

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") was prepared as of November 12, 2025. This interim MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements of Questerre Energy Corporation ("Questerre" or the "Company") for the three and nine month periods ended September 30, 2025, and 2024, and the audited annual consolidated financial statements of the Company for the year ended December 31, 2024, and the MD&A prepared in connection therewith. Additional information relating to Questerre, including Questerre's Annual Information Form ("AIF") for the year ended December 31, 2024, is available on SEDAR under Questerre's profile at www.sedarplus.ca.

Questerre is an energy technology and innovative company actively involved in the acquisition, exploration and development of oil and gas projects, and, in specific, non-conventional projects such as tight oil, oil shale, shale oil and shale gas. Questerre is committed to the economic development of its resources in an environmentally conscious and socially responsible manner. The Company's Class "A" Common voting shares ("Common Shares") are listed on the Toronto Stock Exchange and the Oslo Stock Exchange under the symbol "QEC".

Basis of Presentation

Questerre presents figures in the MD&A using accounting policies within the framework of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), representing generally accepted accounting principles ("GAAP"). All financial information is reported in Canadian dollars, unless otherwise noted.

Forward-Looking Statements

Certain statements contained within this MD&A constitute forward-looking statements. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified using the use of words such as "anticipate", "assume", "believe", "budget", "can", "commitment", "continue", "could", "estimate", "expect", "forecast", "foreseeable", "future", "intend", "may", "might", "plan", "potential", "project", "will" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Management believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A.

This MD&A contains forward-looking statements including, but not limited to, those pertaining to the following:

- anticipated benefits of the Acquisition to the Company and its shareholders, including any operational and economic synergies;

- the issuance of the Common Shares as consideration for the Acquisition;
- the Joint Venture with Nice, the liquidity commitment by the parties and the funding thereof with a priority to secure third party financing;
- the appointment of two directors to the Board of Questerre and the issuance of options to such directors when appointed;
- the issuance of warrants in connection with the Joint Venture;
- the form of the Quebec Spinout, and any changes to the anticipated structure thereof;
- the closing of the Quebec Spinout, including the timing thereof, if it is to close at all;
- the completion of the transactions contemplated in the BCA, if closed;
- the assumption of debt in connection with the Acquisition;
- the achievement of the performance milestones attached to the consideration payable, and the timing thereof, if at all;
- drilling plans and the development and optimization of producing assets;
- the judicial plans to achieve a hearing of the Company's claim made in connection with Quebec's Bill 21 and the questioning of key government representatives;
- working collaboratively to find a political and business solution with the Government of Quebec;
- future production of oil, natural gas and natural gas liquids;
- future commodity prices in light of decisions by OPEC and its allies, including Saudi Arabia and Russia on production levels, the war in Ukraine, and the conflict in the Middle East;
- legislative and regulatory developments in the Province of Quebec;
- the transfer of wells drilled in 2025 from the proved undeveloped to the proved producing category;
- the Company plans for a carbon storage pilot project under Bill 21 and the funding thereof;
- hedging policy;
- liquidity and capital resources;
- the Company's plans to utilize the Red Leaf technology for its project in Jordan;
- the Company's compliance with the terms of its credit facility;
- timing of the next review of the Company's credit facility by its lender;
- ability of the Company to meet its foreseeable obligations;
- capital expenditures and the funding thereof;
- impacts of capital expenditures on the Company's reserves;
- commitments and Questerre's participation in future capital programs;
- risks and risk management;
- potential for equity and debt issuances and farm-out arrangements;
- counterparty creditworthiness;
- the timing of receivables from joint venture partners;
- flow-through shares and use of proceeds and renunciation and indemnity obligations associated therewith;
- insurance;
- use of financial instruments; and

- critical accounting estimates.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A, the AIF, and the documents incorporated by reference into this document:

- PX Energy operations are in Brazil and may be adversely affected by changes in foreign government policies and legislation, social instability or other factors not in the control of Questerre;
- the Quebec Spinout not being completed on the terms anticipated or at all;
- the synergies expected from the Acquisition not being realized;
- the synergies expected from the Joint Venture being realized;
- loss of key personnel of PX Energy in connection with the Acquisition;
- the impact of the secured bonds on FRBH and PX Energy;
- potential tariffs and counter tariffs on trade with the United States and other countries;
- Quebec's Bill 21, the revocation of licenses in Quebec and potential compensation;
- The impact of the convertible promissory notes and other liabilities to be assumed in connection with the Acquisition;
- the impact of transactions contemplated in the BCA;
- volatility in market prices for oil, natural gas liquids and natural gas due to, among other things, the production agreements between OPEC and its allies, including Saudi Arabia and Russia, on production levels, the war in Ukraine, and the conflict in the Middle East;
- access to capital;
- general economic conditions;
- the terms and availability of credit facilities;
- counterparty credit risk;
- changes or fluctuations in oil, natural gas liquids and natural gas production levels;
- liabilities inherent in oil and natural gas operations;
- adverse judicial rulings, regulatory rulings, orders and decisions;
- attracting, retaining and motivating skilled personnel;
- uncertainties associated with estimating oil and natural gas reserves and resources;
- insufficient advancement by Red Leaf in the engineering of its proprietary process;
- competition for, cost and availability of, among other things, capital, acquisitions of reserves, undeveloped lands, equipment, skilled personnel and services;
- incorrect assessments of the value of acquisitions and targeted exploration and development assets;
- fluctuations in foreign exchange or interest rates;
- stock market volatility, market valuations and the market value of the securities of Questerre;
- failure to realize the anticipated benefits of acquisitions;
- actions by governmental or regulatory authorities, including changes in royalty structures and programs, and income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry;
- limitations on insurance;

- changes in environmental, tax, or other legislation applicable to the Company's operations, and its ability to comply with current and future environmental and other laws; and
- geological, technical, drilling and processing problems, and other difficulties in producing oil, natural gas liquids and natural gas reserves.

Statements relating to reserves are by their nature deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A and the documents incorporated by reference herein are expressly qualified by this cautionary statement. We do not undertake any obligation to publicly update or revise any forward-looking statements except as required by applicable securities law. Certain information set out herein with respect to forecasted results is "financial outlook" within the meaning of applicable securities laws. The purpose of this financial outlook is to provide readers with disclosure regarding the Company's reasonable expectations as to the anticipated results of its proposed business activities. Readers are cautioned that this financial outlook may not be appropriate for other purposes.

BOE Conversions

Barrel of oil equivalent ("boe") amounts may be misleading, particularly if used in isolation. A boe conversion ratio has been calculated using a conversion rate of six thousand cubic feet of natural gas ("Mcf") to one barrel of oil ("bbl"), and the conversion ratio of one barrel to six thousand cubic feet is based on an energy equivalent conversion method application at the burner tip and does not necessarily represent an economic value equivalent at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalent of six to one, utilizing a conversion on a six to one basis may be misleading as an indication of value.

