

**Coelacanth Energy Inc.**  
**Condensed Interim Statements of Financial Position**  
(unaudited)

(\$000s)	Note	September 30 2025	December 31 2024
<b>Assets</b>			
Current assets			
Cash		421	5,693
Accounts receivable		3,393	4,730
Prepaid expenses and deposits		445	1,156
		<b>4,259</b>	11,579
Restricted cash deposits	(4)	4,900	4,900
Property, plant, and equipment	(5)	212,518	42,381
Exploration and evaluation assets	(6)	25,280	154,178
		<b>242,698</b>	201,459
		<b>246,957</b>	213,038
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		7,787	33,768
Revolving credit facility	(8)	43,839	-
Current portion of other obligations	(7)	3,914	110
Financing obligation payable	(8)	225	1,238
Current portion of decommissioning obligations	(9)	560	2,118
		<b>56,325</b>	37,234
Other obligations	(7)	18,922	244
Decommissioning obligations	(9)	8,560	7,531
		<b>83,807</b>	45,009
<b>Shareholders' Equity</b>			
Shareholders' capital	(10)	176,973	175,307
Warrants	(10)	5,015	6,979
Contributed surplus		11,401	7,137
Deficit		(30,239)	(21,394)
		<b>163,150</b>	168,029
		<b>246,957</b>	213,038
Commitments	(17)		
Subsequent events	(4,8,13)		

*The accompanying notes are an integral part of these condensed interim financial statements.*

**Coelacanth Energy Inc.**  
**Condensed Interim Statements of Operations and Comprehensive Loss**  
(unaudited)

(\$000s, except per share amounts)	Note	Three Months Ended		Nine Months Ended	
		September 30 2025	2024	September 30 2025	2024
<b>Revenue</b>					
Oil and natural gas sales	(16)	11,372	2,362	18,866	9,192
Royalties		(2,324)	(383)	(3,725)	(1,878)
		<b>9,048</b>	1,979	<b>15,141</b>	7,314
<b>Expenses</b>					
Operating		2,349	767	4,272	2,549
Transportation		1,168	1,055	2,498	2,426
Depletion and depreciation	(5)	3,097	1,135	5,481	3,713
General and administrative		1,393	955	4,389	3,509
Share based compensation	(11)	1,151	1,052	3,550	3,211
Finance income		(49)	(727)	(220)	(2,533)
Finance expense		1,703	206	4,016	433
		<b>10,812</b>	4,443	<b>23,986</b>	13,308
<b>Net loss and comprehensive loss</b>		<b>(1,764)</b>	(2,464)	<b>(8,845)</b>	(5,994)
<b>Net loss per share</b>					
Basic and diluted	(12)	(-)	(-)	(0.02)	(0.01)

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**Coelacanth Energy Inc.**  
**Condensed Interim Statements of Shareholders' Equity**  
(unaudited)

(\$000s)	Note	Shareholders' Capital	Warrants	Contributed Surplus	Deficit	Total Equity
Balance, December 31, 2023		173,918	6,562	4,119	(12,080)	172,519
Net loss		-	-	-	(5,994)	(5,994)
Settlement of vested RSUs	(10)	1,067	-	(1,067)	-	-
Settlement of stock options	(11)	-	-	(288)	-	(288)
Share based compensation	(11)	-	-	3,879	-	3,879
Balance, September 30, 2024		174,985	6,562	6,643	(18,074)	170,116
Balance, December 31, 2024		<b>175,307</b>	<b>6,979</b>	<b>7,137</b>	<b>(21,394)</b>	<b>168,029</b>
Net loss		-	-	-	(8,845)	(8,845)
Settlement of vested RSUs	(10)	1,666	-	(1,666)	-	-
Settlement of stock options	(11)	-	-	(104)	-	(104)
Expiry of warrants	(10)	-	(1,964)	1,964	-	-
Share based compensation	(11)	-	-	4,070	-	4,070
Balance, September 30, 2025		<b>176,973</b>	<b>5,015</b>	<b>11,401</b>	<b>(30,239)</b>	<b>163,150</b>

*The accompanying notes are an integral part of these condensed interim financial statements.*

**Coelacanth Energy Inc.**  
**Condensed Interim Statements of Cash Flows**  
(unaudited)

(\$000s)	Note	Three Months Ended		Nine Months Ended	
		September 30 2025	2024	September 30 2025	2024
<b>Operating Activities</b>					
Net loss		<b>(1,764)</b>	(2,464)	<b>(8,845)</b>	(5,994)
Depletion and depreciation	(5)	<b>3,097</b>	1,135	<b>5,481</b>	3,713
Share based compensation	(11)	<b>1,151</b>	1,052	<b>3,550</b>	3,211
Finance expense		<b>1,703</b>	206	<b>4,016</b>	433
Interest paid		<b>(1,463)</b>	(136)	<b>(2,656)</b>	(230)
Financing obligation payments	(8)	<b>(338)</b>	-	<b>(1,013)</b>	-
Decommissioning expenditures	(9)	<b>(198)</b>	(790)	<b>(385)</b>	(1,266)
Change in restricted cash deposits	(4)	-	(2,139)	-	(2,985)
Change in non-cash working capital	(15)	<b>2,524</b>	(594)	<b>3,906</b>	2,164
		<b>4,712</b>	(3,730)	<b>4,054</b>	(954)
<b>Financing Activities</b>					
Revolving credit facility	(8)	<b>3,000</b>	-	<b>44,000</b>	-
Proceeds from other obligations	(7)	-	-	<b>22,658</b>	-
Payment of other obligations	(7)	<b>(918)</b>	(110)	<b>(1,267)</b>	(322)
Settlement of stock options and RSUs	(11)	-	(243)	<b>(104)</b>	(288)
Change in non-cash working capital	(15)	<b>337</b>	(237)	<b>337</b>	(465)
		<b>2,419</b>	(590)	<b>65,624</b>	(1,075)
<b>Investing Activities</b>					
Capital expenditures - property, plant, and equipment	(5)	<b>(4,238)</b>	(396)	<b>(5,276)</b>	(973)
Capital expenditures - exploration and evaluation assets	(6)	<b>(1,866)</b>	(15,364)	<b>(40,802)</b>	(18,572)
Change in non-cash working capital	(15)	<b>(2,432)</b>	9,440	<b>(28,872)</b>	(13,741)
		<b>(8,536)</b>	(6,320)	<b>(74,950)</b>	(33,286)
Change in cash		<b>(1,405)</b>	(10,640)	<b>(5,272)</b>	(35,315)
Cash, beginning of period		<b>1,826</b>	57,893	<b>5,693</b>	82,568
Cash, end of period		<b>421</b>	47,253	<b>421</b>	47,253

