LYCOS ENERGY INC.

Consolidated Financial Statements

For the year ended
December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Lycos Energy Inc.

Opinion

We have audited the consolidated financial statements of Lycos Energy Inc. (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2023 and December 31, 2022
- the consolidated statements of income and comprehensive income for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of the acquisition date fair value of property, plant and equipment ("PP&E") acquired through business combinations

Description of the matter

We draw attention to note 2, note 3, note 5, and note 8 to the financial statements.

On February 28, 2023, the Company purchased its partner's equity interest in Chronos Duvernay Limited Partnership (the "CDLP Acquisition"). In connection with the CDLP Acquisition, the Company recorded PP&E with an estimated acquisition date fair value of $87.1 million.

On September 1, 2023, the Company acquired all of the issued and outstanding common shares of Wyatt Resources Ltd. (the "Wyatt Acquisition"). In connection with the Wyatt Acquisition, the Company recorded PP&E with an estimated acquisition date fair value of $12.5 million.

On October 16, 2023, the Company acquired all of the issued and outstanding common shares of Durham Creek Exploration Ltd. (the "Durham Acquisition"). In connection with the Durham Acquisition, the Company recorded PP&E with an estimated acquisition date fair value of $10.6 million.

The Company uses estimated proved and probable petroleum and natural gas reserves to estimate the fair values of PP&E acquired in a business combination. The determination of acquisition date fair values of PP&E acquired through business combinations involve significant estimates, including, the estimate of proved and probable petroleum and natural gas reserves and the discount rates.

The estimate of proved and probable petroleum and natural gas reserves includes significant estimates and assumptions related to:

• Forecasted petroleum and natural gas commodity prices

• Forecasted production

• Forecasted operating costs

• Forecasted royalty costs

• Forecasted future development costs.

For purposes of estimating the acquisition date fair values of PP&E, the Company's internal qualified reserves evaluator prepared an estimate of proved and probable petroleum and natural gas reserves as at the acquisition date for each of the CDLP Acquisition, Wyatt Acquisition and Durham Acquisition.

Why the matter is a key audit matter

We identified the evaluation of the acquisition date fair values of PP&E acquired through business combinations as a key audit matter. Significant auditor judgment was required to evaluate the results of our audit procedures regarding the estimate of proved and probable petroleum and natural gas reserves and the discount rates. Additionally, the evaluation of the acquisition date fair values of PP&E requires the use of professionals with specialized skills and knowledge in valuation.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

With respect to the estimate of proved and probable petroleum and natural gas reserves as at the acquisition dates:

• We evaluated the competence, capabilities and objectivity of the internal qualified reserves evaluator

• We compared the forecasted petroleum and natural gas commodity prices to those published by external independent qualified reserves evaluators

• We evaluated the appropriateness of forecasted production and forecasted operating costs, royalty costs and future development cost assumptions by comparing to corresponding amounts in the proved and probable petroleum and natural gas reserves estimated by the external independent qualified reserves evaluator as at December 31, 2023. We took into account changes in conditions and events affecting the Company to assess the adjustments or lack of adjustments between the acquisition dates and December 31, 2023.

With respect to the estimate of proved and probable petroleum and natural gas reserves as at December 31, 2023:

• We evaluated the competence, capabilities and objectivity of the external independent qualified reserves evaluator engaged by the Company

• We compared the forecasted petroleum and natural gas commodity prices to those published by other external independent qualified reserves evaluators

• We compared the 2023 actual production, operating costs, royalty costs and development costs of the Company to those estimates used in the prior year's estimate of proved petroleum and natural gas reserves to assess the Company's ability to accurately forecast

• We evaluated the appropriateness of forecasted production and forecasted operating costs, royalty costs and future development cost assumptions by comparing to 2023 actual results. We took into account changes in conditions and events affecting the Company to assess the adjustments or lack of adjustments made by the Company in arriving at the assumptions.

We involved valuation professionals with specialized skills and knowledge, who assisted in:

• Evaluating the appropriateness of the Company's discount rates by comparing the discount rates to market and other external data

• Assessing the reasonableness of the Company's estimate of the acquisition date fair values of PP&E by comparing the Company's estimates to market metrics and other external data.

Assessment of the impact of estimated proved and probable petroleum and natural gas reserves on Property, Plant, and Equipment ("PP&E") for the Lloyd cash-generating unit ("CGU")

Description of the matter

We draw attention to note 2, note 3, and note 8 to the financial statements. The Company uses estimated proved and probable petroleum and natural gas reserves to deplete its development and production assets included in PP&E and to assess for indicators of impairment for the Lloyd CGU. The Company has $ 222.3 million of PP&E as at December 31, 2023, of which a portion relates to the Lloyd CGU.

The Company depletes its net carrying value of development and production assets included within PP&E at the CGU level using the unit-of-production method by reference to the ratio of production in the period to the related proved and probable petroleum and natural gas reserves before royalties, taking into account expenditures incurred to date together with estimated future development costs necessary to bring those reserves into production. Depletion and depreciation expense on PP&E was $22.8 million for the year ended December 31, 2023, of which a portion relates to the Lloyd CGU.

The Company assesses at each reporting date whether there is an indication that PP&E within the Lloyd CGU may be impaired. The estimate of proved and probable petroleum and natural gas reserves is significant to the Company's assessment. The Company determined that there were no external or internal indicators of impairment as at December 31, 2023 for the Lloyd CGU and no impairment test was required.

The estimate of proved and probable petroleum and natural gas reserves includes significant assumptions related to:

• Forecasted petroleum and natural gas commodity prices

• Forecasted production

• Forecasted production costs

• Forecasted royalty costs

• Forecasted future development costs.

The Company engaged external independent qualified reserves evaluators to estimate the proved and probable petroleum and natural gas reserves.

Why the matter is a key audit matter

We identified the assessment of the impact of estimated proved and probable petroleum and natural gas reserves on PP&E for the Lloyd CGU as a key audit matter. Significant auditor judgment was required to evaluate the results of our audit procedures regarding the estimate of proved and probable petroleum and natural gas reserves for the Lloyd CGU.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

With respect to the estimate of proved and probable petroleum and natural gas reserves as at December 31, 2023:

• We evaluated the competence, capabilities and objectivity of the external independent qualified reserves evaluator engaged by the Company

• We compared the forecasted petroleum and natural gas commodity prices to those published by other external independent qualified reserves evaluators

• We compared the 2023 actual production, operating costs, royalty costs and development costs of the Company to those estimates used in the prior year's estimate of proved petroleum and natural gas reserves to assess the Company's ability to accurately forecast

• We evaluated the appropriateness of forecasted production and forecasted operating costs, royalty costs and future development cost assumptions by comparing to 2023 actual results. We took into account changes in conditions and events affecting the Company to assess the adjustments or lack of adjustments made by the Company in arriving at the assumptions.

We assessed the depletion expense calculation for compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

We evaluated the Company's assessment of external and internal indicators of impairment by considering whether the quantitative and qualitative information in the analysis was consistent with external market and industry data and the estimate of proved and probable petroleum and natural gas reserves.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor’s report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor’s report is Jason Grodziski.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
April 18, 2024

Lycos Energy Inc.
Consolidated Statements of Financial Position

(in thousands)

	Notes		**December 31, 2023**		December 31, 2022
Assets					
Current assets					
Cash		**$**	**3,822**	$	59,628
Accounts receivable	19		**6,658**		4,998
Due from related party			**-**		426
Financial derivatives	19		**759**		-
Prepaid expenses and deposits	7		**4,349**		968
Total current assets			**15,588**		66,020
Exploration and evaluation assets	7		**24,777**		755
Property, plant and equipment	8		**222,282**		64,797
Investment in associate	6		**-**		3,676
Total assets		**$**	**262,647**	$	135,248
Liabilities and Shareholders' Equity					
Current liabilities					
Accounts payable and accrued liabilities	19	**$**	**31,605**	$	9,141
Current portion of lease obligations	10 & 19		**281**		44
Current portion of decommissioning liabilities	9		**1,500**		1,000
Total current liabilities			**33,386**		10,185
Lease obligations	10 & 19		**149**		-
Decommissioning liabilities	9		**32,648**		16,662
Deferred income tax	16		**12,291**		-
Total liabilities			**78,474**		26,847
Shareholders' equity					
Share capital	11		**224,292**		177,032
Contributed surplus			**10,747**		6,954
Deficit			**(50,866)**		(75,585)
Total shareholders' equity			**184,173**		108,401
Total liabilities and shareholders' equity		**$**	**262,647**	$	135,248

Commitments (note 21)
Subsequent events (notes 21 & 23)

See accompanying notes to the consolidated financial statements

Approved on behalf of the Board,

(signed) "Dave Burton"
Dave Burton, Director

(signed) "Ali Horvath"
Ali Horvath, CPA, CA, Director

Lycos Energy Inc.

Consolidated Statements of Income and Comprehensive Income

(in thousands, except per share data)

	Notes		For the year ended December 31, 2023		2022
Revenue					
Petroleum and natural gas sales	14	$	**96,421**	$	40,994
Royalties			**(11,005)**		(5,076)
Petroleum and natural gas sales, net of royalties			**85,416**		35,918
Other income			**630**		646
Realized loss on financial derivatives	19		**(133)**		-
Unrealized gain on financial derivatives	19		**759**		-
Total revenue and other income			**86,672**		36,564
Expenses					
Operating			**28,355**		19,009
Blending and transportation			**21,135**		8,458
General and administrative			**4,204**		2,634
Stock-based compensation	12		**2,291**		-
Transaction costs	22		**2,107**		404
Finance expense	15		**1,361**		486
Depletion and depreciation	8		**22,837**		6,386
Impairment reversal			**-**		(8,922)
Gain on disposition			**-**		(296)
Listing expense			**-**		1,479
			82,290		29,638
Net income before investment in associate		$	**4,382**	$	6,926
Gain on CDLP Acquisition	5		**11,382**		-
Share of profit (loss) of investment in associate	6		**35**		(2,327)
Loss related to Class D distribution			**-**		(928)
Income (loss) from investment in associate		$	**11,417**	$	(3,255)
Income before income taxes			**15,799**		3,671
Deferred income tax recovery	16		**(8,920)**		-
Net income and comprehensive income		$	**24,719**	$	3,671
Net income per share					
Basic[1]	11	$	**0.58**	$	0.32
Diluted[1]	11	$	**0.55**	$	0.26

[1] The net income per share figures for the year ended December 31, 2022 have been adjusted retrospectively to reflect the 8:1 share consolidation that w as approved by Lycos' shareholders on June 14, 2023 (note 11).

See accompanying notes to the consolidated financial statements

Lycos Energy Inc.

