

**Form 51-102F4**  
**Business Acquisition Report**

**Item 1 Identity of Company**

**1.1 Name and Address of Company**

Fiddlehead Resources Corp. ("**Fiddlehead**" or the "**Company**")  
Suite 1200, 715 - 5th Avenue S.W.  
Calgary, Alberta T2P 2X6

**1.2 Executive Officer**

Brent Osmond  
Chief Executive Officer  
Telephone: (647) 987-5083

**Item 2 Details of Acquisition**

**2.1 Nature of Business Acquired**

On August 29, 2024, Fiddlehead completed the acquisition (the "**Acquisition**") of certain oil and gas assets in Alberta (the "**Assets**") from senior Canadian producer (the "**Vendor**") pursuant to the acquisition agreement dated May 28, 2024, as amended (the "**Acquisition Agreement**"). At the time of the closing of the Acquisition, Fiddlehead had no material assets or liabilities other than the Assets and carried on no other business.

As a result of the Acquisition Agreement, Fiddlehead acquired the Assets which consist of oil and gas producing assets in the Ferrier field of Alberta near the town of Rocky Mountain House (approximately 80km west of Red Deer). The Assets consist of certain oil and gas producing assets located in Townships 37 – 41 and Ranges 5 - 10 West of the 5th Meridian near the town of Rocky Mountain House in Alberta Canada. The assets include oil and gas wellbores, mineral rights, surface leases and associated facilities and pipelines.

There are 125 (76 net) well locations where Fiddlehead has an operated or non-operated working interest along with an additional 38 wells that have a royalty interest. Production is primarily from the Cardium formation along with production from the Ellerslie, Rock Creek, Viking, and Belly River. The land position (mineral rights) consists of an undeveloped land position of 25,496 hectares (gross) / 14,213 hectares (net) and developed land position of 19,136 hectares (gross) / 11,227 hectares (net).

The main facilities are 2 gas compressor stations located at 9-24-38-9W5 (100% WI) and 4-13-41-8W5 (75% WI) and an oil battery located at 13-2-40-9W5 (WI 100%). These facilities are the initial point of gathering for the production while the final processing and sale of the gas and associated liquids are done at 3rd party gas plants in the area.

GLJ was engaged to provide evaluations of reserves regarding the Assets. Further, GLJ was engaged to provide evaluations of proved and proved plus probable reserves and no attempt was made to evaluate possible reserves.

The reserves data set forth below is based upon the GLJ reserves report dated effective December 31, 2023, with an execution date of April 5, 2024 and a

preparation date of June 24, 2024 (the “**GLJ Reserves Report**”). The reserves data summarizes the crude oil, natural gas liquids and natural gas reserves and the net present values of future net revenue for these reserves using forecast prices and costs, not including the impact of any price risk management activities.

Breakdown of Reserves (Forecast Case)

**Summary of Oil and Gas Reserves**

	Light & Medium Oil		Conventional Natural Gas		Natural Gas Liquids		Oil Equivalent	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
	(Mbbbl)	(Mbbbl)	(MMcf)	(MMcf)	(Mbbbl)	(Mbbbl)	(MBOE)	(MBOE)
Proved Developed Producing	144	146	15,325	14,920	978	814	3,676	3,447
Proved Undeveloped	585	472	6,887	6,300	438	342	2,171	1,864
Total Proved	729	618	22,212	21,220	1,416	1,156	5,847	5,311
Total Probable	209	169	8,176	7,744	521	429	2,093	1,888
Total Proved + Probable	938	787	30,388	28,964	1,937	1,584	7,940	7,199

Net Present Value of Future Net Revenue (Forecast Case)

**Summary Net Present Values of Future Net Revenue**

	Net Present Value of Future Net Revenue Before Income Taxes Discounted at (%/year)						Net Present Value of Future Net Revenue After Income Taxes Discounted at (%/year)					
	0%	5%	8%	10%	15%	20%	0%	5%	8%	10%	15%	20%
	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)
Proved Developed Producing	45,577	39,697	35,475	34,518	30,313	26,953	38,966	34,245	30,732	29,928	26,381	23,535
Proved Undeveloped	34,663	23,555	17,568	16,361	11,582	8,300	26,724	17,365	12,379	11,382	7,476	4,847
Total Proved	80,240	63,252	53,043	50,879	41,895	35,253	65,690	51,611	43,110	41,310	33,857	28,382
Total Probable	46,009	27,907	19,820	18,337	12,941	9,665	36,007	21,784	15,415	14,249	10,023	7,470
Total Proved + Probable	126,250	91,159	72,863	69,216	54,837	44,918	101,697	73,394	58,525	55,559	43,880	35,851