Non-GAAP Measures

This document contains certain financial measures, as described below, which do not have standardized meanings prescribed under GAAP. As these measures are commonly used in the oil and gas industry, the Company believes that their inclusion is useful to investors. The reader is cautioned that these amounts may not be directly comparable to measures for other companies where similar terminology is used.

This document contains the term "adjusted funds flow from operations", which is a non-GAAP measure. The Company uses this measure to help evaluate its performance.

As an indicator of the Company's performance, adjusted funds flow from operations should not be considered as an alternative to, or more meaningful than, net cash from operating activities as determined in accordance with GAAP. The Company's determination of adjusted funds flow from operations may not be comparable to that

reported by other companies. Questerre considers adjusted funds flow from operations to be a key measure as it demonstrates the Company's ability to generate the cash necessary to fund operations and support activities related to its major assets.

Adjusted Funds Flow From Operations Reconciliation

(\$ thousands)	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Net cash from operating activities	\$ 1,294	\$ 4,060	\$ 10,940	\$ 9,829
Transaction costs related to PX Energy Acquisition	2,689	–	2,689	–
Change in non-cash operating working capital	(1,170)	(632)	(2,268)	1,027
Adjusted Fund Flow from Operations ⁽¹⁾	\$ 2,813	\$ 3,428	\$ 11,361	\$ 10,856

(1) Adjusted Funds Flow from Operations is a non-GAAP measure defined as cash flows from operating activities before changes in non-cash operating working capital and excluding the transaction costs related to the PX Energy acquisition.

This document also contains the terms “operating netbacks”, “cash netbacks” and “working capital surplus (deficit)”, which are non-GAAP measures.

The Company considers netbacks a key measure as it demonstrates its profitability relative to current commodity prices. Operating and cash netbacks, as presented, do not have any standardized meaning prescribed by GAAP and may not be comparable with the calculation of similar measures for other entities. Operating netbacks have been defined as revenue less royalties, transportation and operating costs. Cash netbacks have been defined as operating netbacks less general and administrative costs. Netbacks are generally discussed and presented on a per boe basis.

The Company also uses the term “working capital surplus (deficit)”. Working capital surplus (deficit), as presented, does not have any standardized meaning prescribed by GAAP, and may not be comparable with the calculation of similar measures for other entities. Working capital surplus (deficit), as used by the Company, is calculated as current assets less current liabilities excluding any outstanding risk management contracts and lease liabilities.

Select Information

<i>As at/for the period ended,</i>	<i>Three months ended September 30,</i>		<i>Nine months ended September 30,</i>	
	2025	2024	2025	2024
Financial (\$ thousands, except as noted)				
Petroleum and Natural Gas Sales	11,801	9,460	34,606	27,305
Net Income (Loss)	(5,334)	(273)	(6,007)	814
Adjusted Funds Flow from Operations ⁽¹⁾	2,813	3,428	11,361	10,856
Cash Flow from Operations	1,294	4,060	10,940	9,829
Basic and diluted (\$/share)	0.00	0.01	0.02	0.02
Capital Expenditures	2,248	3,433	21,160	13,097
Working Capital Surplus (Deficit) ⁽²⁾	(40,330)	27,608	(40,330)	27,608
Total Assets	384,853	178,731	384,853	178,731
Shareholders' Equity	135,053	145,887	135,053	145,887
Common Shares Outstanding (thousands)	428,516	428,516	428,516	428,516
Weighted average - basic (thousands)	428,516	428,516	428,516	428,516
Weighted average - diluted (thousands)	434,523	431,804	432,472	431,439
Operations (units as noted)				
Average Production				
Crude Oil and Natural Gas Liquids (bbls/d)	1,512	1,106	1,402	1,006
Natural Gas (Mcf/d)	8,485	4,842	7,111	4,236
Total (boe/d)	2,926	1,913	2,587	1,712
Average Sales Price ⁽³⁾				
Crude Oil and Natural Gas Liquids (\$/bbl)	82.96	94.38	82.29	92.54
Natural Gas (\$/Mcf)	0.79	0.81	1.65	1.64
Total (\$/boe)	44.32	53.75	49.00	58.21
Netback (\$/boe)				
Petroleum and Natural Gas Sales	44.32	53.75	49.00	58.21
Royalties Expense	(4.01)	(5.65)	(5.41)	(4.53)
Percentage	9%	11%	11%	8%
Direct Operating Expense	(23.80)	(21.04)	(21.75)	(24.15)
Operating Netback	16.50	27.06	21.84	29.52
Wells Drilled				
Gross	1.00	–	–	3.00
Net	1.00	–	–	0.75

(1) Adjusted Funds Flow from Operations is a non-GAAP measure defined as cash flows from operating activities before changes in non-cash operating working capital and excluding the transaction costs related to the PX Energy acquisition.

(2) Working capital surplus is a non-GAAP measure calculated as current assets less current liabilities excluding the current portion of risk management and lease liabilities.

(3) Barrel of oil equivalent ("boe") amounts may be misleading, particularly if used in isolation. A boe conversion ratio has been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil and is based on an energy equivalent conversion method application at the burner tip and does not necessarily represent an economic value equivalency at the wellhead.

Highlights

- Questerre closes PX Energy acquisition with over 4,000 boe per day of oil shale production
- Questerre to form a 50/50 joint venture for PX Energy with the subsidiary of Nimofast, a leading private fuel distribution company in Brazil
- Examination of key witnesses underway to protect legal rights in Quebec
- Average daily production of 2,926 boe per day and net cash flow from operating activities of \$1.3 million and adjusted funds flow from operations of \$2.8 million

Third Quarter 2025 Activities

Paraná Xisto S.A. ("PX Energy") Acquisition and Strategic Joint Venture Formation

On September 26, 2025, the Company closed the acquisition of 100% of the common shares PX Energy, a privately held oil shale production and refining company based in southern Brazil (the "Acquisition"). The Acquisition was completed by the purchase of all issued and outstanding shares of its parent company, Forbes Resources Brazil Holding SA ("FRBH") from the vendors through a wholly owned subsidiary of the Company.

The Acquisition advances the Company's strategy to commercially develop oil shale resources globally. It provides a platform of producing oil shale operations, including mining, processing and refining facilities as well as oil shale reserves and resources. Average daily production from PX Energy for the quarter ended September 30, 2025, was 4,000 boe per day.

PX Energy has over thirty years of operations and utilizes a technology to produce oil from oil shale developed by an integrated energy company. The Acquisition includes downstream production expertise and complements the Company's experience with upstream resource development and technology assessment. It expands the Company's existing portfolio of oil shale assets including its project in the Kingdom of Jordan and its investment in Red Leaf, specifically its rights to use Red Leaf's proprietary technology to produce oil from shale that incorporates carbon capture.

Purchase Price Allocation

The consideration includes the issuance of 15 million Common Shares (post the Quebec Spinout – see Corporate) subject to a lock-up and voting agreement (the "First Tranche Common Shares") with a deemed value of \$4.7 million and contingent equity consideration of two additional tranches of 25 million Common Shares as detailed below:

- 25 million Common Shares subject to the achievement of US\$30 million in free cash flow or the completion of an equity issue by the Company of \$25 million at a price of \$0.50 per Common Share no later than September 30, 2027; and

- 25 million Common Shares subject to the achievement of US\$40 million in free cash flow or the completion of an equity issue by the Company of \$25 million at a price of \$1.00 per Common Share no later than September 30, 2028.