Consolidated Statements of Changes in Shareholders' Equity

(in thousands, except share amounts)

	Notes	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Shareholders' Equity
Balance, December 31, 2021[(1)]	11	9,812,325	$ 113,332	$ 6,954	$ (79,256)	$ 41,030
Issued on private placement	4 & 11	29,367,002	65,782	-	-	65,782
Issuance on reverse takeover	4 & 11	589,173	1,320	-	-	1,320
Share issue costs	11	-	(3,402)	-	-	(3,402)
Net income		-	-	-	3,671	3,671
Balance, December 31, 2022[(1)]		39,768,500	$ 177,032	$ 6,954	$ (75,585)	$ 108,401
Balance, December 31, 2022[(1)]	11	39,768,500	$ 177,032	$ 6,954	$ (75,585)	$ 108,401
Stock-based compensation	12	-	-	3,793	-	3,793
Issued pursuant to acquisition	5 & 11	3,452,547	13,240	-	-	13,240
Issued pursuant to offering	11	9,860,100	35,003	-	-	35,003
Share issue costs, net of deferred income tax	11 & 16	-	(983)	-	-	(983)
Net income		-	-	-	24,719	24,719
Balance, December 31, 2023		**53,081,147**	**$ 224,292**	**$ 10,747**	**$ (50,866)**	**$ 184,173**

(1) The number of common shares has been adjusted retrospectively to reflect the 8:1 share consolidation that was approved by Lycos' shareholders on June 14, 2023 and effected on September 1, 2023 (note 11).

See accompanying notes to the consolidated financial statements

Lycos Energy Inc.

Consolidated Statements of Cash Flows

(in thousands)

	Notes	For the year ended December 31, 2023	2022
Operating Activities			
Net income		**$ 24,719**	$ 3,671
Adjustments for:			
Unrealized gain on financial derivatives	19	**(759)**	-
Finance expense	15	**1,361**	486
Interest expense	15	**(385)**	(4)
Depletion and depreciation	8	**22,837**	6,386
Impairment reversal	8	**-**	(8,922)
Stock-based compensation	12	**2,291**	-
Gain on disposition		**-**	(296)
Other income		**-**	(503)
Gain on CDLP Acquisition	5	**(11,382)**	-
Share of (profit) loss of investment in associate	6	**(35)**	3,255
Listing expense		**-**	1,479
Deferred income tax recovery	16	**(8,920)**	-
Decommissioning expenditures	9	**(1,545)**	(28)
Change in non-cash operating working capital	17	**(2,039)**	(132)
Cash flow from operating activities		**26,143**	5,392
Financing Activities			
Payments on lease obligations	10	**(173)**	(107)
Proceeds on offering	11	**35,003**	-
Share issue costs	11	**(2,448)**	(2,620)
Proceeds on private placement	4	**-**	65,000
Cash flow from financing activities		**32,382**	62,273
Investing Activities			
Capital expenditures - exploration and evaluation	7	**(4,770)**	-
Capital expenditures - property, plant and equipment	8	**(58,226)**	(10,091)
Acquisitions through business combination, net of cash acquired	5	**(67,840)**	-
Proceeds on disposition		**-**	316
Change in non-cash investing working capital	17	**16,505**	1,495
Cash flow used in investing activities		**(114,331)**	(8,280)
Change in cash		**(55,806)**	59,385
Cash, beginning of period		**59,628**	243
Cash, end of period		**$ 3,822**	$ 59,628

See accompanying notes to the consolidated financial statements.

1. Corporate information

Lycos Energy Inc. ("Lycos" or the "Company") is a Canadian resource company engaged in the exploration for and development of petroleum and natural gas production in western Canada. The consolidated financial statements (the "financial statements") of the Company are comprised of the accounts of Lycos, Chronos Duvernay LP (a limited partnership), and its wholly owned subsidiaries, Chronos Duvernay GP Ltd., Chronos Duvernay Ltd., Chronos Duvernay MIS Ltd. and Chronos Duvernay Sub Co. Ltd., which are incorporated in Canada. Lycos is a public company existing under the Alberta Business Corporations Act with common shares listed on the TSX Venture Exchange ("TSXV") under the symbol "LCX".

On December 12, 2022, Lycos (formerly Samoth Oilfield Inc. or "Samoth") and Chronos Resources Ltd. (formerly "Chronos") completed an amalgamation (the "Transaction") pursuant to a Definitive Agreement dated November 7, 2022, between Samoth and Chronos. The amalgamation was treated as a reverse takeover transaction ("RTO") for accounting purposes. In accordance with IFRS 3, Samoth did not meet the definition of a business for accounting purposes. Therefore, the RTO does not constitute a business combination, but instead a share-based payment to acquire Samoth's listing status, with Chronos being the continuing entity from an accounting perspective (see note 4).

Lycos principal place of business is located at 1900, 215 – 2nd Street S.W., Calgary, Alberta and its registered office is located at 4300 Bankers Hall West, 888-3rd Street S.W. Calgary, Alberta.

2. Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS"). These financial statements have been prepared using accounting policies consistent with IFRS as set forth in note 3.

The financial statements were authorized for issue by the Board of Directors on April 18th, 2024.

Basis of measurement and functional and presentation currency

The financial statements have been prepared on a historical cost basis, except for certain financial and non-financial assets and liabilities which have been measured at fair value.

The financial statements are presented in Canadian dollars, which is the Company's and its subsidiaries functional currency. The functional currency of the Company's investment in associate (note 6) is Canadian dollars.

Use of accounting estimates and judgements

The timely preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. Accordingly, actual results may differ from estimated amounts as future confirming events occur.

Evolving Demand for Energy

The following provides certain disclosures as to the impact of the evolving demand for energy and climate change on the amounts recorded in the financial statements as at and for the year ended December 31, 2023. The below is not a comprehensive list or analysis of all climate change impacts and risks. Emissions, carbon and other regulations impacting climate and climate related matters are dynamic and constantly evolving. With respect to environmental, social and governance ("ESG") and climate reporting, the International Sustainability Standards Board has issued an IFRS Sustainability Disclosure Standard and the Canadian Securities Administrators have issued a proposed National Instrument 51-

107 Disclosure of Climate-related Matters. The cost to comply with these standards has not yet been quantified by the Company.

The Company has considered the impacts of climate change and the evolving worldwide demand for energy and global advancement of alternative sources of energy that are not sourced from fossil fuels in its assessment of impairment and impairment reversal on its property, plant and equipment. The Company completed the analysis of triggers for impairment/impairment reversal as at December 31, 2023 and climate risk/climate change, in of itself, did not result in the Company completing an impairment/impairment reversal test. The Company has considered the impact of the evolving worldwide demand for carbon-based energy in its assessment of depletion of its petroleum and natural gas properties. Depletion of the Company's petroleum and natural gas properties was based on proved and probable reserves. The ultimate period in which global energy markets can transition from carbon-based sources to alternative energy is highly uncertain, however, the majority of the Company's proved and probable petroleum and natural gas reserves per the 2023 reserve report should be realized prior to the elimination of carbon-based energy. At this time, the Company has not capped its reserve life for purposes of calculating depletion expense, however, this estimate will be monitored as the energy evolution continues.

The Company engages an external independent qualified reserves evaluator to estimate proved and probable petroleum and natural gas reserves. The reserve report includes the estimated carbon charge related to the Company's operations based on current legislated rates.

a) Critical accounting judgments in applying accounting policies

The following are the critical judgments that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in these financial statements:

(i) Business combinations

Management's determination of whether a transaction constitutes a business combination is determined based on the criteria in IFRS 3 Business Combinations ("IFRS 3"), specifically if the assets acquired meet the definition of a business requiring the acquisition method of accounting for a business combination. The determination of fair value often requires management to make assumptions and estimates about future events.

The assumptions and estimates with respect to determining the fair value of property, plant and equipment ("PP&E") and exploration and evaluation ("E&E") assets acquired generally require the most judgment and include estimate of proved and probable petroleum and natural gas reserves acquired, forecast benchmark commodity prices, discount rates, future costs and the assessment of recent comparable market transactions. Management's judgment is also required in determining the fair value of decommissioning liabilities assumed associated with the properties acquired. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill or bargain purchase gain. Future net income could also be affected as the fair value on initial recognition impacts carrying amounts for assets and liabilities.

(ii) Identification of cash-generating units ("CGU")

The Company's assets are aggregated into CGUs, for the purpose of calculating impairment, based on their ability to generate largely independent cash flows. The determination of these CGUs was based on management's judgment regarding shared infrastructure, geographical proximity, petroleum type and similar exposure to market risk and materiality. By their nature, these estimates and assumptions are subject to judgement and may impact the carrying value of the Company's assets in future periods.

(iii) Impairment and impairment reversals of petroleum and natural gas assets

Judgments are required to assess when internal or external indicators of impairment or impairment reversal exist and impairment testing is required. Management considers internal and external sources of information including forecasted petroleum and natural gas commodity prices, forecasted production volumes, estimated recoverable quantities of proved and probable petroleum and natural gas reserves and rates used to discount the related future cash flow estimates. Judgement is required to assess these factors when determining if the carrying amount of an asset or CGU is impaired, or in the case of a previously impaired asset or CGU, whether the carrying amount of the asset or CGU has been restored.

(iv) Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires management to make certain judgments as to future events and circumstances as to whether economic quantities of proved and probable petroleum and natural gas reserves have been found in assessing economic and technical feasibility.

b) Key sources of estimation uncertainty

The following are key estimates and the assumptions made by management affecting the measurement of balances and transactions in these financial statements.

(i) Reserves

The Company uses estimated proved and probable petroleum and natural gas reserves to deplete its development and production assets included in property, plant and equipment, to assess for indicators of impairment or impairment reversal on each of the Company's CGUs, and if any such indicators exist, to perform an impairment test to estimate the recoverable amount of the CGUs, to determine the abandonment date of decommissioning obligations, and in a business combination, to estimate the fair value of assets acquired and liabilities assumed. Accordingly, changes in circumstances may impact these estimates which could have a material financial impact in future periods.

The estimate of proved and probable petroleum and natural gas reserves include significant estimates and assumptions related to forecasted petroleum and natural gas commodity prices, forecasted production, forecasted operating costs, forecasted royalty costs, and forecasted future development costs. It also requires interpretation of geological and geophysical models to make an assessment of the size, shape, depth and quality of reservoirs, and their anticipated recoveries. The economic, geological, and technical factors used to estimate reserves may change from period to period. Changes in reported proved and probable petroleum and natural gas reserves can impact the carrying values of the Company's property, plant and equipment, the calculation of depletion, and the recognition of deferred tax assets due to changes in expected future cash flows. The estimate of proved and probable petroleum and natural gas reserves from the Company's property, plant and equipment are estimated by external independent qualified reserves evaluators at least annually.