*The accompanying notes are an integral part of these condensed interim financial statements.*

**Coelacanth Energy Inc.**  
**Notes to the Condensed Interim Financial Statements**  
**Three and Nine Months Ended September 30, 2025**

*(unaudited)*

*(Tabular amounts in 000s, unless otherwise stated)*

**1. REPORTING ENTITY**

Coelacanth Energy Inc. (“Coelacanth” or the “Company”) is an oil and natural gas company, actively engaged in the acquisition, development, exploration, and production of oil and natural gas reserves in northeastern British Columbia, Canada. Coelacanth was incorporated in Alberta, Canada under the Business Corporations Act (Alberta) on March 24, 2022 under the name of 2418573 Alberta Ltd., and subsequently changed its name to Coelacanth Energy Inc. on April 12, 2022. The Company commenced trading on the TSX Venture Exchange (“TSXV”) on June 20, 2022 under the symbol “CEI”. The Company’s place of business is located at 2110, 530 - 8th Avenue SW, Calgary, Alberta, Canada, T2P 3S8.

**2. BASIS OF PRESENTATION**

**(a) Statement of compliance**

These condensed interim financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, as prescribed by IAS 34, Interim Financial Reporting. The condensed interim financial statements do not include all of the information and disclosure required in annual financial statements and should be read in conjunction with the audited financial statements and related notes for the year ended December 31, 2024.

The condensed interim financial statements were authorized for issuance by the Board of Directors on November 19, 2025.

**(b) Basis of measurement**

The condensed interim financial statements have been prepared on the historical cost basis.

Many of the Company’s oil and natural gas activities involve undivided interests in jointly owned assets and these condensed interim financial statements reflect only the Company’s proportionate interest in such activities.

**(c) Functional and presentation currency**

The condensed interim financial statements are presented in Canadian dollars, which is the functional currency of the Company.

**(d) Use of estimates and judgments**

The preparation of the condensed interim financial statements in conformity with IFRS requires management to make estimates and use judgment regarding the reported amounts of assets and liabilities as at the date of the condensed interim financial statements and the reported amounts of revenues and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the financial statements. Accordingly, actual results may differ from the estimated amounts as future confirming events occur. The significant estimates and judgments made by management in the preparation of these condensed interim financial statements were consistent with those applied to the financial statements as at and for the year ended December 31, 2024.

**3. MATERIAL ACCOUNTING POLICIES**

The condensed interim financial statements have been prepared following the same accounting policies as the annual financial statements for the year ended December 31, 2024. The accounting policies have been applied consistently by the Company to all periods presented in these condensed interim financial statements.

**4. RESTRICTED CASH DEPOSITS**

The Company has \$4.9 million in restricted guaranteed investment certificates (“GIC’s”) with a Canadian chartered bank (December 31, 2024 - \$4.9 million). These restricted GIC’s are being held as security for \$4.9 million of letters of guarantee to third parties relating to firm transportation agreements. Subsequent to September 30, 2025, the restricted cash deposits were released (see note 8).

	<b>September 30, 2025</b>	December 31, 2024
Current	-	-
Long-term	<b>4,900</b>	4,900
	<b>4,900</b>	4,900

## 5. PROPERTY, PLANT, AND EQUIPMENT

<b>Cost</b>	<b>Total</b>
Balance, December 31, 2024	95,613
Additions	<b>5,276</b>
Transfer from exploration and evaluation assets (note 6)	<b>169,996</b>
Capitalized share based compensation	<b>118</b>
Change in decommissioning obligation estimates (note 9)	<b>(249)</b>
Right-of-use asset additions (note 7)	<b>477</b>
<b>Balance, September 30, 2025</b>	<b>271,231</b>
<b>Accumulated Depletion, Depreciation, and Impairment</b>	
Balance, December 31, 2024	53,232
Depletion and depreciation	<b>5,481</b>
<b>Balance, September 30, 2025</b>	<b>58,713</b>
<b>Net Book Value</b>	
December 31, 2024	42,381
<b>September 30, 2025</b>	<b>212,518</b>

During the three and nine months ended September 30, 2025, approximately \$47 thousand (September 30, 2024 - \$16 thousand) and \$56 thousand (September 30, 2024 - \$38 thousand), respectively, of directly attributable general and administrative costs were capitalized as expenditures on property, plant, and equipment ("PP&E").

### Depletion and depreciation

In June 2025, as a result of all wells being capable of production due to completion of the new battery facility, the Company transferred \$170.0 million of its Two Rivers East development project costs from exploration and evaluation assets to PP&E.