The contingent share consideration was valued at \$13.9 million.

The consideration for the Acquisition also included the assumption of the vendor's obligations under a business combination agreement ("BCA") as amended, with a special purpose acquisition company ("SPAC"). Pursuant to the BCA, the Company's wholly owned subsidiary has assumed the obligation to combine with the SPAC in a go-public transaction. The BCA is subject to conditions precedent including receipt of regulatory approvals, the filing of a Proxy/Registration Statement with the Securities and Exchange Commission and the completion of this transaction prior to December 31, 2026. Under the BCA, the Company's subsidiary assumed obligations related to the SPAC, along with other liabilities, with an estimated fair value of \$8.7 million.

Related to the SPAC and subject to the issuance of the First Tranche Common Shares and associated transactions, the Company's subsidiary will assume convertible promissory notes originally issued by the vendor in the principal amount of \$14.9 million. The notes bear interest at 12% per annum and are due on December 31, 2026. PX Energy has issued a US\$5 million guarantee for these notes. Subject to conditions precedent in the BCA and the closing of the SPAC transaction, the notes are convertible into common shares of the SPAC. If the SPAC transaction does not proceed, the notes are due and payable or convertible into equity of the Company's subsidiary. Liabilities acquired under the acquisition included US\$80 million in senior secured callable bonds issued by FRBH with a maturity date of April 24, 2028. The bonds have a face value of US\$80 million and an acquisition date fair value of US\$64 million. The carrying amount will accrete from US\$64 million to US\$80 million with the accretion recognized on the income statement as finance costs at the effective interest rate. Interest will also be recognized as incurred. The bonds are secured by a fiduciary assignment of the equity of PX Energy and security over the assets of PX Energy. In conjunction with the closing of the Acquisition, the holders of bonds representing a requisite majority agreed to amend the terms of the bonds as follows:

Interest lowered from 16% per annum to 10% per annum effective August 1, 2025. All accrued and unpaid interest up to December 31, 2025, converts into shares in the SPAC transaction. If the SPAC transaction does not proceed, no interest is payable in 2025. Thereafter, interest is payable quarterly based on Brent pricing ranging from 4% based on Brent pricing under US\$55 per barrel to 20% based on Brent pricing greater than US\$95 per barrel with interest not to exceed 16% over the term of the bonds. Interest in 2026 may be payable in cash or in kind at the issuer's election with interest in 2027 onwards payable in kind if Brent prices are below US\$65 per barrel.

Acquisition Related Costs

Acquisition related costs incurred in connection with the transaction were expensed as incurred. These costs totaled \$2.7 million for the three and nine months ended September 30, 2025.

Strategic Joint Venture Formation

Concurrent with the Acquisition, the Company entered a binding term sheet with Nice Capital Holdings Ltda. (“Nice”) for a 50/50 joint venture for the ownership and management of PX Energy (the “Joint Venture”). Nice is a member of the Nimofast Group (“Nimofast”), one of the leading private fuel importers and distributors in Brazil. Through Nice, Nimofast contributes not only local expertise but is also anticipated to assist in enhancing supply chain efficiency, market access, and profitability for PX Energy.

The Joint Venture is subject to certain conditions precedent including the approval by the Brazilian Administrative Council for Economic Defense (“CADE”). On October 29, 2025, the CADE Secretariat approved the participation of Nice in the Acquisition pursuant to the term sheet. Subject to a review by the CADE Tribunal if required, final approval is expected by November 18, 2025.

Control and management of PX Energy will be shared equally between Nice and Questerre. Both parties will have equal shareholder rights, the rights to appoint board representatives, and the responsibility to make equal financial and other contributions to the Joint Venture. The parties have agreed on an initial liquidity commitment of up to an aggregate of US\$10 million on an as needed basis to be shared equally with a priority to secure third party financing. To the extent any equity contribution is required in the near term, Questerre anticipates it will be able to fund its share through its existing financial resources.

In conjunction with the execution of the term sheet, Questerre also reported that Ramon Reis, principal and founder of Nimofast, will be joining the Board of Questerre. Additionally, William Con Steers will also be appointed to the Board of Questerre. Mr. Steers has over 30 years of experience in capital markets and project development primarily in Brazil. Mr. Reis and Mr. Steers will be granted 1,500,000 and 500,000 options respectively to acquire Common Shares in accordance with the Company’s stock option plan.

Nimofast will also be granted warrants to acquire 40 million Common Shares of Questerre with an exercise price per share equal to the 5-day VWAP as of the date of closing of the Acquisition (the “Warrants”) for a period of 18 months following the closing of the Acquisition and shall be exercisable once Questerre’s share price is trading at a weighted average price of \$0.50 per Common Share over any 20 consecutive trading days. The appointment of the new directors and the issuance of the Warrants are subject to regulatory and other approvals.

Kakwa, Alberta

Following the tie-in of three wells at Kakwa North, the operator is assessing a follow-up program. At Kakwa Central, the operator commenced a three well drilling program in the fourth quarter of this year. The Company is assessing its participation in this program.

The Company plans to participate in future drilling programs at both joint ventures subject to among other things, commodity prices, and the costs and design of the proposed drilling and completion programs.

Quebec

The Company's primary objective remains a business and political solution for the development of its natural gas discovery in the province. Concurrently, it is protecting its legal rights following the enactment in August 2022 of Bill 21, *An Act mainly to end petroleum exploration and production and the public financing of those activities in Quebec* ("Bill 21").

Discussions remain ongoing with the Quebec Ministry of Economy, Innovation and Energy, for the Company's carbon storage pilot project application under Bill 21. The project includes a comprehensive program to assess the carbon storage potential including injection and monitoring wells, compression facilities and a pipeline to an adjacent industrial park. The Company is seeking Government funding for this pilot project. The Company is participating in the consultation process for new regulations proposed by the province related to carbon sequestration legislation.

During the quarter, the Company was advised that the Supreme Court of Canada declined to hear its application to appeal the decision from the Quebec Court of Appeal on the stay of application of Bill 21. The ruling by the Quebec Court of Appeal in May 2025 annulled a decision by the Quebec Superior Court justice in January 2024 suspending key provisions of Bill 21. The Government of Quebec is now permitted to enforce the specific provisions related to the abandonment and reclamation of existing wells.

The Company is also proceeding with the main hearing on the merits of the case in accordance with procedural rules in Quebec, including its debate on the constitutional validity of Bill 21. The questioning of key Government representatives was completed in September and October. Our next step is to request a trial date for the hearing.

Corporate

In connection with the Acquisition, the Company announced its plans to spin out its Quebec-based assets (the "Quebec Spinout"). Once the proposed structure for the Quebec Spinout is finalized, it is anticipated that existing shareholders of Questerre will receive a new financial instrument representing their interest in the Quebec assets. The Quebec Spinout is intended to be completed prior to the issuance of any Common Shares in connection with the Acquisition or pursuant to the Warrants.