	Unit Values Before Income Tax Discounted at 10% <sup>(1)</sup>	
	(\$/BOE)	(\$/Mcf)
Proved Developed Producing	10.01	1.67
Proved Undeveloped	8.78	1.46
Total Proved	9.58	1.60
Total Probable	9.71	1.62
Total Proved + Probable	9.61	1.60

(1) Unit Values are based on Corporation Net Reserves.

Additional Information Concerning Future Net Revenue (Forecast Case)

**Total Future Net Revenue (Undiscounted)**

Reserve Category	Revenue (M\$)	Royalties (M\$)	Operating Costs (M\$)	Capital Development Costs (M\$)	Abandonment & Reclamation Costs (M\$)	Future Net Revenue Before Income Taxes (M\$)	Income Tax (M\$)	Future Net Revenue After Income Taxes (M\$)
Proved Developed Producing	135,018	16,260	63,818	1,493	7,869	45,577	6,612	38,966
Proved Undeveloped	114,759	18,734	29,168	31,067	1,127	34,663	7,938	26,724
Total Proved	249,777	34,994	92,986	32,560	8,996	80,240	14,550	65,690
Total Probable	103,237	14,656	41,456	58	1,057	46,009	10,003	36,007
Total Proved + Probable	353,014	49,650	134,442	32,618	10,053	126,250	24,553	101,697

**Future Net Revenue by Production Group**

	Future Net Revenue Before Income Taxes <sup>(3)</sup> (Discounted at 10% per year)	(\$/BOE )	(\$/Mcfe )
Proved Developed Producing			
Light and Medium Oil <sup>(1)</sup>	13,960	27.45	4.57
Conventional Natural Gas <sup>(2)</sup>	20,558	7.00	1.17
Proved Developed Producing Total	34,518	10.01	1.67
Total Proved			
Light and Medium Oil <sup>(1)</sup>	31,044	13.77	2.29
Conventional Natural Gas <sup>(2)</sup>	19,835	6.49	1.08
Total Proved Total	50,879	9.58	1.60
Total Proved + Probable			
Light and Medium Oil <sup>(1)</sup>	42,315	13.83	2.31
Conventional Natural Gas <sup>(2)</sup>	26,900	6.50	1.08
Total Proved + Probable Total	69,216	9.61	1.60

**Notes:**

- (1) Including solution gas and other by-products
- (2) Including by-products but excluding solution gas
- (3) Other company revenue and costs not related to a specific production group have been allocated proportionately to production groups. Unit values are based on Company Net Reserves.



## 2.2 Acquisition Date

The closing date of the Acquisitions was August 29, 2024.

## 2.3 Consideration

Pursuant to the terms of the Acquisition Agreement, the consideration for the Assets consists of cash payments of \$19,000,000 at the time of closing on August 29, 2024, subject to standard closing adjustments, \$1,250,000 on December 31, 2025 and two conditional payments (i) \$1,250,000 payable by January 31, 2026, if gas prices averages over a 12 month period beginning on January 1, 2025 are greater than \$2.25; and (ii) \$1,000,000 payable by January 31, 2026, if gas prices averages over a 12 month period beginning on January 1, 2025 are greater than \$3.75.

The closing payment was funded through the application of proceeds from:

- (a) The credit facility entered into on August 28, 2024 between Fiddlehead and a Vancouver-based private merchant bank of up to \$13.0 million dollars (the "Facility") of which \$12,480,000 were used for the Acquisition. The Facility bears interest at the Royal Bank of Canada Prime Rate plus 4.75% with a floor of 11.5% per annum, compounded monthly (effective annual rate of 12.63%), payable monthly on the last business day of each month for the first 12 months of the loan and thereafter at 18% (eighteen percent) per annum, compounded monthly (effective annual rate of 19.56%).
- (b) The underwritten private placement of 51,000,000 subscription receipts at a price of \$0.20 per subscription receipt for aggregate gross proceeds of \$10,200,000. Upon the satisfaction of certain escrow release conditions, on August 29, 2024, the subscription receipts were exchanged, on a post-consolidation basis following the share consolidation on July 30, 2024, for units consisting of one common share and one common share purchase warrant exercisable for a period of 60 months at a price of \$0.24.