The Company's proved and probable petroleum and natural gas reserves represent the estimated quantities of petroleum, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be economically recoverable in future years from known reservoirs and which are considered commercially producible. Such petroleum and natural gas reserves may be considered commercially producible if management has the intention of developing and producing them and such intention is based upon (i) a reasonable assessment of the future economics of such production; (ii) a reasonable expectation that there is a market for all or substantially all of the expected petroleum and natural gas production; and (iii) evidence that the necessary production, transmission and transportation facilities are available or can be made available. Petroleum and natural gas reserves may only be considered proved and probable if producibility is supported by either production or conclusive formation tests. The Company's proved and probable petroleum and natural gas reserves are determined pursuant National Instrument 51-101, Standard of Disclosures for Oil and Gas Activities and the Canadian Oil and Gas Evaluation Handbook.

(ii) Decommissioning obligations

The Company estimates future remediation costs of petroleum and natural gas assets including well sites, gathering systems and processing facilities. In most instances, removal of assets occurs many years into the future. This requires assumptions regarding abandonment date, future environmental and regulatory legislation, the extent of reclamation activities, the engineering methodology for estimating cost, future removal technologies in determining the removal cost and liability-specific discount rates to determine the present value of these cash flows.

(iii) Income taxes

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in Consolidated Statement of Income and Comprehensive Income both in the period of change, which would include any impact on cumulative provisions, and in future periods.

(iv) Business combinations

In a business combination, management makes estimates of the fair value of assets acquired and liabilities assumed which includes assessing the value of petroleum and natural gas properties based upon the estimation of recoverable quantities of proved and probable petroleum and natural gas reserves being acquired and the discount rates applied.

3. Material accounting policies

The accounting policies have been applied consistently by the Company in all periods presented in these financial statements.

a) Jointly owned assets

A portion of the Company's petroleum and natural gas activities involve jointly owned assets. The financial statements include the Company's share of these jointly owned assets and its proportionate share of the relevant revenue and related costs.

b) Investments in associates

Investments in Associates are entities for which the Company has significant influence, but not control or joint control over the financial and operational decisions. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost and adjusted thereafter for the change in the Company's share of the investee's Consolidated Statement of Income and Comprehensive Income less distributions received until the date that significant influence ceases.

c) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired, or when the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported on the Consolidated Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Financial instruments are included in current assets and liabilities except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets and liabilities.

(i) Non-derivative financial assets:

Cash is comprised of cash held with Canadian chartered banks on deposit and/or in highly liquid investments. Accounts receivable and deposits are non-derivative financial assets that have fixed or determinable payment terms and are recorded at amortized cost using the effective interest method less expected credit losses. The carrying values of these financial assets approximate fair values because of the short term to maturity.

The Company measures expected credit losses using a lifetime expected loss allowance for accounts receivable with expected lifetime losses recognized from initial recognition. Each period, the Company assesses the expected credit losses on a forward-looking basis.

(ii) Non-derivative financial liabilities:

Accounts payable and accrued liabilities and bank debt are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers or repay borrowings from lenders. Initially they are measured at fair value less directly attributable transaction costs. Subsequently, they are recorded at amortized cost using the effective interest method. The carrying values of these financial liabilities approximate fair values because of the short term to maturity.

(iii) Derivative financial instruments:

The Company may enter into certain financial derivative contracts to manage the exposure to market risks from fluctuations in commodity prices, interest rates and the exchange rate between Canadian and United States dollars. These instruments will not be used for trading or speculative purposes.

All financial derivative contracts are classified at fair value through Consolidated Statement of Income and Comprehensive Income and are recorded on the Consolidated Statement of Financial Position at fair value based on quoted market prices at each reporting date.

Physical delivery sales contracts, which are entered into and continue to be held for the purpose of receipt or delivery of non-financial items, are not considered to be derivative financial instruments and are not recorded at fair value on the statement of financial position. Settlements on physical sales contracts will be recognized in petroleum and natural gas revenues.

(iv) Share capital:

Proceeds from the issuance of common shares are classified as equity. Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any related income tax.

d) Property, plant and equipment and exploration and evaluation assets

(i) Recognition and measurement:

Exploration and evaluation (“E&E”) expenditures:

Pre-license costs are recognized in earnings as incurred. E&E costs, including the costs of acquiring leases and licenses and directly attributable general and administrative costs, initially are capitalized as E&E assets. The costs are accumulated in cost centers by well, field or exploration area pending determination of technical feasibility and commercial viability.

The Company assesses the recoverability of exploration and evaluation assets before reclassification to property, plant and equipment. E&E assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For purposes of impairment testing, E&E assets are allocated to the related CGU.

The technical feasibility and commercial viability of extracting a mineral resource is generally considered to be determinable when proved and/or probable petroleum and natural gas reserves are determined to exist.

A review of each exploration license or field is carried out, at least annually, to ascertain whether proved and/or probable petroleum and natural gas reserves have been discovered. Upon determination of proved and/or probable petroleum and natural gas reserves, E&E assets attributable to those proved and probable petroleum and natural gas reserves are first tested for impairment and then reclassified from E&E assets to property, plant and equipment. The cost of undeveloped land that expires is recognized in the Consolidated Statement of Income and Comprehensive Income.

E&E assets are not depleted.

Development and production costs:

Items of property, plant and equipment, which include petroleum and natural gas development and production assets, are measured at cost less accumulated depletion and depreciation and accumulated impairment losses and impairment reversals. The cost of development and production assets includes; transfers from exploration and evaluation assets, which generally include the cost to drill the well and the cost of the associated land upon determination of technical feasibility and commercial viability; the cost to complete and tie-in the wells; facility costs; the cost of recognizing provisions for future restoration and decommissioning; geological and geophysical costs; and directly attributable overheads.

Development and production assets are grouped into CGUs for impairment testing. When significant parts of an item of property, plant and equipment, including petroleum and natural gas interests, have different useful lives, they are accounted for as separate items (major components). If there is an indication that a previously recognized impairment charge may no longer exist or may have decreased, the recoverable amount of the relevant CGU is calculated and compared against the carrying amount. An impairment charge is reversed to the extent that the asset's recoverable amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation, if no impairment charge had been recognized. A reversal of an impairment charge is recognized in the Consolidated Statement of Income and Comprehensive Income.

Gains and losses on disposal of property, plant and equipment, property swaps and farm-outs, are determined by comparing the proceeds from disposal or fair value of the asset received or given up with the carrying amount of property, plant and equipment and are recognized in the Consolidated Statement of Income and Comprehensive Income.

(ii) Subsequent costs:

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property, plant and equipment are recognized as petroleum and natural gas properties only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in the Consolidated Statement of Income and Comprehensive Income as incurred.

(iii) Depletion and depreciation:

The Company depletes its net carrying value of development and production assets included within property, plant and equipment at the CGU level using the unit-of-production method by reference to the ratio of production in the period to the related proved and probable petroleum and natural gas reserves before royalties, taking into account expenditures incurred to date together with estimated future development costs necessary to bring those reserves into production.

e) Impairment of non-financial assets:

The carrying amounts of the Company's non-financial assets, other than E&E assets, are reviewed at each reporting date to determine whether there is any indication of impairment or that historical impairment may be reversed. The estimate of proved and probable petroleum and natural gas reserves is significant to the Company's assessment. If any such indication exists, then the asset's recoverable amount is estimated. E&E assets are assessed for impairment when they are reclassified to property, plant and equipment, and also if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purpose of impairment testing and impairment reversal testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets or CGUs. The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proved and probable petroleum and natural gas reserves.

Fair value less costs to sell is determined as the amount that would be obtained from the sale of an asset or a CGU in an arm's length transaction between knowledgeable and willing parties. The fair value less costs to sell is generally determined as the net present value of the estimated future cash flows expected to arise from production of proved and probable petroleum and natural gas reserves in a CGU including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted using a rate that would be applied by a market participant to arrive at a net present value of the CGU.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in Consolidated Statement of Income and Comprehensive Income.

E&E assets are assessed for impairment when they are reclassified to property, plant and equipment, if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

An impairment loss in respect of property, plant and equipment recognized in prior years, is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's or CGU's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

f) Share based payments:

The grant date fair value of options granted to directors, officers, employees and certain consultants are recognized as stock-based compensation expense, with a corresponding increase in contributed surplus over the vesting period. The fair value is determined using the Black-Scholes option pricing model.

When stock options are exercised, the consideration received and the amount previously recognized in contributed surplus are recorded as an increase to share capital.

The Company capitalizes a portion of stock-based compensation that is directly attributable to development activities.

g) Decommissioning obligations:

The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of site restoration and capitalized in the relevant asset category.

Decommissioning obligations are measured at the present value of management's best estimate of expenditure required to settle the present obligation at the statement of financial position date. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as a finance cost whereas increases/decreases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

h) Revenue recognition:

Revenue from the sale of crude oil, natural gas and natural gas liquids is recorded when control of the product is transferred to the buyer based on the consideration specified in the contracts with customers. This usually occurs when the product is physically transferred at the delivery point agreed upon in the contract and legal title to the product passes to the customer.

The Company evaluates its arrangements with third parties and partners to determine if the Company acts as the principal or as an agent. In making this evaluation, the Company considers if it obtains control of the product delivered or services provided, which is indicated by the Company having the primary responsibility for the delivery of the product or rendering of the service, having the ability to establish prices or having inventory risk. If the Company acts in the capacity of an agent rather than as a principal in a transaction, then the revenue is recognized on a net-basis, only reflecting the fee, if any, realized by the Company from the transaction.

Tariffs, tolls and other fees charged to other entities for use of pipelines and facilities owned by the Company are evaluated by management to determine if these originate from contracts with customers or from incidental or collaborative arrangements. Fees charged to other entities that are from contracts with customers are recognized in revenue when the related services are provided.

Royalty income is recognized as it accrues in accordance with the terms of the overriding royalty agreements.

i) Transportation and blending:

Transportation services procured by the Company are recognized in blending and transportation expense.

The Company is required to purchase commodity products from third parties to utilize in blending activities. The Company subsequently sells the blended products to its customers. These transactions are presented in revenue with the related expense included in blending and transportation expense recognized in the Consolidated Statement of Income and Comprehensive Income. The costs associated with the transportation of petroleum and natural gas, including the cost of diluent used in blending, are recognized when the product is sold.

j) Finance income and expenses:

Finance expense comprises interest expense on borrowings and accretion of the discount on decommissioning liabilities. Interest income is recognized as it accrues, using the effective interest method.

k) Income tax:

Income tax expense (recovery) comprises current and deferred tax. Income tax expense (recovery) is recognized in the Consolidated Statement of Income and Comprehensive Income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

l) Business combinations:

The acquisition method of accounting is used to account for acquisitions of entities or assets that meet the definition of a business under IFRS. In determining whether a particular set of activities and assets is a business, the Company assesses whether the set of activities and assets acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value and does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the Consolidated Statement of Income and Comprehensive Income.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed is recorded as goodwill. Any goodwill that arises is tested annually for impairment. If the cost of the acquisition is less than the fair value of the net assets of the entities acquired, the difference is recognized as a bargain purchase gain in the Consolidated Statement of Income and Comprehensive Income. Operational results of the business acquired are included in Consolidated Statement of Income and Comprehensive Income from the closing date of acquisition. Transaction costs are expensed as incurred.

m) Net income per share:

Basic net income per share is computed by dividing net income by the weighted average number of common shares outstanding during the year. For the diluted net income per share calculation, the weighted average number of common shares outstanding is adjusted for the potential number of common shares which may have a dilutive effect on net income per share. The weighted average number of diluted shares is calculated in accordance with the treasury stock method. The treasury stock method assumes that the proceeds received from the exercise of all potentially dilutive instruments are used to repurchase common shares at the average market price.

n) New accounting policies:

There were no changes that had a material effect on the reported net income or net assets of the Company during the periods presented in these audited financial statements.