The calculation of depletion and depreciation expense for the nine months ended September 30, 2025 included an estimated \$97.3 million (September 30, 2024 - \$19.4 million) for forecasted future development costs associated with proved and probable undeveloped oil and natural gas reserves and excluded approximately \$6.9 million (September 30, 2024 - \$1.2 million) for the estimated salvage value of production equipment and facilities. Certain facility and pipeline assets included within PP&E are being depreciated on a straight-line basis over their estimated useful lives of 30 years. Depletion and depreciation expense on development and production assets for the three and nine months ended September 30, 2025 was \$3.1 million (September 30, 2024 - \$1.0 million) and \$5.4 million (September 30, 2024 - \$3.3 million), respectively. \$7.4 million of assets under construction were excluded from the depreciation calculation.

Included in depletion and depreciation expense for the three and nine months ended September 30, 2025, is \$26 thousand (September 30, 2024 - \$108 thousand) and \$69 thousand (September 30, 2024 - \$324 thousand), respectively, related to the Company's right-of-use assets. At September 30, 2025, the net book value of the right-of-use assets is \$0.7 million (December 31, 2024 - \$0.3 million).

### Impairment assessment

The Company determined that there were no external or internal indicators of impairment or impairment reversal at September 30, 2025 for its PP&E Two Rivers CGU and no impairment test was required.

## 6. EXPLORATION AND EVALUATION ASSETS

	<b>Total</b>
Balance, December 31, 2024	154,178
Additions	<b>40,802</b>
Transfer to property, plant, and equipment (note 5)	<b>(169,996)</b>
Change in decommissioning obligation estimates (note 9)	<b>(106)</b>
Capitalized share based compensation	<b>402</b>
<b>Balance, September 30, 2025</b>	<b>25,280</b>

Exploration and evaluation ("E&E") assets consist of the Company's exploration projects which are pending the determination of proved or probable oil and natural gas reserves and an assessment of technical feasibility and commercial viability. Additions represent the Company's share of costs incurred on E&E assets during the period, consisting primarily of undeveloped land, drilling costs, and facility costs until the drilling of the well is complete and the results have been evaluated.

During the three and nine months ended September 30, 2025, approximately \$23 thousand (September 30, 2024 - \$0.2 million) and \$0.2 million (September 30, 2024 - \$0.3 million), respectively, of directly attributable general and administrative costs were capitalized as expenditures on E&E assets.

In June 2025, the Company's Two Rivers East development project commenced production. The Company completed an impairment test on transfer of assets from E&E assets to PP&E and no impairment was recorded. Included in the \$170.0 million of costs transferred were costs associated with multi-well pad drilling and completion, undeveloped land, and pipeline and facility construction.

At September 30, 2025, the Company evaluated its E&E assets for indicators of impairment and as a result of this assessment management determined that an impairment test was not required to be performed.

## 7. OTHER OBLIGATIONS

	Pipeline obligation	Lease obligation	Total
Balance, December 31, 2024	-	354	354
Additions	22,700	-	22,700
Transaction costs	(42)	-	(42)
Modification	-	477	477
Payments	(2,012)	(95)	(2,107)
Interest expense	817	23	840
Accretion	614	-	614
<b>Balance, September 30, 2025</b>	<b>22,077</b>	<b>759</b>	<b>22,836</b>
Current	3,851	63	3,914
Long-term	18,226	696	18,922
	<b>22,077</b>	<b>759</b>	<b>22,836</b>

### Pipeline obligation

During the nine months ended September 30, 2025, the Company received \$22.7 million from a midstream company for the transfer of the extension of its gathering system (that is, a pipeline) to connect the Company's Two Rivers East project to the midstream company's processing facility. The Company legally transferred the pipeline to the midstream company, however, the transfer did not result in a loss of control for accounting purposes. Accordingly, Coelacanth continues to account for the asset within PP&E and has recognized on inception a financial liability of \$22.7 million, reflecting the obligation to make payments over a five-year term. The obligation is discounted with an effective interest rate of 11.5% with payments commencing on the in-service date of the Company's Two Rivers East facility in June 2025.

### Lease obligation

The Company entered into a supplementary lease and lease extension effective August 1, 2025 on its current premises. The lease obligation is discounted with an effective interest rate of 9.5% and the right-of-use asset is amortized based on the lease term. The modified lease expires July 31, 2031 with a renewal option of an additional five-year term. Only the first term of the lease has been recognized as a right-of-use asset and lease obligation. The Company's office lease originally expired on November 30, 2027, in which lease obligations were discounted with an effective interest rate of 5.5% and the right-of-use asset was amortized based on the lease term. The right-of-use asset related to the office lease has been modified to include the extension.

The total undiscounted amount of the estimated future cash flows to settle the lease obligation over the remaining term is \$1.0 million. The Company's minimum lease payments are as follows:

	September 30, 2025
Within one year	133
Later than one year but not later than three years	307
Later than three years	581
Minimum lease payments	1,021
Amount representing interest expense	(262)
Present value of net lease obligation payments	<b>759</b>

## 8. CREDIT FACILITIES

On October 4, 2024, the Company secured two revolving bank credit facilities for a total of \$52.0 million from a Canadian chartered bank. The credit facilities are backed by reserves at Two Rivers West plus a \$45.0 million letter of credit from a third party. The commitment from the third party is for a two-year term.

The first credit facility is a \$7.0 million revolving operating demand loan credit facility that bears interest at prime plus 3.0%. The undrawn portion of the credit facility is subject to a standby fee of 1.0%. Any outstanding letters of guarantee reduce the amount that can be borrowed under the credit facility and bear interest at 4.0%. As at September 30, 2025, the Company had \$5.4 million of outstanding letters of guarantee (December 31, 2024 - \$5.4 million) under the revolving operating demand loan credit facility thereby reducing the amount available from \$7.0 million to \$1.6 million.