## 2.4 Effect on Financial Position

The completion of the Acquisition of the Assets allowed Fiddlehead to transition to an oil and gas company with a focus on the development and production of the Assets within the Strachan area of Southern Alberta.

## 2.5 Prior Valuations

No prior valuation opinions required by securities legislation or a Canadian stock exchange or market to support the consideration paid has been obtained within the last 12 months by the Company.

## 2.6 Parties to Transaction

The Acquisition was not with an "informed person" (as such term is defined in Section 1.1 of National Instrument 51-102—*Continuous Disclosure Obligations*), associate or affiliate of Fiddlehead.

## 2.7 Date of Report

November 12, 2024.

### **Item 3 Financial Statements and Other Information**

The following financial statements set out in the schedules hereto form an integral part of this Business Acquisition Report:

Schedule A: Operating Statements of the Assets, comprised of: (i) Audited Operating Statements for the Assets for the years ended December 31, 2023 and December 31, 2022; and (ii) Reviewed Unaudited Operating Statements of the Assets for the six months ended June 30, 2024 and June 30, 2023.

**SCHEDULE A**

**Operating Statements  
(see attached)**



## Independent auditor's report

To the Directors of Cenovus Energy Inc.

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### Our opinion

In our opinion, the accompanying financial information relating to the South Ferrier (Strachan) Assets of Cenovus Energy Inc. (the Property) for the years ended December 31, 2023 and December 31, 2022 is prepared, in all material respects, in accordance with the financial reporting framework specified in subsection 3.17 National Instrument 52-107, Acceptable Accounting Principles and Auditing Standards for an operating statement.

#### What we have audited

The Property's financial information comprises the operating statements containing gross sales, royalties, production costs and operating income for the years ended December 31, 2023 and December 31, 2022, and the notes to the financial information, which include significant accounting policies and other explanatory information.

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### Basis for opinion

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

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

#### Independence

We are independent of Cenovus Energy Inc. in accordance with the ethical requirements that are relevant to our audit of the financial information in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### Responsibilities of management and those charged with governance for the financial information

Management of Cenovus Energy Inc. is responsible for the preparation of the financial information of the Property in accordance with the financial reporting framework specified in subsection 3.17 of National Instrument 52-107, Acceptable Accounting Principles and Auditing Standards, for an operating statement, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

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



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

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### **Auditor's responsibilities for the audit of the financial information**

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

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

- Identify and assess the risks of material misstatement of the financial information, 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 management's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

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.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants

Calgary, Alberta  
August 1, 2024

**Cenovus Energy Inc.**  
**South Ferrier (Strachan) Assets**  
**Operating Statements Containing Gross Sales, Royalties,**  
**Production Costs and Operating Income**

(\$ Canadian)

	<b>For the Year Ended December 31, 2023</b>	<b>For the Year Ended December 31, 2022</b>
	<u>(audited)</u>	<u>(audited)</u>
<b>Revenues</b>		
Gross Sales	\$ 26,446,426	\$ 61,831,925
Less: Royalties	(5,874,100)	(9,907,080)
Revenues	<u>20,572,326</u>	<u>51,924,845</u>
<b>Production Costs</b>		
Transportation	1,153,522	1,346,363
Operating	<u>9,560,086</u>	<u>10,271,527</u>
<b>Operating Income</b>	<u>\$ 9,858,718</u>	<u>\$ 40,306,954</u>

*See accompanying Notes to Operating Statements*

**Cenovus Energy Inc.**  
**South Ferrier (Strachan) Assets**  
**Notes to Operating Statements Containing Gross Sales, Royalties, Production Costs and Operating Income**

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**For the Year Ended December 31, 2023 and 2022**

**1. Basis of Presentation**

The Operating Statements containing Gross Sales, Royalties, Production Costs and Operating Income (the "Operating Statements") includes the net working interest of the operating results of Cenovus Energy Inc. ("Cenovus" or the "Company") relating to the South Ferrier (Strachan) Assets (the "Property").