4. Reverse Takeover Transaction (“RTO”)

On December 12, 2022, Lycos (formerly Samoth Oilfield Inc. or “Samoth”) and Chronos Resources Ltd. (formerly “Chronos”) completed an amalgamation (the “Transaction”) pursuant to a Definitive Agreement dated November 7, 2022, between Samoth and Chronos. The amalgamation was treated as a reverse takeover transaction (“RTO”) for accounting purposes. In accordance with IFRS 3, Samoth did not meet the definition of a business for accounting purposes. Therefore, the RTO does not constitute a business combination, but instead a share-based payment to acquire Samoth’s listing status, with Chronos being the continuing entity from an accounting perspective.

On December 12, 2022, in conjunction with the Definitive Agreement, Chronos completed a non-brokered private placement (“Subscription Receipt Private Placement”), whereby Chronos issued an aggregate of 75,714,285 Subscription Receipts or common shares at an offering price of $0.70 for aggregate gross proceeds of $53.0 million and 17,142,858 Units at an offering price of $0.70 for aggregate gross proceeds of $12.0 million. Each Unit was comprised of one Chronos Share and one Chronos Share purchase warrant.

Advisors received aggregate compensation equal to $2.6 million in cash and 1,117,144 Units, at a deemed issuance price of $0.70 per Unit, with respect to the RTO and the Subscription Receipt Private Placement. Each unit was comprised of one Chronos Share and One Chronos Share purchase warrant.

Pursuant to the Definitive Agreement, Lycos acquired each issued and outstanding common share in Chronos in exchange for twenty (20) common shares of Lycos (“formerly Samoth”) at a deemed price of $0.035 per Lycos Share. On December 12, 2022, Lycos completed a share consolidation on the basis of one (1) common share of Lycos for every eight (8) pre-consolidation Lycos Share (2022 consolidation), representing an exchange ratio on a post-Consolidation basis, of two and a half (2.5) Lycos Shares at a deemed price of $0.28 per Lycos Share for every Chronos Share.

(Tabular amounts in thousands)

The following were the issued and outstanding common shares from share capital of the combined equity:

	Number of Shares		Amount
Chronos Resources Ltd.			
Balance, December 12, 2022	31,399,439	$	113,332
Issued common shares of Chronos for $53.0 million proceeds at $0.70/share	75,714,285		53,000
Issued units of Chronos for $12.0 million proceeds at $0.70/unit	17,142,858		12,000
Issued units of Chronos for $782 thousand of advisory fees at $0.70/unit	1,117,144		782
Balance as of December 12, 2022	125,373,726	$	179,114
20 to 1 exchange of Chronos to Samoth Common Shares	2,507,474,520		-
Elimination of common share to effect a 8:1 consolidation	(2,194,040,096)		-
Balance as of December 12, 2022	313,434,424	$	179,114

	Number of Shares		Amount
Samoth Oilfield Inc.			
Balance, December 12, 2022	37,707,055	$	1,320
Elimination of common share to effect a 8:1 consolidation	(32,993,673)		-
Balance as of December 12, 2022 prior to the transaction	4,713,382	$	1,320
Total share capital at December 12, 2022	318,147,806	$	180,434

Based on the statement of financial position of Samoth at the time of the transaction, the estimated fair value of net liabilities acquired by Chronos and the resulting listing expense recorded in the Consolidated Statement of Income and Comprehensive Income were as follows:

Consideration		
Common shares 37,707,055	**$**	**1,320**
Fair value of net liabilities acquired		
Working capital		(67)
Decommissioning liabilities		(92)
Net liabilities acquired		(159)
Listing expense	**$**	**1,479**
Total consideration	**$**	**1,320**

IFRS 2 applies to transactions where an entity grants equity instruments and cannot identify specifically some or all the goods or services received in return. The Company issued shares with a value that exceeded the net liabilities acquired, therefore an amount of $1.5 million has been determined to be a listing expense and included in the Consolidated Statement of Income and Comprehensive Income.

(Tabular amounts in thousands)

5. Business combination

a) DCEL acquisition

On October 16, 2023, Lycos completed the acquisition (the "DCEL Acquisition") of Durham Creek Exploration Ltd. ("DCEL") a privately held, heavy oil producer. The purchase price consisted of $23.9 million in cash, after closing adjustments, and the issuance of 2,816,907 common shares valued at $10.7 million (based on the closing price of Lycos' common shares of $3.80 per share on the TSXV on October 16, 2023).

The acquisition complements Lycos' existing heavy oil asset base in the Greater Lloydminster area of Alberta. The operations from the acquisition have been included in the results of Lycos commencing October 16, 2023.

Lycos incurred transaction costs of $0.7 million on the acquisition which were expensed through the Consolidated Statements of Income and Comprehensive Income.

The Company assessed the acquisition and determined it constitutes a business combination in accordance with IFRS 3. The table below summarizes the identifiable assets acquired and liabilities assumed.

The purchase price, based on management's estimates of fair values, is as follows:

Consideration	Note		
Cash[1]		$	23,873
Common shares	11		10,704
Total consideration paid		$	34,577

Fair value of net assets acquired	Notes		
Property, plant and equipment	8	$	10,562
Exploration and evaluation assets	7		20,603
Deferred income tax liability			(7,795)
Decommissioning liabilities [2]	9		(49)
Working capital [3]	17		11,256
Fair value of net assets acquired		$	34,577

(1) Total cash consideration is comprised of $12.5 million initial consideration and a closing adjustment of $11.4 million paid for DCEL's working capital surplus.

(2) The decommissioning liabilities acquired in the business combination were initially recognized using a credit adjusted risk free discount rate at 10% in calculating fair value and subsequently revalued using the risk-free rate resulting in a change in estimate with the offset recorded to property, plant and equipment (notes 8 and 9).

(3) Includes $10.8 million of cash.

The estimated acquisition date fair value attributed to the property, plant and equipment was derived from the proved and probable petroleum and natural gas reserves prepared by the Company's internal qualified reserves evaluator at the acquisition date, discounted at 15%. Petroleum and natural gas revenue of $0.6 million and net income of $0.1 million are included in the Consolidated Statement of Income and Comprehensive Income for the DCEL acquisition since the closing date of October 16, 2023.

If the DCEL acquisition had occurred on January 1, 2023, the Company's pro forma results of petroleum and natural gas revenue and net income and comprehensive income for the year ended December 31, 2023, are estimated to have been as follows:

(Tabular amounts in thousands)

For the year ended December 31, 2023	As stated	DCEL prior to October 16, 2023	Pro forma
Petroleum and natural gas revenue	$ 96,421	$ 821	$ 97,242
Net income and comprehensive income	$ 24,719	$ 329	$ 25,048

b) *Wyatt acquisition*

On September 1, 2023, Lycos completed the acquisition (the "Wyatt Acquisition") of Wyatt Resources Ltd. ("Wyatt"), a privately held, heavy oil producer. The purchase price consisted of $6.1 million in cash, after closing adjustments, and the issuance of 635,640 post-consolidation (5,085,120 pre-consolidation) common shares valued at $2.5 million (based on the closing price of Lycos' common shares of $3.99 per share on the TSXV on September 1, 2023). Lycos and Wyatt were amalgamated on September 1, 2023.

The acquisition complements Lycos' existing heavy oil asset base in the Greater Lloydminster area of Alberta. The operations from the acquisition have been included in the results of Lycos commencing September 1, 2023.

Lycos incurred transaction costs of $0.4 million on the acquisition which were expensed through the Consolidated Statements of Income and Comprehensive Income.

The Company assessed the acquisition and determined it constitutes a business combination in accordance with IFRS 3. The table below summarizes the identifiable assets acquired and liabilities assumed.

The purchase price, based on management's estimates of fair values, is as follows:

Consideration	Note	
Cash		$ 6,146
Common shares	11	2,536
Total consideration paid		$ 8,682

Fair value of net assets acquired	Notes	
Property, plant and equipment	8	$ 12,481
Exploration and evaluation assets	7	1,818
Deferred income tax liability	16	(2,259)
Decommissioning liabilities [(1)]	9	(2,564)
Working capital [(2)]	17	(794)
Fair value of net assets acquired		$ 8,682

(1) The decommissioning liabilities acquired in the business combination were initially recognized using a credit adjusted risk free discount rate at 10% in calculating fair value and subsequently revalued using the risk-free rate resulting in a change in estimate with the offset recorded to property, plant and equipment (notes 8 and 9).

(2) Includes $0.2 million of cash.

The estimated acquisition date fair value attributed to the property, plant and equipment was derived from the proved and probable petroleum and natural gas reserves prepared by the Company's internal qualified reserves evaluator at the acquisition date, discounted at rates that range from 15%-30%. Petroleum and natural gas revenue of $4.7 million and net income of $0.5 million are included in the Consolidated Statement of Income and Comprehensive Income for the Wyatt acquisition since the closing date of September 1, 2023.

If the Wyatt acquisition had occurred on January 1, 2023, the Company's pro forma results of petroleum and natural gas revenue and net income and comprehensive income for the year ended December 31, 2023, are estimated to have been as follows:

(Tabular amounts in thousands)

For the year ended December 31, 2023		As stated		Wyatt prior to September 1, 2023		Pro forma
Petroleum and natural gas revenue	$	96,421	$	8,266	$	104,687
Net income and comprehensive income	$	24,719	$	56	$	24,775

c) CDLP acquisition

On February 28, 2023, Lycos purchased its partner's equity interest in the Company's limited partnership, Chronos Duvernay LP ("the CDLP Acquisition"). The purchase price consisted of $50.0 million cash and the grant of a 2.345% gross overriding royalty ("GORR") to the former partner on any newly drilled wells on the acquired lands. The cash consideration was funded by existing cash on hand.

This transaction was accounted for as a business combination through a step acquisition in accordance with IFRS 3. Accordingly, the Company remeasured its investment in CDLP immediately before the acquisition date. The fair value of net assets acquired was estimated at $67.5 million (or $14.8 million for the Company's 21.85% share in CDLP), resulting in a gain of $11.4 million when compared to the carrying value of the investment of $3.7 million (including the $0.3 million unrecognized portion of transaction costs). Lycos and CDLP were subsequently amalgamated on May 1, 2023.

The acquisition complements Lycos' existing heavy oil asset base in the Lloydminster area. The operations from the acquisition have been included in the results of Lycos commencing February 28, 2023.