Production

Three months ended September 30,	2025			2024		
	Oil and Liquids (bbls/d)	Natural Gas (Mcf/d)	Equivalent (boe/d)	Oil and Liquids (bbls/d)	Natural Gas (Mcf/d)	Equivalent (boe/d)
Alberta	1,282	8,485	2,696	814	4,842	1,621
Saskatchewan and Manitoba	230	–	230	292	–	292
	1,512	8,485	2,926	1,106	4,842	1,913

Note: Oil and liquids include light & medium crude oil and natural gas liquids. Natural gas includes conventional and shale gas.

<i>Nine months ended September 30,</i>	2025			2024		
	Oil and Liquids (bbls/d)	Natural Gas (Mcf/d)	Equivalent (boe/d)	Oil and Liquids (bbls/d)	Natural Gas (Mcf/d)	Equivalent (boe/d)
Alberta	1,163	7,111	2,348	697	4,236	1,403
Saskatchewan and Manitoba	239	–	239	309	–	309
	1,402	7,111	2,587	1,006	4,236	1,712

Note: Oil and liquids includes light & medium crude oil and natural gas liquids. Natural gas includes conventional and shale gas.

Production volumes increased over the same period last year and year to date, with the three (1.50 net) new wells at Kakwa North that came on-stream in the second quarter. By comparison, in the third quarter of last year, three (0.75 net) wells at Kakwa Central were brought on production.

The increased production from Kakwa contributed to this area representing over 90% of corporate volumes. Volumes from the Kakwa area are split 60/40 between Kakwa Central and Kakwa North with an approximately equal weighting between natural gas and liquids.

The remaining corporate volumes are light oil from Saskatchewan and Manitoba. Lower production in 2025 reflects natural declines and the conversion of producing wells into injectors for the pilot secondary recovery scheme. These light oil volumes contribute to the corporate liquids weighing just over 50% for both the quarter and year to date periods in both years.

Excluding the incremental production in the fourth quarter from one (1.0 net) new well in Saskatchewan, the Company anticipates its production volumes from Western Canada will decline over the remainder of this year. Subject to the execution of the joint venture agreement related to the Acquisition, the Company expects to add approximately 2,000 boe per day of production from the PX Energy assets for the remainder of this year.

Third Quarter 2025 Financial Results

Petroleum and Natural Gas Sales

<i>Three months ended September 30,</i>	2025			2024		
	Oil and Liquids	Natural Gas	Total	Oil and Liquids	Natural Gas	Total
<i>(\$ thousands)</i>						
Alberta	\$ 9,351	\$ 644	\$ 9,995	\$ 6,368	\$ 507	\$ 6,875
Saskatchewan and Manitoba	1,806	–	1,806	2,585	–	2,585
	\$ 11,157	\$ 644	\$ 11,801	\$ 8,953	\$ 507	\$ 9,460

Note: Oil and liquids include light & medium crude oil and natural gas liquids. Natural gas includes conventional and shale gas.

<i>Nine months ended September 30,</i>	2025			2024		
	Oil and Liquids	Natural Gas	Total	Oil and Liquids	Natural Gas	Total
<i>(\$ thousands)</i>						
Alberta	\$ 25,689	\$ 3,199	\$ 28,888	\$ 17,203	\$ 1,957	\$ 19,160
Saskatchewan and Manitoba	5,718	–	5,718	8,145	–	8,145
	\$ 31,407	\$ 3,199	\$ 34,606	\$ 25,348	\$ 1,957	\$ 27,305

Note: Oil and liquids includes light & medium crude oil and natural gas liquids. Natural gas includes conventional and shale gas.

Higher production volumes offset the lower commodity prices for both the quarter and year to date periods. For the quarter ended September 30, 2025, a 52% increase due to production volumes was offset by a nearly 30% decrease due to commodity prices. Similarly, for the year to date period, the 51% increase due to volumes was largely offset by a 24% decrease due to prices for a net 25% increase in revenue.

Pricing

	<i>Three months ended September 30,</i>		<i>Nine months ended September 30,</i>	
	2025	2024	2025	2024
Benchmark prices:				
Natural Gas - AECO, daily spot (\$/Mcf)	0.63	0.68	1.42	1.45
Crude Oil - Mixed Sweet Blend (\$/bbl)	86.39	97.85	88.65	98.94
Realized prices:				
Natural Gas (\$/Mcf)	0.79	0.81	1.65	1.64
Crude Oil and Natural Gas Liquids (\$/bbl)	82.96	94.38	82.29	92.54

Although crude oil prices remained largely flat over the prior quarter, they decreased over the prior year. For the quarter, the benchmark West Texas Intermediate ("WTI") averaged US\$64.93 per barrel (2024: US\$75.09 per barrel) and year to date, it averaged US\$66.70 per barrel (2024: US\$77.54 per barrel).

Despite the risks from the conflicts in the Middle East and Ukraine, supply remained resilient with the unwinding of OPEC+ production cuts and growing non-OPEC volumes. These included record volumes from the US and Alberta where, respectively, crude grew to 13.6 million barrels per day in July and 4.2 million barrels per day in September. Demand remains challenged by the impact of proposed tariffs by the US administration, in particular, the risks of a trade war with China. The market consensus is for supply to outpace demand next year leading to increased inventory builds and lower crude prices.

Questerre's realized liquid prices in the third quarter of this year averaged \$82.96 per barrel (2024: \$94.38 per barrel) compared to the benchmark Canadian Mixed Sweet Blend price of \$86.39 per barrel (2024: \$97.85 per barrel).

In the third quarter of this year, US natural gas prices increased over last year while Canadian natural gas prices decreased. The benchmark Henry Hub averaged US\$3.03 per MMBtu (2024: US\$2.11 per MMBtu) while the AECO 5A benchmark averaged \$0.63 per GJ (2024: \$0.65 per GJ).

US natural gas production continues to reach new highs at over 110 Bcf per day in August. Although demand for power generation remains below the peak of last year, overall demand remained strong particularly when combined with growing LNG exports. Natural gas production in Canada also reached new highs at over 17 Bcf per day. This supply substantially exceeded existing demand and takeaway capacity resulting in record inventory levels with gas prices briefly turning negative in September.

The higher heat content from gas production at Kakwa contributed to realized prices of \$0.79 per Mcf (2024: 0.81 per Mcf) compared to the benchmark of \$0.63 per Mcf in the quarter (2024: \$0.68 per Mcf).

Royalties

(\$ thousands)	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Alberta	\$ 906	\$ 806	\$ 3,336	\$ 1,508
Saskatchewan and Manitoba	163	188	486	620
	\$ 1,069	\$ 994	\$ 3,822	\$ 2,128
% of Revenue:				
Alberta	9%	12%	12%	8%
Saskatchewan and Manitoba	9%	7%	8%	8%
Total Company	9%	11%	11%	8%

Gross royalties increased for both the three and nine month periods ended September 30, 2025, compared to last year. As a percentage of revenue this decreased to 9% for the three month period and increased to 11% for the nine month period.