The second credit facility is a \$45.0 million revolving operating demand loan that bears interest at prime plus 0.25%. The undrawn portion of the credit facility is subject to a standby fee of 0.125%. This credit facility is secured by a \$45.0 million letter of credit from a third party. The letter of credit fee is 3.0% of the total \$45.0 million face value of the letter of credit whether drawn or not for the first one-year term plus the period prior to the start of the first term. The first term starts the earlier of when drawn or December 31, 2024. The Company has the option to extend the term by an additional maximum one-year term for a fee of 6% of the drawn portion of the letter of credit that can be reduced at any time by repayment of the credit facility. At September 30, 2025, the Company had \$1.0 million of available capacity on the credit facility (December 31, 2024 - \$45.0 million). The non-refundable third party letter of credit

fees for the initial one-year term have been recognized as a financing obligation payable that are payable monthly until December 2025. The balance of the financing obligation payable at September 30, 2025 is \$0.2 million (December 31, 2024 - \$1.2 million).

The credit facilities and letter of credit are secured by a \$75.0 million fixed and floating charge debenture on the assets of the Company.

As at September 30, 2025, \$44.0 million has been drawn under its credit facilities (December 31, 2024 - \$nil) and \$0.2 million of unamortized debt issuance costs have been presented as a reduction to the balance drawn and will be amortized as finance expense over the remaining term.

The credit facilities include a covenant requiring the Company to maintain an adjusted working capital ratio of not less than one-to-one. The adjusted working capital ratio, as defined by its creditor, is calculated as current assets plus any undrawn amounts available on its demand loan credit facilities less current liabilities excluding any current portion drawn on the demand loan credit facilities. The definition of current assets and current liabilities excludes the fair value of risk management contracts and amounts associated with the pipeline obligation (note 7). At September 30, 2025, the adjusted working capital ratio covenant was waived and the Company was in compliance with the terms of its lending agreements.

Subsequent to September 30, 2025, the Company entered into a \$80.0 million credit facility with a Canadian chartered bank to replace its current credit facilities described above and returned the letter of credit to the third party. The credit facility consists of a \$10.0 million operating facility, a \$50.0 million syndicated facility, and a \$20.0 million term facility. The operating and syndicated facilities revolves for a 364 day period and will be subject to its next 364 day extension by May 31, 2026. If not extended, the new credit facility will cease to revolve, the margins thereunder will increase by 0.50%, and all outstanding advances will become repayable in one year from the extension date. The term facility matures May 31, 2026. The next scheduled borrowing base review of the new credit facility is scheduled on or before May 31, 2026.

Advances under the new credit facility are available by way of prime rate loans, with interest rates between 2.00% and 4.00% over the Canadian prime lending rate and CORRA loans which are subject to margins ranging from 3.00% to 5.00% depending upon the debt to EBITDA ratio of the Company. Standby fees are charged on the undrawn new credit facility at rates ranging from 0.75% to 1.25%. Until delivery of the Q1 2026 Compliance Certificate, the prime rate margin is fixed at 3.0%, the CORRA margin is fixed at 4.0% and standby fees are fixed at 1.0%. The term facility margins are based on the applicable margins for the operating and syndicated facilities plus 2.5% and must be drawn first before the operating and syndicated facilities. The new credit facility is secured by a \$250.0 million fixed and floating charge debenture on the assets of the Company. The new credit facility includes the same adjusted working capital ratio covenant as the previous credit facilities described above.

Subsequent to September 30, 2025, the Company entered into a standby letter of credit facility agreement with a third party of up to \$10.0 million USD (\$13.9 million CDN) to guarantee letters of credit issued by the Company to other third parties. The fee on drawn amounts under the facility are 2.82%. This facility returned \$4.9 million of restricted cash deposits to the Company (see note 4) and includes \$5.2 million of capacity drawn that previously reduced the amount that could be borrowed under the original \$7.0 million revolving operating demand loan credit facility which has now been replaced.

## 9. DECOMMISSIONING OBLIGATIONS

The Company's decommissioning obligations result from its ownership interest in development and production assets including well sites and gathering systems. The total decommissioning obligation is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to abandon and reclaim the wells and facilities, and the estimated timing of the costs to be incurred in future periods. The total undiscounted amount of the estimated cash flows, adjusted for inflation at 1.88% per year (December 31, 2024 - 1.81%) required to settle the decommissioning obligations is approximately \$16.6 million (December 31, 2024 - \$16.7 million) which is estimated to be incurred over the next 33 years. At September 30, 2025, a risk-free rate of 3.54% (December 31, 2024 - 3.32%) was used to calculate the net present value of the decommissioning obligations.

	Nine Months Ended September 30, 2025	Year Ended December 31, 2024
Balance, beginning of period	9,649	8,869
Provisions incurred	-	1,407
Provisions settled	(385)	(1,427)
Revisions in estimated cash flows	(201)	565
Revisions due to change of rates	(154)	(35)
Accretion	211	270
<b>Balance, end of period</b>	<b>9,120</b>	<b>9,649</b>
Current	560	2,118
Long-term	8,560	7,531
	<b>9,120</b>	<b>9,649</b>

## 10. SHAREHOLDERS' CAPITAL AND WARRANTS

The Company is authorized to issue an unlimited number of voting common shares, an unlimited number of non-voting common shares, Class A preferred shares, issuable in series, Class B preferred shares, issuable in series, and Class C preferred shares, issuable in series. No non-voting common shares or preferred shares have been issued.

