—**	(1)	**—**	(1)
Interest	**—**	—	**—**	—	**—**	—	**28**	38	**28**	38
	410	449	**230**	182	**111**	138	**47**	51	**798**	820
Operating earnings	**138**	205	**53**	51	**39**	46	**(36)**	(51)	**194**	251
Loss on risk management contracts							**71**	78	**71**	78
Transaction related costs							**—**	1	**—**	1
Foreign exchange loss (gain)							**4**	(1)	**4**	(1)
Gain on marketable securities							**—**	(23)	**—**	(23)
Change in decommissioning liabilities							**13**	—	**13**	—
Loss on contingent consideration							**42**	—	**42**	—
Income before income taxes									**64**	196
Deferred tax expense									**25**	43
Income and comprehensive income from continuing operations									**39**	153
Income and comprehensive income from discontinued operations, net of tax									**—**	53
Income and comprehensive income									**39**	206

(1) Comparative period has been revised to reflect current period presentation.
(2) Comparative period has been revised, see Note 3 - Discontinued Operations for additional information.

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

For the Three Months Ended March 31,	Cold Lake		Lloydminster Thermal[1]		Lloydminster Conventional[1]		Corporate and Midstream		Consolidated [2]	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025
Capital expenditures - continuing operations	**78**	89	**160**	91	**60**	53	**—**	—	**298**	233
Decommissioning costs - continuing operations	**—**	—	**—**	—	**—**	—	**19**	8	**19**	8

(1) Comparative period has been revised to reflect current period presentation.
(2) Comparative period has been revised, see Note 3 - Discontinued Operations for additional information.