Royalties in Alberta reflect the Crown and overriding royalties payable on production from Kakwa. For the quarter, these royalties increased with higher revenue offset partly by Crown royalty incentives for the new production from Kakwa North. Year to date, these have increased due to a reduction in credits received for processing the Crown's share of production in Alberta.

Gross royalties on production from Saskatchewan and Manitoba decreased with revenue and increased marginally as a percentage of revenue for both the three and nine month periods ended September 30, 2025.

Operating Expenses

(\$ thousands)	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Alberta	\$ 5,297	\$ 2,855	\$ 12,663	\$ 8,503
Saskatchewan and Manitoba	912	670	2,196	2,310
Quebec	129	178	500	514
	\$ 6,338	\$ 3,703	\$ 15,359	\$ 11,327
\$/boe:				
Alberta	\$ 21.58	\$ 19.15	\$ 19.75	\$ 22.12
Saskatchewan and Manitoba	43.56	24.90	33.62	27.28
Total Company	\$ 23.79	\$ 21.04	\$ 21.75	\$ 24.15

For the three months ended September 30, 2025, operating costs increased by \$2.6 million or nearly 70% over last year to \$6.3 million. For the nine months then ended, they increased by \$4 million or 36% over last year to \$15.4 million.

New production at Kakwa North contributed to the higher costs in Alberta with approximately \$1.9 million related to the trucking and disposal of produced water from these wells. Operating costs in Saskatchewan and Manitoba for the quarter increased over last year with higher workover expense in the current year. Year to date, this decreased slightly to \$2.2 million from \$2.3 million last year. Operating costs in Quebec reflect the ongoing expenditures to maintain the Company's assets in the province.

General and Administrative Expenses

(\$ thousands)	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
General and administrative expenses, gross	\$ 4,505	\$ 1,668	\$ 7,411	\$ 4,115
Transaction costs related to PX Energy Acquisition	(2,689)	–	(2,689)	–
Capitalized expenses and overhead recoveries	(127)	(88)	(402)	(268)
General and administrative expenses, net	\$ 1,689	\$ 1,580	\$ 4,320	\$ 3,847

Transaction costs related to the Acquisition were largely responsible for the increase in gross General and Administrative Expenses ("G&A") over the quarter and year to date periods compared to last year.

Excluding these transaction costs of \$2.7 million, G&A increased by 9% for the quarter and 15% year to date due to higher legal and advisory costs. Capitalized expenses are G&A expenses directly attributed to the Company's producing assets in Alberta and Saskatchewan.

Depletion, Depreciation and Accretion Expense

Questerre recorded depletion, depreciation and accretion expense of \$5.3 million for the quarter ended September 30, 2025, (2024: \$3.5 million) and \$14.1 million for the first nine months of 2025 (2024: \$9.2 million). Depletion accounts for over 95% of these amounts. The variance over the last year is due to both the higher production volumes and an increase in the depletable base. The depletable base increased on a unit of production basis to \$19.42 per boe from \$18.44 per boe last year.

Net Interest, Other Income and Share Based Compensation Expense

During the nine months ended September 30, 2025, the Company reported net interest and other income of \$0.5 million (2024: \$0.9 million). This represents interest earned on its cash deposits and decreased over the last year due to lower cash deposits and lower interest rates.

For the year to date, the Company recorded share based compensation expense of \$0.9 million (2024: \$0.9 million) net of \$0.2 million in expense capitalized during the period (2024: \$0.2 million).

Other Comprehensive Income (Loss)

For the third quarter of 2025, the Company recorded other comprehensive income of \$1.8 million (2024: \$0.1 million loss). Other comprehensive income (loss) relates to the impact of changes in foreign exchange. The appreciation of the Brazilian reais resulted in income of \$1.7 million on the Company's reais denominated assets in Brazil for the quarter. Conversely, the appreciation in the US dollar resulted in income of \$0.1 million on its US dollar denominated investment in Red Leaf.

Net Income (Loss) and Total Comprehensive Income (Loss)

For the third quarter of 2025, higher revenue was offset by the increase in all expense categories. As a result, the Company realized a net loss of \$5.3 million compared to a net loss of \$0.3 million in the prior year. Including other comprehensive income (loss), the total comprehensive loss for the quarter was \$3.5 million (2024: \$0.4 million loss). On a year to date basis the net loss was \$6 million (2024: \$0.8 million income) and total comprehensive loss for the nine months ended was \$4.5 million (2024: \$1.1 million).

Cash Flow From Operating Activities

For the three months ended September 30, 2025, net cash from operating activities was \$1.3 million compared to \$4.1 million last year. This includes an increase in non-cash working capital of \$1.2 million in the current year and \$0.6 million in the prior year.

Year to date net cash from operating activities was \$10.9 million compared to \$9.8 million last year. This included an increase in non-cash working capital of \$2.3 million in the current year and a decrease of \$1.0 million in the prior year.

Cash Flow Used In Investing Activities

Net cash used in investing activities for the first nine months of the year increased with the capital spending at Kakwa to \$23.9 million from \$9 million last year. The Company reduced its payables related to capital spending of \$4.0 million year to date and nominally increased these payables in the quarter.

Cash Flow Used In Financing Activities

For the three and nine months ended September 30, 2025, the net cash used in financing activities was effectively nil.

Capital Expenditures

<i>(\$ thousands)</i>	<i>Three months ended September 30,</i>		<i>Nine months ended September 30,</i>	
	2025	2024	2025	2024
Alberta	\$ 1,055	\$ 3,270	\$ 17,718	\$ 11,982
Saskatchewan, Manitoba and Jordan	1,193	163	3,442	1,115
Total Company	\$ 2,248	\$ 3,433	\$ 21,160	\$ 13,097

Note: Capital expenditures exclude certain non-cash items such as, share based compensation and asset retirement obligations.

For the first nine months of 2025, the Company incurred capital expenditures of \$21.2 million as follows:

- In Alberta, \$17.7 million was incurred to complete and tie-in three (1.5 net) wells at Kakwa North;
- In Saskatchewan, \$3.3 million was incurred to drill a new well and expand the pressure maintenance scheme; and
- \$0.2 million was invested in other assets.

For the first nine months of 2024, the Company incurred capital expenditures of \$13.1 million as follows:

- In Alberta, \$12 million was incurred to drill three (0.75 net) wells at Kakwa Central; and
- \$1.1 million was invested in other assets.

Share Capital

The Company is authorized to issue an unlimited number of Common Shares. The Company is also authorized to issue an unlimited number of Class "B" Common voting shares and an unlimited number of preferred shares, issuable in one or more series. At September 30, 2025, there were no Class "B" Common voting shares or preferred shares outstanding. The following table provides a summary of the outstanding Common Shares and options as at the date of the MD&A, the current quarter-end and the preceding year-end.