<b>Voting Common Shares</b>	<b>Number</b>	<b>Amount</b>
Balance, December 31, 2024	530,670	175,307
Settlement of restricted share units	<b>2,359</b>	<b>1,666</b>
<b>Balance, September 30, 2025</b>	<b>533,029</b>	<b>176,973</b>

<b>Warrants</b>	<b>Number</b>	<b>Amount</b>
Balance, December 31, 2024	62,710	6,979
Expired	<b>(33,333)</b>	<b>(1,964)</b>
<b>Balance, September 30, 2025</b>	<b>29,377</b>	<b>5,015</b>

On June 30, 2025, 33.3 million warrants with an exercise price of \$1.05 per warrant expired unexercised.

The following table summarizes the warrants outstanding and exercisable at September 30, 2025:

<b>Issue Date</b>	<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number</b>
June 10, 2022	June 10, 2027	\$0.27	27,502
November 16, 2023	November 16, 2028	\$0.80	1,875
			<b>29,377</b>

## 11. SHARE BASED COMPENSATION PLANS

### Stock options

The Company has authorized and reserved for issuance 53.3 million common shares under a stock option plan enabling certain officers, directors, employees, and consultants to purchase common shares. The Company will not issue options exceeding 10% of the shares outstanding at the time of the option grants (any performance share units "PSUs" or restricted share units "RSUs" described below are aggregated with any stock options for the 10% limit). Under the plan, the exercise price of each option equals the market price of the Company's shares on the date of the grant and an option's maximum term is ten years. At September 30, 2025, 22.4 million options were outstanding at an average exercise price of \$0.75 per share.

	<b>Number of Options</b>	<b>Weighted Average Exercise Price (\$)</b>
Balance, December 31, 2024	16,971	0.72
Granted	<b>5,727</b>	<b>0.81</b>
Settled	<b>(344)</b>	<b>0.61</b>
<b>Balance, September 30, 2025</b>	<b>22,354</b>	<b>0.75</b>
<b>Exercisable, September 30, 2025</b>	<b>10,106</b>	<b>0.68</b>

The following table summarizes the stock options outstanding and exercisable at September 30, 2025:

<b>Exercise Price</b>	<b>Options Outstanding</b>			<b>Options Exercisable</b>		
	<b>Number</b>	<b>Weighted Average Remaining Life (years)</b>	<b>Weighted Average Exercise Price</b>	<b>Number</b>	<b>Weighted Average Exercise Price</b>	
\$0.54 to \$0.70	4,457	1.9	0.56	4,090	0.54	
\$0.71 to \$0.79	4,547	2.3	0.75	3,276	0.75	
\$0.80 to \$0.83	13,350	3.8	0.80	2,740	0.80	
	<b>22,354</b>	<b>3.1</b>	<b>0.75</b>	<b>10,106</b>	<b>0.68</b>	

The Company accounts for its share based compensation plans using the fair value method. Under this method, compensation cost is charged to earnings over the vesting period for stock options granted to officers, directors, employees, and consultants with a corresponding increase to contributed surplus. The stock options granted vest one-third on each of the first, second and third anniversaries of the date of grant.

The fair value of the stock options granted were estimated on the date of grant using the Black-Scholes-Merton option pricing model with the following weighted average assumptions:

	September 30, 2025	December 31, 2024
Risk-free interest rate (%)	2.9	3.8
Expected life (years)	4.0	4.0
Expected volatility (%)	49.0	64.6
Expected dividend yield (%)	-	-
Forfeiture rate (%)	6.9	4.7
Weighted average fair value of options granted (\$ per option)	0.33	0.41

During the three and nine months ended September 30, 2025, the Company recognized \$0.6 million (September 30, 2024 - \$0.7 million) and \$1.8 million (September 30, 2024 - \$2.0 million), respectively, of share based compensation related to the stock options. For the three months ended September 30, 2025, \$0.5 million (September 30, 2024 - \$0.5 million) was recognized as an expense and \$60 thousand (September 30, 2024 - \$0.2 million) was capitalized. For the nine months ended September 30, 2025, \$1.6 million (September 30, 2024 - \$1.7 million) was recognized as an expense and \$0.2 million (September 30, 2024 - \$0.3 million) was capitalized. At September 30, 2025 there was \$1.7 million remaining as unrecognized share based compensation related to the stock options.

During the nine months ended September 30, 2025, the Company settled 0.3 million stock options for \$104 thousand in cash (September 30, 2024 - 0.7 million stock options for \$272 thousand in cash).

### Restricted share units

Subject to the terms and conditions of the performance and restricted share unit plan, each RSU award entitles the holder to an award value to be settled as to one-third on each of the first, second and third anniversaries of the date of grant. For the purpose of calculating share based compensation, the fair value of each award is determined at the grant date using the closing price of the Company's common shares. On the date of exercise, the Company has the option of settling the award value in cash (payment is based on the closing price of the Company's common shares on day prior to exercise), common shares of the Company (one common share for each RSU), or a combination thereof. It is the Company's intention to settle the RSUs in common shares of the Company.

	Number of RSUs
Balance, December 31, 2024	5,579
Granted	3,564
Exercised	(2,359)
<b>Balance, September 30, 2025</b>	<b>6,784</b>
<b>Exercisable, September 30, 2025</b>	<b>-</b>

During the nine months ended September 30, 2025, the Company settled nil RSUs (September 30, 2024 - 21 thousand) for \$nil in cash (September 30, 2024 - \$16 thousand).

The weighted average market price of the Company's common shares used to value the RSUs granted during the nine months ended September 30, 2025 was \$0.81 (September 30, 2024 - \$0.80). During the three and nine months ended September 30, 2025, the Company recognized \$0.7 million (September 30, 2024 - \$0.7 million) and \$2.2 million (September 30, 2024 - \$1.9 million) of share based compensation related to the RSUs. For the three months ended September 30, 2025, \$0.6 million (September 30, 2024 - \$0.5 million) was recognized as an expense and \$75 thousand (September 30, 2024 - \$0.2 million) was capitalized. For the nine months ended September 30, 2025, \$1.9 million (September 30, 2024 - \$1.5 million) was recognized as an expense and \$0.3 million (September 30, 2024 - \$0.3 million) was capitalized. At September 30, 2025, there was \$2.4 million remaining as unrecognized share based compensation related to the RSUs.