Lycos incurred transaction costs of $0.9 million on the acquisition which were expensed through the Consolidated Statements of Income and Comprehensive Income.

The Company assessed the acquisition and determined it constitutes a business combination in accordance with IFRS 3. The table below summarizes the identifiable assets acquired and liabilities assumed.

The purchase price, based on management's estimates of fair values, is as follows:

Consideration	Note		
Cash		$	50,000
Investment in associate	6		15,093
Total consideration paid		$	65,093

Fair value of net assets acquired	Notes		
Property, plant and equipment (1)	8	$	87,111
Deferred income tax liability	16		(12,622)
Decommissioning liabilities (2)	9		(7,730)
Working capital (3)	17		(1,666)
Fair value of net assets acquired		$	65,093

(1) 100% of the fair value of property, plant and equipment and deferred income tax liability in CDLP was $90,344 thousand and $13,430 thousand respectively. The private equity firm retained a 2.345% gross overriding royalty ("GORR") on any newly drilled wells on acquired lands, resulting in acquired property, plant and equipment and deferred income tax liability of $87,111 thousand and $12,622 thousand respectively.

(2) The decommissioning liabilities acquired in the business combination were initially recognized using a credit adjusted risk free discount rate at 10% in calculating fair value and subsequently revalued using the risk-free rate resulting in a change in estimate with the offset recorded to property, plant and equipment (notes 8 and 9).

(3) Includes $1.2 million of cash.

The estimated acquisition date fair value attributed to the property, plant and equipment was derived from the proved and probable petroleum and natural gas reserves prepared by the Company's internal qualified reserves evaluator at the acquisition date, discounted at rates that range from 12%-40%.

(Tabular amounts in thousands)

Petroleum and natural gas revenue of $42.2 million and net income of $8.2 million are included in the Consolidated Statement of Income and Comprehensive Income for the CDLP acquisition since the closing date of February 28, 2023.

If the CDLP acquisition had occurred on January 1, 2023, the Company's pro forma results of petroleum and natural gas revenue and net income and comprehensive income for the year ended December 31, 2023, are estimated to have been as follows:

For the year ended December 31, 2023		As stated		CDLP prior to February 28, 2023 (1)		Pro forma
Petroleum and natural gas revenue	$	96,421	$	4,858	$	101,279
Net income and comprehensive income	$	24,719	$	126	$	24,845

(1) The net income and comprehensive income were offset by two months of share of profit in CDLP.

6. Investment in associate

On June 14, 2018, the Company entered into a partnership and financing arrangement with a private equity firm for the development of the Company's land base in the East Duvernay Shale Basin in Alberta, and subsequently the Lloydminster area of Alberta. At closing, Chronos contributed undeveloped Duvernay properties into Chronos Duvernay LP ("the Partnership") and the private equity firm contributed cash, each in return for an equity investment in the Partnership.

The financing arrangement was comprised of an equity line of credit pursuant to which the private equity firm may invest, on a capital call basis, from time to time, up to $100 million in consideration of additional equity of the Partnership.

The cash contributed by the private equity firm on closing represented the first capital contribution under the initial tranche of capital to be invested under the equity line of credit. Exploration and development activities on the East Duvernay Shale Basin assets were to be funded with the cash contributed by the private equity firm under the equity line of credit.

In 2018, the Company shared joint control with the private equity firm and the resulting joint arrangement was classified as a Joint Venture under IFRS 11 and was required to be accounted for using the equity method of accounting. The investment was initially recorded at the cost of the undeveloped land disposed and related expenses and the subsequent carrying amount was increased or decreased by the Company's share of Consolidated Statement of Income and Comprehensive Income.

In 2019, the private equity firm contributed additional cash in exchange for additional equity, which reduced Chronos working interest in the Partnership to lower than 50 percent. As such, the Company was reduced from joint control to significant influence over the investment and continued using the equity method of accounting.

In 2023 and 2022, the private equity firm did not contribute any additional cash in exchange for additional equity interest in the Partnership.

On February 28, 2023, Lycos acquired the remaining 78.15% interest in the Partnership (see note 5).

Summarized below is the financial information of Chronos Duvernay LP.

(Tabular amounts in thousands)

	Note		February 28, 2023		December 31, 2022
Current assets		$	**3,659**	$	3,801
Non-current assets			**90,344**		29,092
Current liabilities			**(5,325)**		(5,882)
Non-current liabilities			**(21,160)**		(11,750)
Net assets		$	**67,518**	$	15,261
Share of associate (percentage)			**21.85%**		21.85%
Share of net assets		$	**14,752**	$	3,335
Unrecognized portion of transaction costs [(1)]			**341**		341
Investment in associate before acquisition			**15,093**		3,676
Derecognition of investment in associate	5		**(15,093)**		-
Investment in associate		$	**-**	$	3,676

(1) The amount represented transaction costs incurred in 2018 and 2019 on the financing of the Partnership that are not included in the net assets of the associate.

Results of Operations for the Period Ended		February 28, 2023		December 31, 2022
Revenues	$	**4,858**	$	24,125
Expenses		**(3,624)**		(30,325)
Depletion		**(1,073)**		(4,451)
Net income (loss)	$	**161**	$	(10,651)
Share of investment in associate (weighted average percentage)		**21.85%**		21.8%
Share of profit (loss) of investment in associate	$	**35**	$	(2,327)

The Company's carrying amount of the investment in associate is as follows:

	Note		
Investment in associate, December 31, 2021		$	6,931
Share of net loss from investment in associate			(2,327)
Adjustment related to Class D unit distribution [(1)]			(928)
Investment in associate, December 31, 2022		$	3,676
Share of net income from investment in associate			**35**
Gain on previously held investment in associate recognized in Consolidated Statement of Income and Comprehensive Income			**11,382**
Derecognition of investment in associate	5		**(15,093)**
Investment in associate, February 28, 2023		**$**	**-**

(1) During 2022, the Partnership paid a distribution of $4.2 million to the class D unitholders which are held with the private equity firm.

7. Exploration and evaluation assets

The following table reconciles the movements of the Company's exploration and evaluation ("E&E") assets as at December 31, 2023, and 2022:

(Tabular amounts in thousands)

	Notes	**December 31, 2023**	December 31, 2022
Balance, beginning of year		**$ 755**	$ 755
Additions[1]		**4,770**	-
Acquisitions through business combination	5	**22,421**	-
Transfers to PP&E	8	**(3,169)**	-
Balance, end of year		**$ 24,777**	$ 755

(1) On October 11th, 2023, Lycos completed an acquisition of lands in Greater Lloydminster for total cash consideration of $3.8 million. Of the total cash consideration, $1.0 million was unrestricted and recorded directly as E&E additions in the period. $2.8 million was recorded as a prepaid deposit at December 31, 2023 because the cash consideration was held in escrow pending the release of certain post-close conditions. The remaining $3.7 million of E&E additions is comprised of lands acquired in the Greater Lloydminster area in the year.

E&E assets consist of the Company's undeveloped land and exploration projects which are pending the determination of proved and probable petroleum and natural gas reserves. Additions represent the Company's share of the cost of E&E assets.

Indicators of Impairment

The Company concluded there are no indicators of impairment for its E&E assets as at December 31, 2023 and 2022.

8. Property, plant and equipment

A reconciliation of the carrying value of property, plant and equipment as at December 31, 2023, and 2022 is set out below:

Cost	**Notes**	**Total property, plant and equipment**
Balance, December 31, 2021		$ 113,993
Additions		10,091
Disposal of right-of-use asset		(499)
Changes in decommissioning liabilities	9	(3,000)
Balance, December 31, 2022		$ 120,585
Additions		58,226
Transfer from E&E assets	7	3,169
Acquisitions through business combination	5	110,154
Changes in right-of-use assets	10	507
Changes in decommissioning liabilities	9	6,764
Capitalized stock-based compensation	12	1,502
Balance, December 31, 2023		**$ 300,907**

(Tabular amounts in thousands)

Accumulated depletion, depreciation and impairment		
Balance, December 31, 2021	$	58,675
Depletion and depreciation		6,386
Impairment reversal		(8,922)
Disposal of right-of-use asset		(351)
Balance, December 31, 2022	$	55,788
Depletion and depreciation		22,837
Balance, December 31, 2023	**$**	**78,625**
Net carrying value:		
December 31, 2022	$	64,797
December 31, 2023	**$**	**222,282**

At December 31, 2023, estimated future development costs of $131.5 million (December 31, 2022 - $50.3 million) associated with the development of the Company's proved and probable petroleum and natural gas reserves were added to the Company's carrying value in the depletion calculation.

The Company capitalized $2.1 million (December 31, 2022 - $0.7 million) of general and administrative costs and $1.5 million (December 31, 2022 - $nil) of stock-based compensation for the year ended December 31, 2023.

Indicators of Impairment

The Company conducted an assessment of indicators of impairment or impairment reversal and concluded that there were no indicators of impairment or impairment reversal for its CGUs as at December 31, 2023.

December 31, 2022

At December 31, 2022, the Company conducted an assessment of indicators of impairment or impairment reversal for the Company's CGUs. In performing the assessment, management determined an impairment or impairment reversal trigger existed for the southwest Saskatchewan CGU and therefore conducted an impairment test. At December 31, 2022, there were no indicators of impairment for the Lloyd Saskatchewan CGU.

The recoverable amount of the southwest Saskatchewan CGU was estimated using value in use based on the net present value of before tax cash flows from proved and probable petroleum and natural gas reserves estimated by the Company's independent third-party reserve evaluators discounted at rates ranging from 12 to 25 percent. In determining the appropriate discount rates, the Company referenced recent market transactions completed on assets similar to those in the CGU.

At December 31, 2022, the Company determined the recoverable amount of the southwest Saskatchewan CGU was $41.5 million. Accordingly, an aggregate impairment reversal of $8.9 million was recorded for the year ended December 31, 2022.

The following table outlines forecasted commodity prices and exchange rates used in the Company's impairment reversal test as at December 31, 2022. The forecasted commodity prices are consistent with those used by the Company's independent third-party reserve evaluator and are a key assumption in assessing recoverable amount. The independent third-party reserve evaluator also includes financial assumptions regarding royalty rates, operating costs, and future development capital that can significantly impact the recoverable amount which is assigned based on historical rates and future anticipated activities by management.

(Tabular amounts in thousands)

	WTI Price - Oil (US$/bbl) [1]	WCS Price - Oil ($/bbl)	AECO Price - Gas ($/MMBtu) [1]	Exchange Rate ($Cdn/$US)
2023	86.00	88.00	4.33	0.75
2024	84.00	89.38	4.34	0.80
2025	80.00	84.06	4.00	0.80
2026	81.60	85.74	4.08	0.80
2027	83.23	87.46	4.16	0.80
2028	84.90	89.21	4.24	0.80
2029	86.59	90.99	4.33	0.80
2030	88.33	92.81	4.42	0.80
2031	90.09	94.67	4.50	0.80
2032	91.89	96.56	4.59	0.80
Escalation rate of 2% per year thereafter				

(1) The forecast benchmark commodity prices listed are adjusted for quality differentials, heat content, transportation and marketing costs and other factors specific to the Company's operations in performing the Company's impairment test.