<i>(thousands)</i>	November 12, 2025	September 30, 2025	December 31, 2024
Common Shares	428,516	428,516	428,516
Stock Options	35,790	35,790	38,295
Weighted average common shares			
Basic		428,516	428,516
Diluted		432,472	431,715

A summary of the Company's stock option activity for the nine months ended September 30, 2025, and the year ended December 31, 2024, follows:

	September 30, 2025		December 31, 2024	
	Number of Options <i>(thousands)</i>	Weighted Average Exercise Price	Number of Options <i>(thousands)</i>	Weighted Average Exercise Price
Outstanding, beginning of period	38,295	\$ 0.25	38,140	\$ 0.26
Granted	6,675	0.23	6,950	0.25
Forfeited/cancelled	(2,880)	0.22	(620)	0.27
Expired	(325)	0.16	(6,175)	0.29
Exercised	(5,975)	0.22	–	–
Outstanding, end of period	35,790	\$ 0.25	38,295	\$ 0.25
Exercisable, end of period	26,844	\$ 0.26	29,704	\$ 0.25

Liquidity and Capital Resources

The Company's objectives when managing its capital are firstly to maintain financial liquidity, and secondly to optimize the cost of capital at an acceptable risk to sustain the future development of the business.

The Company continues to manage its financial liquidity through ensuring capital expenditures can be financed through a combination of cash flow from operations, existing cash resources and available debt facilities.

As at September 30, 2025, the Company had cash and cash equivalents of \$18.8 million, available undrawn credit facilities of \$16 million and a working capital deficit of \$40.3 million. Total debt of \$107 million exceeded the Company's existing liquidity (cash plus available undrawn capacity) by approximately \$72 million.

The amounts above include the assumption of a working capital deficit of \$52 million and subject to the terms of related agreements, the assumption of convertible promissory notes of \$14.9 million and secured debt of \$91.8 million related to the Acquisition. The Company expects its financial liquidity to improve materially following the

conclusion of the Joint Venture whereby Nimofast's subsidiary will acquire a 50% interest in the Joint Venture and assume its proportionate share of the liabilities and assets of PX Energy.

Furthermore, the Company anticipates that Nimofast's expertise in supply chain efficiency, market access and logistics will contribute to improving the profitability of PX Energy through optimization and new business development. While both the Company and Nice have agreed on an initial liquidity commitment of up to US\$10 million on an as needed basis to be shared equally, priority will be given to securing third party financing. To the extent any equity contribution is required in the near term, the Company intends to fund its share through its existing financial resources. There can be no certainty that the Joint Venture will be completed as contemplated if at all or that the Company will be able to fund its share of the liquidity commitment.

The Company believes that the amendments to the secured debt terms provide sufficient flexibility under a range of commodity price environments to support the financial liquidity of PX Energy.

The Company's credit facilities with a Canadian chartered bank remain at \$16 million. The credit facilities are a demand facility and can be reduced, amended or eliminated by the lender for reasons beyond the Company's control. Should the credit facilities be reduced or eliminated, the Company would need to seek alternative credit facilities or consider the issuance of equity to enhance its liquidity. In the current market, the Company may be unable to secure additional financing on acceptable terms, if at all.

At September 30, 2025, and December 31, 2024, a very small amount was drawn on the credit facilities and the Company is compliant with all of its covenants under the credit facilities. The Company's credit facilities are to be utilized solely for its assets in Western Canada. As such, the calculation of the covenants below excludes any amounts related to the Acquisition. Under the terms of the credit facilities, the Company has provided a covenant that it will maintain an Adjusted Working Capital Ratio greater than 1.0. The ratio is defined as current assets (excluding unrealized hedging gains and including undrawn Credit Facility A availability) to current liabilities (excluding bank debt outstanding and unrealized hedging losses). The Adjusted Working Capital Ratio at September 30, 2025, was 3.82 and the covenant was met. See Note 14 of the Financial Statements.

In connection with the Acquisition, the Company acquired liabilities including senior secured bonds issued by FRBH with a maturity date of April 24, 2028. The bonds have a face value of US\$80 million and an acquisition date fair value of US\$64 million. The bonds are secured by a fiduciary assignment of the equity of PX Energy and security over the assets of PX Energy. In conjunction with the closing of the Acquisition, the holders of bonds representing a requisite majority agreed to amend the terms of the bonds related to interest and maturity with such changes taking effect on the closing of the Acquisition. See Note 15 of the Financial Statements.

Subject to the completion of the Joint Venture, the Company believes that it has access to sufficient financial liquidity to meet its foreseeable obligations in the normal course of operations over the next 12 months.

The Company is committed to the 2025 future development costs associated with proved reserves in its independent reserves assessment as of December 31, 2024. It anticipates that, as a result, reserves associated with wells drilled in 2025 will be transferred from the proved undeveloped to the proved producing category.

For a detailed discussion of the risks and uncertainties associated with the Company's business and operations, see the Risk Management section of the MD&A and the AIF.

Commitments

A summary of the Company's net commitments at September 30, 2025, are as follows:

<i>(\$ thousands)</i>	2025	2026	2027	Total
Transportation and Processing	\$ 1,689	\$ 2,219	\$ 1,094	\$ 5,002

To maintain its capacity to execute its business strategy, the Company expects that it will need to continue the development of its producing assets. There will also be expenditures in relation to G&A and other operational expenses. These expenditures are not yet commitments, but Questerre expects to fund such amounts primarily out of adjusted funds flow from operations and its existing credit facilities.

Risk Management

Companies engaged in the petroleum and natural gas industry face a variety of risks. For Questerre, these include risks associated with commodity prices, exploration and development drilling as well as production operations, foreign exchange and interest rate fluctuations. Unforeseen significant changes in such areas as markets, prices, royalties, interest rates, exchange rates, government regulations and global economic conditions could have an impact on the Company's future operating results and/or financial condition. While management realizes that all the risks may not be controllable, Questerre believes that they can be monitored and managed. For more information, please refer to the "Risk Factors" and "Industry Conditions" sections of the AIF and Note 6 to the audited consolidated financial statements for the year ended December 31, 2024.

Volatility in the oil and gas industry is a major risk facing the Company. Market events and conditions, including global oil and natural gas supply and demand, actions taken by OPEC and non-OPEC member countries' decisions on production growth and spare capacity, including recent decisions by Saudi Arabia and Russia, on production growth and spare capacity, market volatility and disruptions, weakening global relationships, the war in Ukraine, conflict between the U.S. and Iran, isolationist and punitive trade policies including potential trade disputes involving Canada, Mexico, China, the European Union various other countries and the U.S., hostilities in the Middle East, Ukraine and Taiwan, U.S. shale production, sovereign debt levels and political upheavals in various countries including growing anti-fossil fuel sentiment, the implementation of new export tariffs or import taxes on Canadian energy resources in the U.S. have caused significant volatility in commodity prices. Russia's invasion of Ukraine has led to sanctions being levied against Russia by the international community and may result in additional sanctions or other international action, any of which may have a destabilizing effect on commodity prices and global economies more broadly. These events and conditions have been a factor in the decrease in the valuation of oil and gas companies and a decrease in confidence in the oil and gas industry. These difficulties have been exacerbated in Canada by political and other actions resulting in uncertainty surrounding regulatory, tax and royalty

changes and other environmental regulations.