### Performance share units

Subject to the terms and conditions of the performance and restricted share unit plan, each PSU award entitles the holder to an award value to be paid as to one-third on each of the first, second and third anniversaries of the date of grant multiplied by a payout multiplier ranging from 0 to 2.0 times and is dependent on the performance of the Company relative to pre-defined corporate performance measures for a particular period. For the purpose of calculating share based compensation, the fair value of each award is determined at the grant date using the closing price of the Company's common shares. On the date of exercise, the Company has the option of settling the award value in cash, common shares of the Company, or a combination thereof.

To date, no PSUs have been granted under the performance and restricted share unit plan.

## 12. PER SHARE AMOUNTS

The following table summarizes the weighted average number of shares used in the basic and diluted net loss per share calculations:

	Three Months Ended		Nine Months Ended	
	September 30	2024	September 30	2024
	2025		2025	
Weighted average number of shares - basic	532,917	530,212	532,218	529,605
Dilutive effect of share based compensation plans	-	-	-	-
Weighted average number of shares - diluted	532,917	530,212	532,218	529,605

For the three and nine months ended September 30, 2025, 22.4 million stock options, 6.8 million RSUs, and 29.4 million warrants were excluded from the weighted-average share calculation because they were anti-dilutive due to the net loss.

For the three and nine months ended September 30, 2024, 17.8 million stock options, 6.4 million RSUs, and 62.7 million warrants were excluded from the weighted-average share calculation because they were anti-dilutive due to the net loss.

## 13. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production, and financing activities. The Company employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Company's business objectives and risk tolerance levels. Risk management is ultimately established by the Board of Directors and is implemented by management.

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of foreign currency risk, interest rate risk, and other price risk, such as commodity price risk. The objective of market risk management is to manage and control market price exposures within acceptable limits, while maximizing returns. The Company may use financial derivatives or physical delivery sales contracts to manage market risks. All such transactions are conducted within risk management tolerances that are reviewed by the Board of Directors.

#### Foreign exchange risk

The prices received by the Company for the production of oil, natural gas, and NGLs are primarily determined in reference to US dollars, but are settled with the Company in Canadian dollars. The Company's cash flow from commodity sales will therefore be impacted by fluctuations in foreign exchange rates. The Company does not currently have any foreign exchange contracts in place.

#### Interest rate risk

The Company is exposed to interest rate risk on its cash, restricted cash deposit, and credit facility balances. The Company currently does not use interest rate hedges or fixed interest rate contracts to manage the Company's exposure to interest rate fluctuations. The amount drawn on the Company's credit facilities at September 30, 2025 was \$44.0 million (December 31, 2024 - \$nil). A 100 basis point increase or decrease in interest rates would have impacted net loss by approximately \$0.2 million for the nine months ended September 30, 2025 (September 30, 2024 - \$nil).

#### Commodity price risk

Oil and natural gas prices are impacted by not only the relationship between the Canadian and US dollar but also by world economic events that dictate the levels of supply and demand. The Company's oil, natural gas, and NGLs production is marketed and sold on the spot market to area aggregators based on daily spot prices that are adjusted for product quality and transportation costs. The Company's cash flow from product sales will therefore be impacted by fluctuations in commodity prices. In addition, the Company may enter into commodity price contracts to manage future cash flows.

The Company entered into the following commodity price contracts:

Commodity	Period	Type of Contract	Quantity	Contract Price
Oil	November 1, 2025 - April 30, 2026	Physical Sales	500 bbls/d	WTI CDN \$86.86/bbl
Natural Gas	November 1, 2025 - December 31, 2025	Physical Sales	10,000 GJ/d	Westcoast Station 2 CDN \$2.03/GJ
Natural Gas	December 1, 2025 - December 31, 2025	Physical Sales	5,000 GJ/d	Westcoast Station 2 CDN \$2.10/GJ
Natural Gas	January 1, 2026 - March 31, 2026	Physical Sales	10,000 GJ/d	Westcoast Station 2 CDN \$2.49/GJ

The Company accounts for any physical sales contracts as executory contracts and as such are not recorded at fair value on the Statement of Financial Position. Settlements on these physical sales contracts are recognized in oil and natural gas sales.

### Credit risk

Credit risk represents the financial loss that the Company would suffer if the Company's counterparties to a financial asset fail to meet or discharge their obligation to the Company. A substantial portion of the Company's accounts receivable are with customers and joint interest partners in the oil and natural gas industry and are subject to normal industry credit risks. The Company generally grants unsecured credit but routinely assesses the financial strength of its customers and joint interest partners.

The Company sells the majority of its production to three petroleum and natural gas marketers and therefore is subject to concentration risk. Historically, the Company has not experienced any collection issues with its oil and natural gas marketers. Joint interest

receivables are typically collected within one to three months of the joint interest billing being issued to the partner. The Company attempts to mitigate the risk from joint interest receivables by obtaining partner approval for significant capital expenditures prior to the expenditure being incurred. The Company does not typically obtain collateral from petroleum and natural gas marketers or joint interest partners; however, in certain circumstances, the Company may cash call a partner in advance of expenditures being incurred.