As at December 31, 2022, a one percent increase in the assumed discount rate and/or a five percent decrease in the forecast operating cash flows would result in the following total pre-tax impairment reversal being recognized.

	1% increase in discount rate	5% decrease in cash flows	1% increase in discount rate and 5% decrease in cash flows
Southwest Saskatchewan	1,286	1,942	3,164

9. Decommissioning liabilities

The Company’s decommissioning obligations result from net ownership interests in petroleum and natural gas assets including well sites, gathering systems and processing facilities. The underlying cost estimates are derived from a combination of published industry benchmarks as well as site specific information. The Company estimates the total future undiscounted and uninflated amount of cash flows required to settle its decommissioning liabilities for December 31, 2023, is approximately $41.1 million (December 31, 2022 - $20.6 million). These payments are expected to be made over the next 20 to 40 years. A risk-free rate of 3.02% (December 31, 2022 – 3.28%) and an inflation rate of 1.62% (December 31, 2022 – 2.09%) was used to calculate the decommissioning liabilities.

	Notes	**December 31, 2023**	December 31, 2022
Balance, beginning of year		**$ 17,662**	$ 20,716
Change in estimates [1]		**(231)**	(3,272)
Additions		**1,149**	101
Disposals		**(172)**	-
Decommissioning expenditures	19	**(1,545)**	(28)
Liabilities acquired on DCEL acquisition, Wyatt acquisition, CDLP acquisition and RTO [2]	5	**10,343**	92
Revaluation of liabilities incurred [3]		**6,018**	79
Liabilities settled by government grants		**-**	(503)
Accretion	15	**924**	477
Balance, end of year		**$ 34,148**	$ 17,662
Expected to be incurred within one year		**$ 1,500**	$ 1,000
Expected to be incurred beyond one year		**$ 32,648**	$ 16,662

(Tabular amounts in thousands)

(1) The change in estimates in 2023 is due to a change in estimated abandonment and remediation cost of $0.6 million (December 31, 2022 - $0.2 million) and change in discount and inflation rates totaling $(0.8) million (December 31, 2022 - $3.1 million).

(2) The amount represents the decommissioning liability incurred in the DCEL acquisition of $49 thousand (note 5), Wyatt acquisition of $2.6 million (note 5), the CDLP acquisition of $7.7 million (note 5) in 2023, and the RTO of $0.1 million in 2022.

(3) The decommissioning liabilities acquired in the DCEL, Wyatt and CDLP acquisitions (note 5) and assumed in the RTO were initially recognized using a credit-adjusted risk-free discount rate in calculating fair value. They were subsequently revalued using the risk-free rate resulting in a change in estimate with the offset recorded in property, plant, and equipment.

10. Lease obligations

	Notes	**December 31, 2023**	December 31, 2022
Balance, beginning of year		**$ 44**	$ 182
Additions	8	**547**	-
Disposal	8	**(40)**	(87)
Interest expense	15	**52**	2
Payments		**(173)**	(53)
Balance, end of year		**$ 430**	$ 44
Current		**281**	44
Non-current		**149**	-
		$ 430	$ 44

On November 24, 2022, Lycos entered into a head office sublease agreement for a period of two years and eight months resulting in the recognition of a $0.2 million right-of-use asset and lease obligation. The Company took possession on January 1, 2023. The Company is obligated to pay basic rent of approximately $94 thousand per year. In addition, during the year ended December 31, 2023, the Company has recognized $0.3 million in the right-of-use asset and lease obligation related to field trucks.

11. Share capital

(a) Authorized

The Company's authorized share capital consists of an unlimited number of common voting shares and an unlimited number of preferred shares, issuable in series.

(b) Issued and outstanding common shares

The following table summarizes the Company's issued and outstanding common shares as at December 31, 2023, and 2022:

(Tabular amounts in thousands)

		December 31, 2023		December 31, 2022	
	Note	**Number of Shares**	**Amount**	Number of Shares	Amount
Balance, beginning of year[1]		**39,768,500**	**$ 177,032**	9,812,325	$ 113,332
Shares issued as part of the Wyatt acquisition[1]	5	**635,640**	**2,536**	-	-
Shares issued as part of the DCEL acquisition	5	**2,816,907**	**10,704**	-	-
Shares issued as part of the offering		**9,860,100**	**35,003**		
Share issue costs, net of deferred income tax		**-**	**(983)**	-	(3,402)
Shares issued as part of subscription receipt private placement[1]		**-**	**-**	23,660,751	53,000
Shares issued as part of unit private placement[1]		**-**	**-**	5,357,143	12,000
Shares issued as part of subscription receipt unit private placement - advisory fee[1]		**-**	**-**	349,108	782
Acquired on reverse takeover[1]		**-**	**-**	589,173	1,320
Balance, end of year		**53,081,147**	**$ 224,292**	39,768,500	$ 177,032

(1) The number of common shares has been adjusted retrospectively to reflect the 8:1 share consolidation that was approved by Lycos' shareholders on June 14, 2023 and effected on September 1, 2023 (2023 consolidation).

On October 16, 2023, the Company completed a bought-deal financing of including the exercise of the over-allotment option (the "Offering"). Pursuant to the Offering, the Company issued a total of 9,860,100 shares at a price of $3.55 per common share for gross proceeds of approximately $35.0 million. The Company recorded $2.4 million in share issue costs related to commission and fees, net of tax recovery of $1.5 million.

On June 14, 2023, the shareholders of Lycos approved a consolidation of common shares on the basis of a ratio eight (8) pre-consolidation common shares for each one (1) post-consolidation common share. The Consolidation was effective on September 1, 2023. As a result, the number of common shares has been adjusted retrospectively to reflect the 8:1 share consolidation.

On December 12, 2022, the Company in conjunction with the RTO (note 4), there was a private placement as follows:

The Subscription Receipt Private Placement

On November 7, 2022, Chronos issued an aggregate of 75,714,285 (189,285,826 after 2022 consolidation and 23,660,751 after 2023 consolidation) (subscription receipts at an offering price of $0.70 per subscription receipt under the subscription receipt private placement for aggregate gross proceeds of $53.0 million). Additionally, advisors received aggregate compensation equal to $2.6 million in cash and 1,117,144 (2,792,860 after 2022 consolidation and 349,108 after 2023 consolidation) in Units at a deemed issuance price of $0.70 per Unit for aggregate gross proceeds of $0.7 million, with respect to the transaction and the subscription receipt private placement.

Pursuant to the terms of the subscription receipt agreement, each subscription receipt was automatically exchanged for one Chronos Share immediately prior to the Transaction being affected. Each Chronos Share issued pursuant to the subscription receipts was acquired by Samoth in exchange for twenty (20) Samoth Shares, and subject to the 2022 consolidation, resulting in each holder of subscription receipts receiving two and a half (2.5) Lycos Shares for each subscription receipt held. The Company recorded $3.4 million in share issue costs related to commissions and fees.

(Tabular amounts in thousands)

Unit Private Placement - Warrants

On November 7, 2022, an aggregate of 17,142,858 (42,857,140 after 2022 consolidation and 5,357,143 after 2023 consolidation) Units were issued pursuant to a unit private placement at an offering price of $0.70 per Unit for aggregate gross proceeds of $12.0 million. Each Unit was comprised of one Chronos Share and one Chronos Share purchase warrant (each, a "Chronos Warrant"). Each Chronos share issued pursuant to the Units was acquired by Samoth in exchange for twenty (20) Samoth Shares, and following the completion of the share consolidation, resulted in each holder of units receiving two and a half (2.5) Lycos Shares for each Unit held. Each Chronos Warrant was exchanged at the same ratio, resulting in holders of units receiving two and a half (2.5) Lycos Share purchase warrants (each, a "Lycos Warrant") for each Unit held. Each whole Lycos Warrant entitles the holder thereof to purchase one (1) Lycos Share for a period of five (5) years following the date of issuance at an exercise price of $2.24 after 2023 consolidation ($0.28 after 2022 consolidation) per Lycos Warrant (the "Exercise Price") and shall vest and become exercisable as to one-third upon the 10-day weighted average trading price of the Lycos Share (the "Market Price") equaling or exceeding $3.36 after 2023 consolidation ($0.42 after 2022 consolidation), an additional one-third upon the Market Price equaling or exceeding $3.92 after 2023 consolidation ($0.49 after 2022 consolidation), and a final one-third upon the Market Price equaling or exceeding $4.48 after 2023 consolidation ($0.56 after 2022 consolidation). As at December 31, 2022, all warrants issued pursuant to the unit private placement had vested.

Warrants

On December 12, 2022, the Company issued 5,706,250 warrants in connection with the RTO transaction in 2022 which were recorded in share capital.

	Number of Warrants	
	December 31, 2023	December 31, 2022
Balance, beginning of year(1)	**5,706,250**	-
Issued	**-**	5,706,250
Balance, end of year	**5,706,250**	5,706,250

(1) The number of warrants has been adjusted retrospectively to reflect the 8:1 share consolidation that was approved by Lycos' shareholders on June 14, 2023 and effected on September 1, 2023.

	Warrants outstanding			Warrants exercisable		
	Number outstanding	Weighted average exercise price	Weighted average life remaining (years)	Number outstanding	Weighted average exercise price	Weighted average life remaining (years)
Balance, end of year	5,706,250	$ 2.24	4.0	5,706,250	$ 2.24	4.0

(c) Per share amounts

The following table summarizes the shares used in calculating net income per share:

	December 31, 2023	December 31, 2022
Weighted average number of shares basic	**42,620,523**	11,371,686
Effect of dilutive warrants	**2,244,920**	2,998,199
Weighted average number of shares diluted	**44,865,443**	14,369,885

In computing diluted per share amounts for the year ended December 31, 2023, 5,706,250 (December 31, 2022 – nil) warrants were included in the calculation and 3,716,250 (December 31, 2022 – nil) stock options (note 12) were excluded from the calculation as their effect was anti-dilutive.

(Tabular amounts in thousands)

12. Stock-based compensation

The Company established a share option plan for its directors, officers, employees, and certain consultants under which the Company may grant options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company. The stock options expire five years from the date of grant and vest as to one-third on each of the first, second and third anniversary of the grant date.

The following table summarizes the stock options granted during the year:

	Number of Options		Exercise price
January 25, 2023 [(1)]	**1,991,875**	**$**	**4.40**
May 15, 2023 [(1)]	**142,500**	**$**	**3.60**
August 24, 2023 [(1)]	**51,250**	**$**	**3.68**
October 30, 2023	**1,626,250**	**$**	**3.75**
Total options granted in period	**3,811,875**		

(1) On June 14, 2023, the shareholders of Lycos approved a consolidation of common shares on the basis of a ratio eight (8) pre-consolidation common shares for each one (1) post-consolidation common share. The Consolidation was effective on September 1, 2023. As a result, the number of stock options has been adjusted retrospectively to reflect the 8:1 share consolidation (note 11).