In addition, the difficulties in obtaining the necessary approvals to build pipelines and other facilities to provide better access to markets for the oil and gas industry in Western Canada has led to additional uncertainty and reduced confidence in the oil and gas industry in Western Canada. Lower commodity prices may also affect the volume and value of the Company's reserves especially as certain reserves become uneconomic. In addition, lower commodity prices have previously reduced the Company's cash flow leading to a reduction in funds available for capital expenditures. As a result, the Company may not be able to replace its production with additional reserves and both the Company's production and reserves could be reduced on a year over year basis. Any decrease in value of the Company's reserves may reduce the borrowing base under its credit facilities, which, depending on the level of the Company's indebtedness, could result in the Company having to repay all or a portion of its indebtedness. Given the current market conditions and the lack of confidence in the Canadian oil and natural gas industry, the Company may have difficulty raising additional funds in the future to raise funds on unfavourable and highly dilutive terms.

Questerre's foreign operations are subject to elevated political, regulatory and legal risks that are beyond its control. These risks include nationalization or expropriation without fair or market compensation; unilateral renegotiation or nullification of concessions and contracts; mandated development or abandonment obligations; changes in energy, environmental and pricing policies (and changes in the personnel administering them); actions by national labour unions; currency devaluations, exchange controls and economic sanctions; increases in royalties and taxes; and other assertions of foreign governmental sovereignty, as well as social instability, political and civil strife. These factors can disrupt operations, impair the economic integrity of projects and, if prolonged, threaten commercial viability. There can be no assurance that existing or future contracts, licenses, applications or other arrangements will not be adversely affected by governmental changes, actions of authorities or uneven enforcement. In the event of disputes, Questerre may be subject to the exclusive jurisdiction of foreign courts, face difficulties subjecting foreign parties to Canadian jurisdiction, or be unable to enforce Canadian judgments abroad, and its ability to enforce rights against governmental instrumentalities may be limited by sovereign immunity.

These risks are particularly acute in Brazil, where Questerre's assets and operations are located and where current sales are derived from crude oil production. Brazilian laws and policies affecting foreign trade, the oil and gas fiscal regime and investment may change, and conducting business often entails numerous procedural requirements and formalities that can cause unexpected or lengthy delays; failure to comply may call into question the validity of corporate acts. Management cannot predict the impact of additional corporate or regulatory formalities that may be adopted, including whether they would materially increase costs or restrict operations. Questerre's financial condition and results of operations therefore depend to a significant extent on macroeconomic, political and regulatory conditions in Brazil and on exchange rates between the Brazilian reais, the U.S. dollar, and Canadian dollar any of which—individually or in combination—could have a material adverse effect on the Company.

Another significant risk for Questerre as a junior exploration company is access to capital. The Company attempts to secure both equity and debt financing on terms it believes are attractive in current markets. Management also endeavors to seek participants to farm-in on the development of its projects on favorable terms. However, there can be no assurance that the Company will be able to secure sufficient capital if required or that such capital will be available on terms satisfactory to the Company.

As future capital expenditures will be financed out of adjusted funds flow from operations, borrowings and possible future equity sales, the Company's ability to do so is dependent on, among other factors, the overall state of capital markets and investor appetite for investments in the energy industry, and the Company's securities. To the extent that external sources of capital become limited or unavailable, or available but on onerous terms, the Company's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be materially and adversely affected. Based on current funds available and expected adjusted funds flow from operations, the Company believes it has sufficient funds available to fund its projected capital expenditures. However, if adjusted funds flow from operations is lower than expected, or capital costs for these projects exceed current estimates, or if the Company incurs major unanticipated expense related to development or maintenance of its existing properties, it may be required to seek additional capital to maintain its capital expenditures at planned levels. Failure to obtain any financing necessary for the Company's capital expenditure plans may result in a delay in development or production on the Company's properties.

Questerre faces several financial risks over which it has no control, such as commodity prices, exchange rates, interest rates, access to credit and capital markets, as well as changes to government regulations and tax and royalty policies.

The Company uses the following guidelines to address financial exposure:

- Internally generated cash flow provides the initial source of funding on which the Company's annual capital expenditure program is based.
- Equity, including flow-through shares, if available on acceptable terms, may be raised to fund acquisitions and capital expenditures.
- Debt may be utilized to expand capital programs, including acquisitions, when it is deemed appropriate and where debt retirement can be controlled.
- Farm-outs of projects may be arranged if management considers that a project requires too much capital or where the project affects the Company's risk profile.

Credit risk represents a potential financial loss to the Company if a customer or counterparty to a financial instrument fails to meet or discharge their obligation to the Company. Credit risk arises from the Company's receivables from joint venture partners and oil and gas marketers. In the event such entities fail to meet their contractual obligations to the Company, such failures may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Credit risk also arises from the Company's cash

and cash equivalents. In the past, the Company manages credit risk exposure by investing in Canadian banks and credit unions. Management does not expect any counterparty to fail to meet its obligations.

Poor credit conditions in the industry may impact a joint venture partner's willingness to participate in the Company's ongoing capital program, potentially delaying the program and the results of such program until the Company finds a suitable alternative partner if possible.

Substantially all of the accounts receivable are with oil and natural gas marketers and joint venture partners in the oil and natural gas industry and are subject to normal industry credit risks. The Company generally extends unsecured credit to these customers and therefore, the collection of accounts receivable may be affected by changes in economic or other conditions. Management believes the risk is mitigated by entering into transactions with long-standing, reputable counterparties and partners.

In Canada, accounts receivable related to the sale of the Company's petroleum and natural gas production are paid in the following month from major oil and natural gas marketing and infrastructure companies and the Company has not experienced any credit loss relating to these sales to date. In Brazil, accounts receivable related to the sale of petroleum and natural gas production are collected in advance or at point of sale. Pursuant to IFRS 9, the Company made a provision of \$0.05 million at September 30, 2025, for its expected credit losses related to its accounts receivable.

Receivables from joint venture partners are typically collected within one to six months after the joint venture bill is issued. The Company mitigates this risk by obtaining pre-approval of significant capital expenditures.

The Company has issued and may continue in the future to issue flow-through shares to investors. The Company has historically used its best efforts to ensure that qualifying expenditures of Canadian Exploration Expense ("CEE") are incurred in order to meet its flow-through obligations. In 2017, the Federal Government amended the law regarding what expenses constitute CEE. Generally, oil and gas drilling expenses are now Canadian Development Expense rather than CEE. In the event that the Company has CEE expenditures reclassified under audit by the Canada Revenue Agency or fails to incur expenditures required under a flow-through share agreement, the Company may be required to liquidate certain of its assets in order to meet the indemnity obligations under flow-through share subscription agreements.

Exploration and development drilling risks are managed through the use of geological and geophysical interpretation technology, employing technical professionals and working in areas where those individuals have experience. For its non-operated properties, the Company strives to develop a good working relationship with the operator and monitors the operational activity on the property. The Company also carries appropriate insurance coverage for risks associated with its operations.