The line items in the Operating Statements have been prepared in all material respects using accounting policies that are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. This operating statement is prepared in accordance with the financial reporting framework specified in subsection 3.17 of National Instrument 52-107, "Acceptable Accounting Principles and Auditing Standards" for an operating statement.

The Operating Statements for the Property do not include any provision for depletion, depreciation and amortization, decommissioning liabilities, capital costs, impairment of properties, general and administrative costs or income taxes as these amounts are based on the consolidated operations of Cenovus of which the Property form only a part.

**2. Accounting Policies**

**(A) Functional and Presentation Currency**

The functional and presentation currency of the Operating Statements is Canadian dollars.

**(B) Revenue Recognition**

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Cenovus recognizes revenue when it transfers control of the product or service to a customer, which is generally when title passes from Cenovus to its customer.

The Company satisfies its performance obligations in contracts with customers upon the delivery of crude oil, NGLs, and natural gas, which is generally at a point in time. Cenovus sells its production of crude oil pursuant to variable price contracts. The transaction price for variable price contracts is based on the commodity price, adjusted for quality, location and other factors. Revenue associated with crude oil, NGLs and natural gas production is recorded net of royalties. Revenue associated with natural gas processing and transportation services generally based on fixed price contracts.

The Company has take-or-pay contracts where Cenovus has long-term supply commitments in return for

The Company's revenue transactions do not contain significant financing components and payments are typically due within 30 days of revenue recognition. Cenovus's risk management gains and losses are excluded from these Operating Statements.

**(C) Royalties**

Royalties are calculated in accordance with applicable regulations and/or the terms of individual royalty agreements.

**Cenovus Energy Inc.**  
**South Ferrier (Strachan) Assets**  
**Notes to Operating Statements Containing Gross Sales, Royalties, Production Costs and Operating Income**

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**For the Year Ended December 31, 2023 and 2022**

***(D) Transportation Expenses***

The costs associated with the transportation of crude oil, NGLs, and natural gas are recognized when the product is sold.

***(E) Operating Expenses***

Operating expenses include amounts incurred on extraction of product to the surface, gathering, field processing, treating and field storage. More specifically they include chemicals, workforce, electricity, energy, processing fees, repairs and maintenance, waste fluid handling and trucking, workovers, property tax and lease costs, overhead and other direct expenses. Costs or credits that are corporate based are excluded from these Operating Statements.

***(F) Use of Estimates***

Management estimates and assumptions in regards to certain revenues and expenses have been used. Such estimates relate to unsettled transactions and events. Estimates by their nature are subject to measurement uncertainty. Accordingly, actual results may differ from estimated amounts as future confirming events occur.

**Cenovus Energy Inc.**  
**South Ferrier (Strachan) Assets**  
**Operating Statements Containing Gross Sales, Royalties,**  
**Production Costs and Operating Income**

(\$ Canadian)

	<b>Six Months Ended June 30, 2024</b>	<b>Six Months Ended June 30, 2023</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Revenues</b>		
Gross Sales	\$ 8,597,837	\$ 15,325,367
Less: Royalties	<b>(1,861,236)</b>	<b>(3,540,807)</b>
Revenues	<u>6,736,601</u>	<u>11,784,560</u>
<b>Production Costs</b>		
Transportation	459,497	622,849
Operating	<u>3,776,856</u>	<u>5,052,649</u>
<b>Operating Income</b>	<u>\$ 2,500,248</u>	<u>\$ 6,109,062</u>

*See accompanying Notes to Operating Statements*

**Cenovus Energy Inc.**  
**South Ferrier (Strachan) Assets**  
**Notes to Operating Statements Containing Gross Sales, Royalties, Production Costs and Operating Income**

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**For the Six Months Ended June 30, 2024 and 2023**

**1. Basis of Presentation**

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The Operating Statements for the Property do not include any provision for depletion, depreciation and amortization, decommissioning liabilities, capital costs, impairment of properties, gas cost allowance, general and administrative costs or income taxes as these amounts are based on the consolidated operations of Cenovus of which the Property form only a part.