There were no options granted in 2022.

The total fair value of each option granted during the year ended December 31, 2023, was estimated on the date of grant using the Black-Scholes pricing model with weighted average assumptions as follows:

		December 31, 2023
Weighted average fair value of options granted	$	2.40
Average risk-free interest rate		3.7%
Average expected life years		5.0
Average expected volatility [(1)]		73.3%

(1) During the year ended December 31, 2023, the expected volatility was estimated based on a peer group historical volatility.

The following table summarizes the changes in the outstanding stock options for the years ended:

	December 31, 2023			December 31, 2022		
	Number of Options[(1)]		**Weighted average exercise price**	Number of Options		Weighted average exercise price
Options outstanding, beginning of year	**-**	**$**	**-**	-	$	-
Granted	**3,811,875**	**$**	**4.07**	-	$	-
Forfeited	**(95,625)**	**$**	**4.40**	-	$	-
Options outstanding, end of year	**3,716,250**	**$**	**4.07**	-	$	-

(1) The number of stock options has been adjusted retrospectively to reflect the 8:1 share consolidation that was approved by Lycos' shareholders on June 14, 2023 and effected on September 1, 2023.

(Tabular amounts in thousands)

The range of exercise price of stock options outstanding and exercisable as at December 31, 2023, is as follows:

	Outstanding options			
Exercise price	**Number of Options Outstanding**	**Weighted average remaining term (years)**		**Weighted average exercise price**
$ 3.60 - $ 4.40	3,716,250	4.43	$	4.07

At December 31, 2023, there are no exercisable options.

During the year ended December 31, 2023, the Company recorded gross stock-based compensation expense of $3.8 million (December 31, 2022 - $nil million) and capitalized stock-based compensation expense of $1.5 million (December 31, 2022 - $nil million).

13. Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. The key management personnel compensation before capitalization is comprised of the following:

		December 31, 2023		December 31, 2022
Salaries and benefits	**$**	**2,329**	$	1,434
Stock-based compensation	**$**	**1,412**	$	-

Salaries and benefits to key management personnel include salary, bonus and benefits accrued during the year. Stock-based compensation includes non-cash expenses accrued under the Company's option plan for both key management personnel and directors of the Company.

14. 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. Under the contracts, the Company is required to deliver a fixed or variable volume of crude oil, condensate, natural gas or natural gas liquids to the customer. Revenue is recognized when a unit of production is delivered to the customer.

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.

Petroleum and natural gas are sold under contracts of varying terms of up to one year. Revenues are typically collected on the 25th day of the month following production.

The following table summarizes the Company's petroleum and natural gas sales, all of which are from revenue with contracts with customers:

		December 31, 2023		December 31, 2022
Crude oil	**$**	**95,414**	$	39,343
Natural gas		**134**		116
Petroleum and natural gas revenues		**95,548**		39,459
Processing income		**873**		1,535
Total petroleum and natural gas sales	**$**	**96,421**	$	40,994

(Tabular amounts in thousands)

Included in accounts receivable as at December 31, 2023, is $5.4 million (December 31, 2022 - $3.7 million) of accrued petroleum and natural gas sales related to December 2023 production.

15. Finance expense

	Notes		**December 31, 2023**		December 31, 2022
Accretion on decommissioning liabilities	9	**$**	**924**	$	477
Interest expense			**385**		4
Interest on lease obligations	10		**52**		5
		$	**1,361**	$	486

16. Income tax

(i) Deferred income tax expense recovery

The provision for future tax in the financial statements differs from the result, which would have been obtained by applying the combined federal and provincial tax rate to the Company's net income. This difference results from the following items:

		December 31, 2023		December 31, 2022
Net income before taxes	**$**	**15,799**	$	3,671
Combined federal and provincial rate		**25.05%**		25.37%
Computed "expected" income tax expense		**3,958**		931
Increase (decrease) in income tax resulting from:				
Non-deductible expense		**662**		478
Rate change and other		**(2,731)**		89
Change in unrecognized DTA		**(10,809)**		(1,498)
Income tax recovery	**$**	**(8,920)**	$	-

(ii) Deferred income tax liability

The components of the Company's recognized deferred income tax liability are as follows:

		December 31, 2023		December 31, 2022
Deferred income tax liabilities:				
Property, plant and equipment	**$**	**(41,178)**	$	(8,309)
Investment in associate		**-**		(933)
Deferred income tax assets:				
Decommissioning liabilities		**8,554**		4,481
Non-capital losses		**18,876**		4,058
Share issue costs		**1,349**		690
Lease obligation		**108**		11
Others		**-**		2
Deferred income tax liability:	**$**	**(12,291)**	$	-

At December 31, 2023, the Company has $75.3 million (December 31, 2022 - $61.3 million) in non-capital losses that will begin to expire in 2032.

(Tabular amounts in thousands)

The following table provides a continuity of the deferred income tax liability:

	December 31, 2022	Recognized in CSOICI [1]	Recognized in equity	Acquired in a business combination (note 5)	**December 31, 2023**
Property, plant and equipment	$ -	$ (13,441)	$ -	$ (27,737)	**$ (41,178)**
Decommissioning liabilities	-	6,609	-	1,945	**8,554**
Non-capital losses	-	15,760	-	3,116	**18,876**
Share issue costs	-	(116)	1,465	-	**1,349**
Lease obligation	-	108	-	-	**108**
Deferred income tax asset (liability)	$ -	$ 8,920	$ 1,465	$ (22,676)	**$ (12,291)**

(1) CSOICI defined as Consolidated Statements of Income and Comprehensive Income.

The components of the Company's unrecognized deductible temporary differences are as follows:

	December 31, 2023	December 31, 2022
Non-capital losses	**$ -**	$ 45,327
Deferred income tax asset	**$ -**	$ 45,327

The Company's deferred income tax asset was unrecognized in the period ended December 31, 2022.

17. Supplementary cash flow information

The following table details the changes in non-cash working capital.

	Notes	**December 31, 2023**	December 31, 2022
Accounts receivable		**$ (1,660)**	(1,979)
Due from related party		**426**	381
Prepaid expenses and deposits		**(3,381)**	(382)
Accounts payable and accrued liabilities		**22,464**	3,410
Working capital assumed on DCEL acquisition, Wyatt acquisition, CDLP acquisition and RTO[1]	4 & 5	**(3,383)**	(67)
		$ 14,466	$ 1,363
Relating to:			
Operating activities		**$ (2,039)**	$ (132)
Investing activities		**16,505**	1,495
		$ 14,466	$ 1,363

(1) The amount represents the working capital excluding the cash acquired on the DCEL acquisition, Wyatt acquisition, and CDLP acquisition (note 5) and RTO transaction (note 4) that has been excluded from the changes in non-cash working capital.

18. Related party transactions

During the years ended December 31, 2023 and December 31, 2022, the Company was related to a limited partnership, Chronos Duvernay LP (note 6). On February 28, 2023, Lycos purchased its partner's equity interest in the Company's limited partnership, Chronos Duvernay LP (note 5) and the management and advisory services that the Company provided for the partnership were terminated. As at December 31, 2023, the Company does not have any outstanding receivables or payables due from Chronos Duvernay LP (December 31, 2022 – receivable of $0.4 million).

(Tabular amounts in thousands)

19. Financial instruments and risk management

The Company has exposure to credit and liquidity risks from its financial assets and liabilities and exposure to market risks relating to commodity prices, interest rates and foreign exchange rates. This note presents information about the Company's exposure to these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has implemented and monitors compliance with risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Market risk

Market risk is the risk that changes in market prices, such as commodity prices for petroleum and natural gas, foreign exchange rates and interest rates will affect the Company's valuation of financial instruments, the debt levels of the Company, as well as its income and cash flow from operations.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the Company's returns. All such transactions are conducted in accordance with the Company's risk management policy that has been approved by the Board of Directors.

Commodity price risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted by the relationship between the Canadian and United States dollar and also world economic events that dictate the levels of supply and demand. The Company may utilize both financial derivatives and physical delivery contracts to manage commodity price risks in accordance with the Company's expected sale requirements.

As at December 31, 2023, the Company had the following financial derivative commodity contracts:

Type	Type	Term	Volume	Price/Unit		Mark-to Market[(1)]
WCS	Differential	January 1, 2024 to December 31, 2024	250 bbl/d	CAD ($20.00)	$	95
WTI	Swap	January 1, 2024 to March 31, 2024	250 bbl/d	CAD $106.50	$	254
WTI	Swap	January 1, 2024 to March 31, 2024	250 bbl/d	CAD $111.55	$	368
WTI	Swap	April 1, 2024 to June 30, 2024	250 bbl/d	CAD $109.05	$	306
WCS	Differential	January 1, 2024 to December 31, 2024	250 bbl/d	CAD ($23.50)	$	(216)
WCS	Differential	January 1, 2024 to December 31, 2024	250 bbl/d	CAD ($20.25)	$	(48)

(1) Positive mark-to market values indicate an asset and negative mark-to market values indicate a liability for the Company.

The following table summarizes the Company's financial derivative gains and losses on commodity contracts as at December 31, 2023, and 2022:

(Tabular amounts in thousands)

		December 31, 2023		December 31, 2022
Gain (loss) on financial derivatives:				
Realized loss	$	(133)	$	-
Unrealized gain		759		-
Gain on financial derivatives:	$	626	$	-

The following table summarizes the fair value and the change in the fair value as at December 31, 2023, and 2022:

		December 31, 2023	December 31, 2022
Net financial derivative asset/liability, beginning of year	$	-	-
Unrealized change in fair value		759	-
Net financial derivative asset, end of year	$	759	-

As at December 31, 2023, the Company has no physical delivery contracts in place.

Interest rate risk

The Company is exposed to interest rate risk on cash balances to the extent of changes in market interest rates. As at December 31, 2023, the Company had no interest rate swap or derivative contracts in place.

Foreign exchange risk

Foreign exchange risk arises from changes in foreign exchange rates that may affect the fair value or future cash flows of the Company's financial assets or liabilities. The Company is exposed to foreign exchange risk in relation to its crude oil sales. As at December 31, 2023, the Company had no foreign exchange swap or derivative contracts in place and mitigates the risk by entering into commodity contracts in Canadian dollars.

Credit risk

The Company’s cash is deposited in high yield saving accounts with financial institutions and are subject to counterparty credit risk. The Company mitigates this risk by only transacting with investment grade financial institutions with high credit ratings.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company’s receivables from purchasers of the Company’s petroleum and natural gas and counterparties to cash, joint venture partners and the counterparties to risk management contracts. As at December 31, 2023, the Company’s receivables consisted of $5.4 million due from petroleum and natural gas purchasers (December 31, 2022 - $3.7 million), $0.4 million from financial derivative commodity contract counterparties (December 31, 2022 - $nil) and $0.9 million due from joint venture partners and other receivables (December 31, 2022 - $1.2 million).