The maximum exposure to credit risk is represented by the carrying amount of cash, restricted cash deposits and accounts receivable on the statement of financial position. At September 30, 2025, \$3.4 million (99%) of the Company's outstanding accounts receivable were current and \$14 thousand (1%) were outstanding for more than 90 days. During the nine months ended September 30, 2025, the Company deemed \$52 thousand of outstanding accounts receivable to be uncollectable (September 30, 2024 - \$35 thousand).

Cash and restricted cash deposits consist of bank balances placed with a financial institution with strong investment grade ratings which management believes the risk of loss to be remote. The Company manages the credit risk exposure related to risk management contracts by selecting investment grade financial institution counterparties and by not entering into contracts for trading or speculative purposes.

#### **Liquidity risk and future operations**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's processes for managing liquidity risk includes ensuring, to the extent possible, that it will have sufficient liquidity to meet its liabilities when they become due. The Company prepares annual, quarterly, and monthly capital expenditure budgets, which are monitored and updated as required, and requires authorizations for expenditures on projects to assist with the management of capital. Budgets and forecasting are subject to significant judgment and estimates relating to activity levels, future cash flows, and timing thereof and other factors which may not be within the control of the Company. In managing liquidity risk, the Company may rely on access to additional financing, including potential equity issuances and additional debt financing which depend on, among other things, the current commodity price environment, operating performance, and the Company's ability to access equity and debt capital markets. There is no assurance this capital will be available. In the event the Company requires additional funding and is not successful in obtaining additional funding or of obtaining funding on terms that are acceptable to the Company, this may impact the Company's ability to develop and maintain its oil and gas properties. The Company also mitigates liquidity risk by maintaining an insurance program to minimize exposure to insurable losses.

To facilitate its capital expenditure program, the Company has two revolving credit facilities (see note 8). At September 30, 2025, the Company had an adjusted working capital deficiency of \$46.6 million (see note 14) which includes \$44.0 million drawn under its credit facilities. During the nine months ended September 30, 2025, the Company received \$22.7 million from a midstream company to finance a pipeline connecting Coelacanth facilities to the midstream company's gathering system. This amount will be repaid over a five-year period at an interest rate of 12.0% upon the commencement of the in-service date of the Company's Two Rivers East facility (see note 7). As at September 30, 2025, the Company had \$5.4 million of outstanding letters of guarantee under the revolving operating demand loan credit facility thereby reducing the amount available from \$7.0 million to \$1.6 million, and \$44.0 million drawn on the second credit facility reducing the amount available from \$45.0 million to \$1.0 million.

Subsequent to September 30, 2025, the Company entered into a \$80.0 million credit facility with its current lender to replace its previous credit facilities above. The credit facility consists of a \$10.0 million operating facility, a \$50.0 million syndicated facility, and a \$20.0 million term facility. The operating and revolving syndicated facilities revolves for a 364 day period and will be subject to its next 364 day extension by May 31, 2026. If not extended, the new credit facility will cease to revolve, the margins thereunder will increase by 0.50%, and all outstanding advances will become repayable in one year from the extension date. The term facility matures May 31, 2026. The next scheduled borrowing base review of the new credit facility is scheduled on or before May 31, 2026. In addition to the credit facility, the Company also entered into standby letter of credit facility agreement with a third party of up to \$10.0 million USD (\$13.9 million CDN) to guarantee letters of credit issued by the Company to other third parties (see note 8). The \$10.0 million USD letter of credit facility allows the release of the \$4.9 million restricted GIC into cash and also eliminates the reduction of availability of \$5.4 million on the main credit facilities due to letters of credit being transferred to the standby letter of credit facility. This allows full use of the \$80.0 million credit facility against bank debt of \$39.1 million (\$44.0 million drawn less \$4.9 million released GIC) as at September 30, 2025. The Company notes that a substantial portion of the additional funds available under the new credit facility will be used to fund near-term capital costs associated with the drilling of three additional development wells on the 5-19 pad which will occur before the end of this year. The Company is now producing from four of the 5-19 wells and aims to have all nine wells on production by year-end.

There is considerable risk around the Company's ability to address these substantial liquidity uncertainties, however the Company believes it has the ability to manage the liquidity requirements of the business with the continued support of its lenders and the flexibility in its capital and operating activities. Specifically with the substantial completion of the Two Rivers East development project, the resultant production from the 5-19 pad including the remaining wells anticipated to be on production by the end of the year, and the expanded credit facility, the Company anticipates that it will have sufficient lending capacity and operational cash flows to meet its current and future obligations, to make any scheduled credit facility and associated interest payments, to maintain compliance with the covenants under its credit facilities, and to fund the other needs of the business for at least the next 12 months, pending commodity pricing, operational performance, and the addition of future reserves and the resulting potential for borrowing base increases. Coelacanth's capital program is flexible and can be adjusted as needed based upon the current economic environment. The Company will continue to monitor the economic environment and the possible impact on its business and strategy and will make adjustments as necessary.

#### **14. CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to maintain a flexible capital structure, which optimizes the cost of capital at an acceptable risk, and to maintain investor, creditor, and market confidence to sustain future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company considers its capital structure to include shareholders' equity and adjusted

working capital (deficiency). Adjusted working capital (deficiency) includes current assets and restricted cash deposits less current liabilities, excluding the current portion of decommissioning obligations. To maintain or adjust the capital structure, the Company may, from time to time, issue shares, raise debt, or adjust its capital spending to manage its current and projected debt levels.