**2. Accounting Policies**

**(A) Functional and Presentation Currency**

The functional and presentation currency of the Operating Statements is Canadian dollars.

**(B) Revenue Recognition**

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Cenovus recognizes revenue when it transfers control of the product or service to a customer, which is generally when title passes from Cenovus to its customer.

The Company satisfies its performance obligations in contracts with customers upon the delivery of crude oil, NGLs, and natural gas, which is generally at a point in time. Cenovus sells its production of crude oil pursuant to variable price contracts. The transaction price for variable price contracts is based on the commodity price, adjusted for quality, location and other factors. Revenue associated with crude oil, NGLs and natural gas production is recorded net of royalties. Revenue associated with natural gas processing and transportation services generally based on fixed price contracts.

The Company's revenue transactions do not contain significant financing components and payments are typically due within 30 days of revenue recognition. Cenovus's risk management gains and losses are excluded from these Operating Statements.

**(C) Royalties**

Royalties are calculated in accordance with applicable regulations and/or the terms of individual royalty agreements.

**Cenovus Energy Inc.**  
**South Ferrier (Strachan) Assets**  
**Notes to Operating Statements Containing Gross Sales, Royalties, Production Costs and Operating Income**

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**For the Six Months Ended June 30, 2024 and 2023**

***(D) Transportation Expenses***

The costs associated with the transportation of crude oil, NGLs, and natural gas are recognized when the product is sold.

***(E) Operating Expenses***

Operating expenses include amounts incurred on extraction of product to the surface, gathering, field processing, treating and field storage. More specifically they include chemicals, workforce, electricity, energy, processing fees, repairs and maintenance, waste fluid handling and trucking, workovers, property tax and lease costs, overhead and other direct expenses. Costs or credits that are corporate based are excluded from these Operating Statements.

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**Cenovus Energy Inc.**  
**South Ferrier (Strachan) Assets**  
**Operating Statements Containing Gross Sales, Royalties,**  
**Production Costs and Operating Income**

(\$ Canadian)

	<b>Three Months Ended June 30, 2024</b>	<b>Three Months Ended June 30, 2023</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Revenues</b>		
Gross Sales	\$ 3,786,923	\$ 6,197,844
Less: Royalties	(829,837)	(1,353,075)
Revenues	<u>2,957,086</u>	<u>4,844,769</u>
<b>Production Costs</b>		
Transportation	207,240	288,365
Operating	<u>1,520,813</u>	<u>2,572,368</u>
<b>Operating Income</b>	<u>\$ 1,229,033</u>	<u>\$ 1,984,036</u>

*See accompanying Notes to Operating Statements*

**Cenovus Energy Inc.**  
**South Ferrier (Strachan) Assets**  
**Notes to Operating Statements Containing Gross Sales, Royalties, Production Costs and Operating Income**

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**For the Three Months Ended June 30, 2024 and 2023**

**1. Basis of Presentation**

The Operating Statements containing Gross Sales, Royalties, Production Costs and Operating Income (the "Operating Statements") includes the net working interest of the operating results of Cenovus Energy Inc. ("Cenovus" or the "Company") relating to the South Ferrier (Strachan) Assets (the "Property").

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The Company's revenue transactions do not contain significant financing components and payments are typically due within 30 days of revenue recognition. Cenovus's risk management gains and losses are excluded from these Operating Statements.

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**Cenovus Energy Inc.**  
**South Ferrier (Strachan) Assets**  
**Notes to Operating Statements Containing Gross Sales, Royalties, Production Costs and Operating Income**

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**For the Three Months Ended June 30, 2024 and 2023**

***(D) Transportation Expenses***

The costs associated with the transportation of crude oil, NGLs, and natural gas are recognized when the product is sold.

***(E) Operating Expenses***

Operating expenses include amounts incurred on extraction of product to the surface, gathering, field processing, treating and field storage. More specifically they include chemicals, workforce, electricity, energy, processing fees, repairs and maintenance, waste fluid handling and trucking, workovers, property tax and lease costs, overhead and other direct expenses. Costs or credits that are corporate based are excluded from these Operating Statements.

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