During the year ended December 31, 2023, the Company sold its petroleum and natural gas production to various counterparties with two counterparties accounting for 88% of sales (2022 one counterparty accounted for 73% of sales). Receivables from purchasers of the Company’s petroleum and natural gas are normally collected on the 25th day of the month following shipment. As a result, the Company’s production revenues are current. The Company’s policy to mitigate credit risk associated with these balances is to establish marketing relationships with large, credit worthy petroleum marketers. Financial derivative contracts are only entered into with credit worthy institutions. Joint venture receivables are typically collected within one to four months of the joint venture bill being issued to the partner.

The Company attempts to mitigate the risk from joint venture receivables by obtaining partner approval of significant capital expenditures prior to commencement of the joint venture project and smaller partners are cash called to pay for their share of costs in advance of a project commencing. However, the receivables are from participants in the petroleum and natural gas sector, and collection of the outstanding balances is dependent on industry factors such as commodity price fluctuations, escalating costs and the risk of unsuccessful drilling. In addition, further risk exists with joint venture partners as disagreements occasionally arise that increase the potential for non-collection.

(Tabular amounts in thousands)

To offset this risk, the Company often has the ability to withhold production from joint venture partners in the event of non-payment.

The carrying amount of accounts receivable and deposits represents the maximum credit exposure. The Company has calculated the expected credit losses using the simplified approach which permits the use of the lifetime expected loss provision. To assess the expected credit loss, the Company uses historical information and forward-looking information. No loss provision was recorded for the years ended December 31, 2023 or December 31, 2022. Historically, there was no indication that amounts were non-collectable thus, an allowance for doubtful accounts was not set up.

As at December 31, 2023, and 2022 the Company's accounts receivables are aged as follows:

Period ended	Total Receivables		< 90 Days		Past Due	
December 31, 2023	**$**	**6,658**	**$**	**6,179**	**$**	**479**
		100%		**93%**		**7%**
December 31, 2022	$	4,998	$	4,327	$	671
		100%		87%		13%

Fair value of financial instruments

The Company classifies the fair value of these transactions according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The Company's exposure under its financial instruments is limited to financial assets and liabilities, all of which are included in these financial statements. The carrying value of cash, accounts receivable, deposits, and accounts payable and accrued liabilities included in the Consolidated Statement of Financial Position approximate fair value due to the short-term nature of those instruments or the indexed rate of interest.

The fair value of financial derivatives is based on models that use published information with respect to volatility, prices, and interest rates. The fair value of financial derivatives is determined by discounting the difference between the contracted prices and published forward price curves as at the date of the statement of financial position, using the remaining contracted petroleum and natural gas volumes and a risk-free interest rate (based on published government rates). The Company's financial derivative asset/liability is considered Level 2 in the fair value hierarchy.

(Tabular amounts in thousands)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company manages liquidity risk through cash and debt management strategies to mitigate the likelihood of encountering difficulties in meeting its financial obligations. Such strategies include an actively managed operating and capital expenditure budgeting process, authorizations for expenditures on both operated and non-operated projects to further manage capital expenditures, and the Company also attempts to match its payment cycle with collection of petroleum and natural gas revenues on the 25th of each month. The Company entered into a credit facility during 2023 to further strengthen its liquidity (see note 20).

The Company's objectives when managing capital are to i) deploy capital to provide an appropriate return on investment to its shareholders; ii) maintain financial flexibility in order to preserve the Company's ability to meet financial obligations; and iii) maintain a capital structure that provides financial flexibility to execute strategic acquisitions. To aid in managing the capital structure, the Company monitors adjusted funds flow from operations, adjusted working capital (net debt) and capital expenditures (see note 19(i), note 19(ii) and note 19 (iii)).

The Company's strategy is designed to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying crude oil assets. Key indicators of changing economic conditions include adjusted working capital (net debt) and adjusted funds flow from operations. Lycos considers its capital structure to include shareholders' equity and working capital (net debt). In order to maintain or adjust its capital structure, the Company may from time to time issue new common shares, seek debt financing and adjust its capital spending to manage working capital.

The following are the contractual maturities of financial obligations and associated interest payments as at December 31, 2023:

	Less than 1 year	1 to 2 years	Total
Accounts payable and accrued liabilities	$ 31,605	$ -	$ 31,605
Lease obligations	$ 281	$ 149	$ 430

Capital management

The Company manages its capital structure and makes adjustments by continually monitoring its business conditions, including changes in economic conditions and resulting changes in capital markets, the current and forecasted net debt levels, the forecasted commodity prices and resulting cash flow from operations and adjusted funds flow from operations, adjusted working capital (net debt), and capital expenditures.

The Company prepares annual capital expenditure budgets and longer term plans, which are continually monitored and updated as necessary depending on varying factors including current and forecast commodity prices, earning and expiry commitments, weather and access restrictions, and project investment risk return profile. The annual and updated budgets are approved by the Board of Directors. The Company will adjust its capital structure through issuance of shares and make adjustments to capital spending to balance the capital structure. The Board of Directors does not establish quantitative return on capital targets for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Adjusted funds flow from operations, adjusted working capital (net debt), and total capital expenditures are not standardized measures and therefore may not be comparable with the calculation of similar measures of other entities.

i) Adjusted funds flow from operations:

Management considers adjusted funds flow from operations to be a key measure to assess the performance of the Company's petroleum and natural gas properties and the Company's ability to fund future capital investment. Adjusted funds flow from operations is an indicator of operating performance as it varies in response to production levels and management of costs.

(Tabular amounts in thousands)

Changes in non-cash working capital, decommissioning costs incurred and transaction costs vary from period to period and Management believes that excluding the impact of these provides a useful measure of Lycos' ability to generate the funds necessary to manage the capital needs of the Company.

		December 31, 2023		December 31, 2022
Cash flow from operating activities	**$**	**26,143**		5,392
Change in non-cash working capital		**2,039**		132
Funds flow from operations		**28,182**		5,524
Decommissioning expenditures		**1,545**		28
Transaction costs		**2,107**		404
Adjusted funds flow from operations	**$**	**31,834**	$	5,956

ii) Adjusted working capital (net debt):

Management considers adjusted working capital (net debt) to be a key measure to assess the Company's liquidity and capital management. The Company believes its presentation of adjusted working capital (net debt) is a useful supplemental measure because Management maintains the flexibility to adjust its decommissioning expenditures to manage working capital requirements and financial derivative assets/liabilities are subject to volatility prior to settlement and are included in Lycos' reported adjusted funds flow from operations in the production month that they are realized.

		December 31, 2023		December 31, 2022
Working capital	**$**	**(17,798)**	$	55,835
Current portion of decommissioning liabilities		**1,500**		1,000
Financial derivative receivable		**(759)**		-
Adjusted working capital (net debt)	**$**	**(17,057)**	$	56,835

iii) Capital expenditures:

Management considers capital expenditures to be a key measure to assess the Company's capital investment in exploration and production activity, as well as property acquisitions and dispositions:

		December 31, 2023		December 31, 2022
Net cash used in investing activities	**$**	**114,331**		8,280
Change in non-cash working capital		**16,505**		1,495
Capital expenditures	**$**	**130,836**	$	9,775

20. Bank debt

As at December 31, 2023, the Company had an uncommitted demand revolving credit facility with the National Bank of Canada ("the Lender") for up to $50 million, of which $35.0 million is immediately available for general corporate purposes and an additional $15.0 million is available at the discretion of the Lender. The next borrowing base review is expected to be completed on or about May 31, 2024. All amounts drawn during the year were paid off as at December 31, 2023.

Interest rates vary depending on the ratio of Net Debt to Cash Flow (as defined in the lending agreement). At December 31, 2023, the Company had an interest rate of prime plus 1.5% per annum on the credit facility.

The credit facility is secured by a demand debenture in the amount of $100.0 million. The Company is subject to a financial covenant, whereby the Company's ratio of adjusted working capital as defined in the lending agreement, including any undrawn availability under the revolving facility as a current asset, shall not be less than 1.00:1.00. Repayments of principal are not required until the Lender demands, provided that the borrowings do not exceed the authorized credit facility and the Company is compliant with all covenants. As at December 31, 2023, the Company was compliant with all covenants.

(Tabular amounts in thousands)

Lycos incurred transaction costs of $0.1 million on the credit facility which were expensed through the Consolidated Statements of Income and Comprehensive Income.

21. Commitments

Future minimum payments relating to variable office rent payments, which are a non-lease component of the Company's head office sublease, as at December 31, 2023 are as follows:

		December 31, 2023
Less than 1 year	$	576
1-2 years		576
Total commitments	**$**	**1,152**

The variable office rent payments will be recorded to general and administrative expenses in the period in which incurred.

In connection with the DCEL Acquisition (note 5), the Company assumed certain commitments to drill three wells in the Greater Lloydminster area. The Company intends to fulfill these commitments within its normal course development drilling program. Subsequent to December 31, 2023, the Company has drilled one of the three wells required to meet the commitments.

22. Transaction costs

The following table presents the Company's transaction costs:

	Note		**December 31, 2023**		December 31, 2022
Transaction costs related to acquisitions[1]	5	**$**	**2,003**	$	404
Transaction costs related to credit facilities			**104**		-
		$	**2,107**	$	404

(1) The amount represents the transaction cost on the DCEL acquisition of $0.7 million (note 5), Wyatt acquisition of $0.4 million (note 5), and CDLP acquisition of $0.9 million (note 5).

23. Subsequent events

Subsequent to December 31, 2023, the Company entered into the following financial derivative contracts:

(Tabular amounts in thousands)

Type	Type	Term	Volume	Price/Unit
WTI	Swap	April 1, 2024 to June 30, 2024	250 bbl/d	CAD $100.00
WCS	Differential	April 1, 2024 to September 30, 2024	250 bbl/d	USD ($13.60)
WTI	Swap	February 1, 2024 to March 31, 2024	250 bbl/d	CAD $102.75
WTI	Swap	April 1, 2024 to June 30, 2024	250 bbl/d	CAD $101.88
WTI	Swap	July 1, 2024 to September 30, 2024	250 bbl/d	CAD $100.18
WTI	Swap	March 1, 2024 to March 31, 2024	250 bbl/d	CAD $104.50
WTI	Swap	April 1, 2024 to April 30, 2024	250 bbl/d	CAD $104.00
WTI	Swap	April 1, 2024 to April 30, 2024	250 bbl/d	CAD $107.22
WCS	Swap	May 1, 2024 to June 30, 2024	500 bbl/d	CAD $92.40
WCS	Differential	July 1, 2024 to September 30, 2024	500 bbl/d	USD ($10.85)
WCS	Swap	July 1, 2024 to September 30, 2024	250 bbl/d	CAD $112.40