The Company may use financial instruments to reduce corporate risk in certain situations. Questerre's hedging policy is up to a maximum of 40% of total production at management's discretion.

As at September 30, 2025, the Company had no outstanding commodity risk management contracts in place.

Environmental Regulation and Risk

The oil and natural gas industry is currently subject to environmental regulations pursuant to provincial and federal legislation. Environmental legislation provides for restrictions and prohibitions on releases of emissions and regulation on the storage and transportation of various substances produced or utilized in association with certain oil and natural gas industry operations, which can affect the location and operation of wells and facilities, and the extent to which exploration and development is permitted. In addition, legislation requires that well and facility sites are abandoned and reclaimed to the satisfaction of provincial authorities. As well, applicable environmental laws may impose remediation obligations with respect to property designated as a contaminated site upon certain responsible persons, which include persons responsible for the substance causing the contamination, persons who caused the release of the substance and any past or present owner, tenant or other person in possession of the site. Compliance with such legislation can require significant expenditures, and a breach of such legislation may result in the suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage, the imposition of fines and penalties or the issuance of clean-up orders. The Company mitigates the potential financial exposure of environmental risks by complying with the existing regulations and maintaining adequate insurance. For more information, please refer to the “Risk Factors” and “Industry Conditions” sections of the AIF.

Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place. The federal and certain provincial governments have implemented legislation aimed at incentivizing the use of alternative fuels and in turn reducing carbon emissions. The taxes placed on carbon emissions may have the effect of decreasing the demand for oil and natural gas products and at the same time, increasing the Company’s operating expenses, each of which may have a material adverse effect on the Company’s profitability and financial condition. Further, the imposition of carbon taxes puts the Company at a disadvantage with the Company’s counterparts who operate in jurisdictions where there are less costly carbon regulations.

Interest Rate Risk

Interest rate risk is the risk that changes in the applicable interest rates will impact the Company’s interest expense related to its credit facilities and other acquired debt instruments. Given the unutilized credit facility, a 0.5% change in interest rates applicable to its credit facilities would have no impact on net income (loss). At September 30, 2025, the Company had credit facilities outstanding of \$0.02 million (December 31, 2024: \$0.05 million) with an effective rate of 6.06%. The amendments to the interest rate terms for the bonds include the ability to pay interest in kind during periods of low commodity prices, mitigating the impact of changes in interest rates.

Critical Accounting Estimates

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. These estimates and judgments have the risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. The use of critical accounting estimates made by management in the preparation of the interim financial statements are discussed under the section "Critical Accounting Estimates" in the MD&A for the year ended December 31, 2024.

Design and Evaluation of Internal Controls over Financial Reporting and Disclosure Controls and Procedures

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to the Company is made known to the Company's CEO and CFO by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

The Company's CEO and CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company is required to disclose herein any change in the Company's internal controls over financial reporting that occurred during the period beginning on July 1, 2025, and ended on September 30, 2025, that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting. No material changes in the Company's internal controls over financial reporting were identified during such period that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

It should be noted that a control system, including the Company's disclosure and internal controls and procedures, no matter how well conceived can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met, and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud. The Acquisition closed on September 26, 2025, and the results of the acquired companies have been included since that date but Management has not yet assessed their internal controls over financial reporting and, as a result, have excluded these companies from their ICFR assessment. We anticipate we will be able to complete our assessment early in the new year.

Quarterly Financial Information

	Sep 30	Jun 30	Mar 31	Dec 31
<i>(\$ thousands, except as noted)</i>	2025	2025	2025	2024
Production (boe/d)	2,926	3,091	1,729	1,887
Average Realized Price (\$/boe)	44.32	48.62	58.66	55.43
Petroleum and Natural Gas Revenue	11,801	13,675	9,130	9,622
Adjusted Funds Flow from Operations ⁽¹⁾	2,813	5,005	3,543	3,703
Cash Flow from Operations	1,294	6,288	3,359	3,844
Net Income (Loss)	(5,334)	(677)	4	(8,143)
Basic and Diluted (\$/share)	(0.01)	–	–	(0.02)
Capital Expenditures, net of acquisitions and dispositions	2,248	1,048	17,864	7,543
Working Capital Surplus (Deficit) ⁽²⁾	(40,330)	13,157	9,202	23,091
Total Assets	384,853	169,976	181,519	170,723
Shareholders' Equity	135,053	138,355	139,006	138,629
Weighted Average Common Shares Outstanding				
Basic (thousands)	428,516	428,516	428,516	428,516
Diluted (thousands)	434,523	431,505	431,700	432,473
	Sep 30	Jun 30	Mar 31	Dec 31
<i>(\$ thousands, except as noted)</i>	2024	2024	2024	2023
Production (boe/d)	1,913	1,559	1,664	1,794
Average Realized Price (\$/boe)	53.75	62.36	59.43	59.04
Petroleum and Natural Gas Revenue	9,460	8,847	8,998	9,743
Adjusted Funds Flow from Operations ⁽¹⁾	3,428	4,455	2,973	3,209
Cash Flow from Operations	4,060	3,141	2,628	5,154
Net Income (Loss)	(273)	1,262	(175)	(26,003)
Basic and Diluted (\$/share)	–	–	–	(0.06)
Capital Expenditures, net of acquisitions and dispositions	3,433	7,034	2,630	3,588
Working Capital Surplus ⁽²⁾	27,608	27,620	30,211	29,866
Total Assets	178,731	179,248	172,968	172,346
Shareholders' Equity	145,887	145,941	144,148	143,667
Weighted Average Common Shares Outstanding				
Basic (thousands)	428,516	428,516	428,516	428,516
Diluted (thousands)	431,804	431,327	431,175	429,270

(1) Adjusted Funds Flow from Operations is a non-GAAP measure defined as cash flows from operating activities before changes in non-cash operating working capital and excluding the transaction costs related to the PX Energy acquisition.

(2) Working capital surplus is a non-GAAP measure calculated as current assets less current liabilities excluding the current portion of risk management and lease liabilities.

The general trends over the last eight quarters are as follows:

- Petroleum and natural gas revenues have fluctuated with production volumes and realized commodity prices. Adjusted funds flow from operations has varied in large part by the fluctuating revenues and changes in operating expenses related to production volumes.
- Production volumes reflect the capital investment in new wells at Kakwa in preceding quarters.
- The level of capital expenditures over the quarters has varied largely due to the timing and number of wells drilled and completed primarily at Kakwa, Alberta. In the first half of 2025, \$18.9 million was spent on new drills. Similarly, in the prior year, \$9.6 million was also invested at Kakwa and Antler.
- The working capital position has generally increased when capital expenditures and other investments have been lower than adjusted funds flow from operations and cash from financing activities.
- Shareholders equity generally decreased as a result of overall net loss incurred over the last eight quarters.
- Total assets and liabilities increased in the third quarter of 2025 due to the Acquisition.

Off-Balance Sheet and Related Party Transactions

The Company did not engage in any off-balance sheet transactions nor any related party transactions during the period ended September 30, 2025.