	September 30, 2025	December 31, 2024
Shareholders' equity	163,150	168,029
Adjusted working capital deficiency	(46,606)	(18,637)

Management uses adjusted working capital as a measure to assess the Company's financial position and is reconciled as follows:

	September 30, 2025	December 31, 2024
Current assets	4,259	11,579
Less:		
Current liabilities	(56,325)	(37,234)
Working capital deficiency	(52,066)	(25,655)
Add:		
Restricted cash deposits	4,900	4,900
Current portion of decommissioning obligations	560	2,118
Adjusted working capital deficiency	(46,606)	(18,637)

In addition, management prepares annual, quarterly, and monthly budgets, which are updated depending on varying factors such as general market conditions and successful capital deployment. The Company's share capital is not subject to external restrictions.

## 15. SUPPLEMENTAL CASH FLOW INFORMATION

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2025	2024	2025	2024
Accounts receivable	751	(559)	1,337	2,554
Prepaid expenses and deposits <sup>(1)</sup>	24	(127)	15	(390)
Accounts payable and accrued liabilities	(346)	9,295	(25,981)	(14,206)
Change in non-cash working capital	429	8,609	(24,629)	(12,042)
Relating to:				
Operating	2,524	(594)	3,906	2,164
Financing	337	(237)	337	(465)
Investing	(2,432)	9,440	(28,872)	(13,741)
Change in non-cash working capital	429	8,609	(24,629)	(12,042)

(1) For the nine months ended September 30, 2025, excludes \$0.7 million (September 30, 2024 - \$nil) of debt issuance costs that were re-classified as a reduction to the revolving credit facility balance (note 8).

## 16. REVENUE

The Company sells its production pursuant to fixed or variable price contracts. The transaction price for variable priced contracts is based on the commodity price, adjusted for quality, location or other factors, whereby each component of the pricing formula can be either fixed or variable, depending on the contract terms. Commodity prices are based on market indices that are determined on a monthly or daily basis. Under the contracts, the Company is required to deliver variable volumes of oil, NGLs or natural gas to the contract counterparty. Revenue is recognized when a unit of production is delivered to the contract counterparty. The amount of revenue recognized is based on the agreed transaction price, whereby any variability in revenue relates specifically to the Company's efforts to transfer production, and therefore the resulting revenue is allocated to the production delivered in the period during which the variability occurs. As a result, none of the variable revenue is considered constrained.

The contracts generally have a term of one year or less, whereby delivery takes place throughout the contract period. Revenues are typically collected on the 25th day of the month following production.

The following table presents the Company's oil and natural gas revenues disaggregated by revenue source:

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2025	2024	2025	2024
Oil and condensate	10,068	1,820	15,614	6,674
Other natural gas liquids	221	95	372	331
Natural gas	1,083	447	2,880	2,187
Total revenue	11,372	2,362	18,866	9,192

Under certain marketing arrangements the Company will transfer title of its natural gas production to a third-party marketing company who will subsequently redeliver the natural gas production to an end customer by utilizing the Company's pipeline capacity. This portion representing the sale of transportation services is presented within natural gas revenue which is disaggregated in the below table by type:

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2025	2024	2025	2024
Natural gas production sales	617	208	1,942	1,469
Transportation revenue	466	239	938	718
Natural gas sales	1,083	447	2,880	2,187

The Company's revenue was generated entirely in the province of British Columbia. The majority of revenue resulted from sales whereby the transaction price was based on index prices. Of total oil and natural gas sales, three customers represented combined sales of 96% for the nine months ended September 30, 2025 (September 30, 2024 - three customers represented combined sales of 97%).

## 17. COMMITMENTS

The following is a summary of the Company's contractual obligations and commitments at September 30, 2025:

	2025	2026	2027	2028	2029	Thereafter	Total
Operating commitments	55	252	297	297	297	470	1,668
Firm transportation agreements	1,007	5,860	7,809	9,912	11,540	139,379	175,507
Firm processing agreements	2,141	10,192	11,881	12,118	12,360	76,051	124,743
	3,203	16,304	19,987	22,327	24,197	215,900	301,918

Operating commitments include the non-lease variable components (operating expenses) of the head office lease inclusive of the extension to July 31, 2031 (see note 7).

Transportation commitments include contracts to transport natural gas and NGLs through third-party owned pipeline systems. The Company currently has the following firm transportation commitments:

- 1.5 mmcf/d to deliver natural gas to the Alliance Trading Pool (ATP) through October 31, 2035 and then to Chicago through October 31, 2027.
- 10.0 mmcf/d to deliver natural gas to Westcoast Station 2 from January 1, 2023 through July 31, 2038.
- 50.0 mmcf/d to deliver natural gas to Westcoast Station 2 from June 1, 2023 through May 31, 2038.
- 15.0 mmcf/d to deliver natural gas to Westcoast Station 2 from May 1, 2024 through April 30, 2055.
- 25.0 mmcf/d to deliver natural gas to Westcoast Station 2 from August 1, 2028 through July 31, 2043.

The Company assigned the following contracts to third parties, thus reducing its commitment:

- 4.4 mmcf/d to deliver natural gas to Westcoast Station 2 from April 1, 2023 through March 31, 2026.
- 10.0 mmcf/d to deliver natural gas to Westcoast Station 2 from June 1, 2023 through December 31, 2027.
- 20.0 mmcf/d to deliver natural gas to Westcoast Station 2 from October 1, 2023 through October 31, 2026.
- 10.0 mmcf/d to deliver natural gas to Westcoast Station 2 from November 1, 2024 through December 31, 2025.

The impact of the reduced commitments are reflected in the table above.

Firm processing agreements include 30.0 mmcf/d of processing services at a gas processing facility for a period of 10 years. Effective July 1, 2026, the commitment increases to 40.0 mmcf/d for the remaining term. Under the terms of the processing agreement, the Company can elect prior to November 1, 2026 to increase by any volume up to an additional 20.0 mmcf/d (60.0 mmcf/d total) for the remainder of the original term. As part of the arrangement, the midstream company funded the extension of their gathering system (see note 7).